



Drivers of Growth

A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories

Diederik van Groen
Esther Koopmanschap



WAGENINGEN UR
For quality of life

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A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories

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Abstract UK

This report aims to provide the Netherlands Representative Office (NRO) in the occupied Palestine Territories an innovative proposition to renew their current leading development role in enhancing Food Security in both the West Bank and the Gaza Strip. The report focuses particularly on an *Inclusive Food and Agribusiness Security strategy* that offers systemic support to the development of (i) agri- and food business, from micro and small to industrial levels; on the basis of (ii) sustainable livelihood and business conditions in an (iii) enabling market, services and institutional environment. The authors especially highlight other levels of human, social and financial development investments.

Keywords: food; nutrition; agribusiness; food security; security; inclusiveness; multi-stakeholder partnerships.



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About this report

This report is the documented outcome of a short consultation mission held from August 21 to September 3, 2015, which aimed to "...provide the Netherlands Representative Office (NRO) in the occupied Palestine Territories with a fresh perspective and an innovative proposition to renew their current leading development role in enhancing Food Security in both the West Bank and the Gaza Strip".

Food and Nutrition Security is not just a status or a condition, it is also an on-going, dynamic complex of human development processes involving financial expenditures and economic investments in at least four sectors of society: Agriculture, Education, Health and Social Protection (IFPRI, 2014). This implies that Food and Nutrition Security is intrinsically tied to the economies at the various strata or economic levels of society: at household, community/village, region, country and even global level. Therefore, Food and Nutrition Security is embedded in a complex system of (economic) supply and demand processes and impacted by the development and growth of these economies through financial, social and human capital investments.

In this report, therefore, we have used a much more comprehensive approach with new forms and other levels of human, social and financial development investments as well as other ways of funding these investments.

In this way the report focuses particularly on an Inclusive Food and Agribusiness Security strategy that offers systemic support to the development of (i) agri- and food business, from micro and small to industrial levels; on the basis of (ii) sustainable livelihood and business conditions in an (iii) enabling market, services and institutional environment.

During the mission and during the reporting phase the plurality of views of different stakeholders has been taken into account in the above mentioned formulation process. As such this strategy has been built on existing resources and dynamics, on achievements and impacts of previous development programmes addressing various groups of stakeholders mentioned in this document (e.g. Global GAP, input and production support programmes, producers' organisations) as well as on on-going projects (on land and water rehabilitation project, on food quality assurance, on production intensification and the high value crops project) and their expected outcomes (MDF, 2015). Many of these activities are (still) needed and will continue in one way or another.

What can you expect in this report?

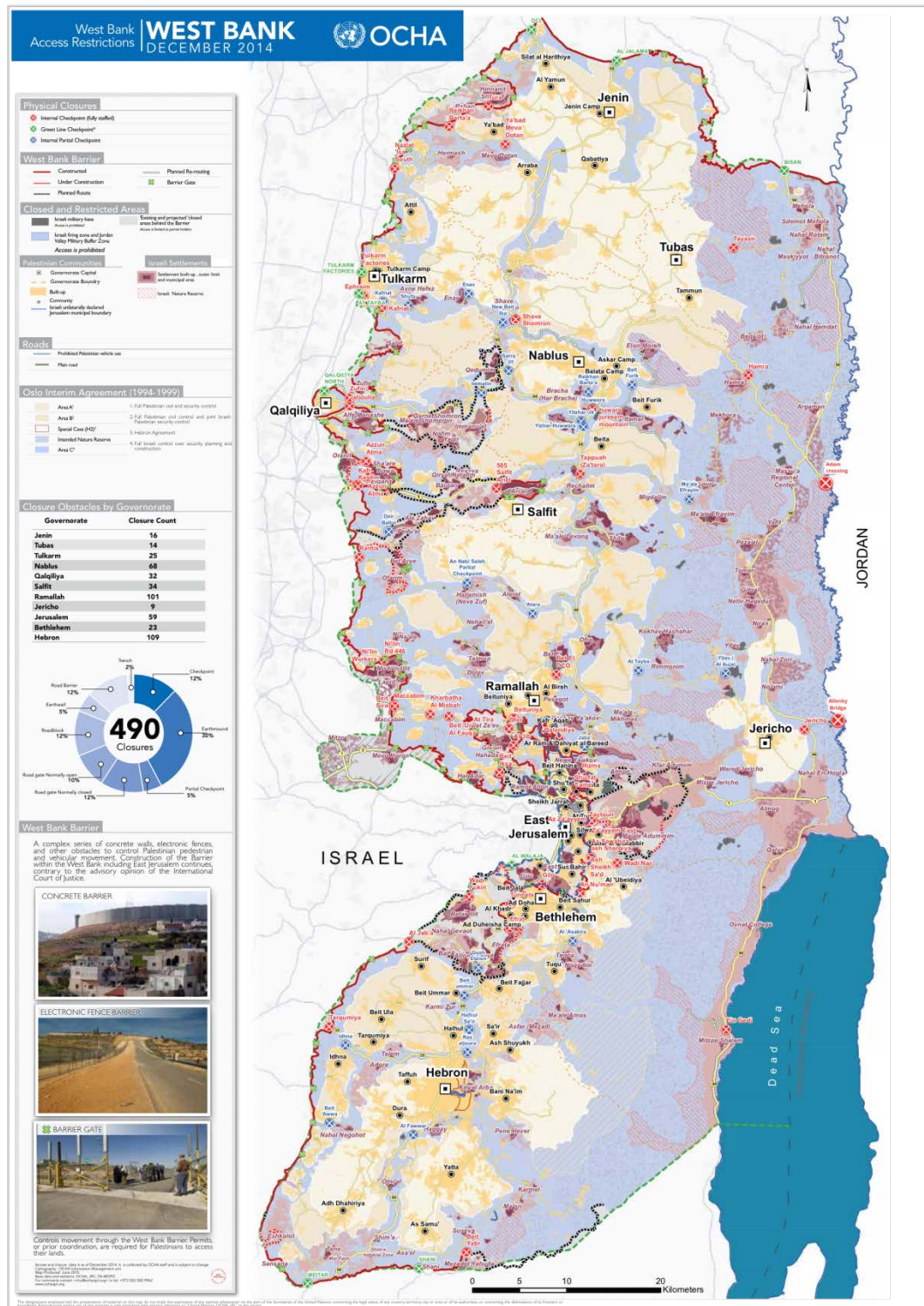
Chapter 1 provides an overview on definitions used that had an impact on our view on Food Security and also guided us towards an Inclusive Food and Agribusiness Security Approach. Thus, the chapter includes the justification regarding the formulation of a strategy that moves from Food Security towards Inclusive Food and Agribusiness Security. The characteristics of the Inclusive Food and Agribusiness Security Strategy and the specific programme components of the proposed approach are further elaborated in Chapter 3, but not before providing a short overview on our Methodology used in Chapter 2. Chapter 4 specifies in more detail the challenges, the objectives and potential clusters of activities addressing 4 strategic fields of obtaining Incl. Food and Agribusiness Security. These clusters of activities form as such frameworks (or draft ToRs) for possible future projects in frame of the newly suggested Inclusive Food and Agribusiness Security Programme.

As these clusters of activities of the four different components are depending on each other and mutually affecting one another, the coordination and management of the programme needs to be made explicit. This has been done in Chapter 5. Chapter 5 also highlights the new forms of investment required in order to reach the objectives of the Inclusive Food and Agribusiness Security Programme.

Finally, in Chapter 6, we tried to specify how different future scenarios -from a more positive scenario, which could be summarised as a scenario with improvement of relation to a scenario characterised by increased hostility and a decreased level of relations - will impact the currently suggested Inclusive Food and Agribusiness Approach.

The epilogue describes the feedback on the first draft on the report in front of you. Based on this feedback a second mission to the Palestinian Territories has been commissioned by the NRO and will be carried out from 4 to 15 January 2016.

In the Appendices, apart from e.g. the ToR of the mission and the detailed agenda of the interviews, an overview of suggested tools has been provided for Inclusive Food and Agribusiness Security, such as an assessment tool for Producers' Organisations as well as tools supporting stakeholder analysis.



4
Source: Ocha, 2014

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Finally, we wish to thank Mr. Herman Brouwer of the Centre for Development Innovation (CDI)¹ for the background information he provided us before starting the mission.

¹ CDI hosts the Embassy Support Programme, a joint facility of the Netherlands Ministry of Foreign Affairs and Ministry of Economic Affairs. This facility supports embassies to implement their food security programmes, and facilitates cross-embassy learning on food security.

List of abbreviations and acronyms

ASWG	Agriculture Sector Working Group
CDI	Centre for Development Innovation, Wageningen UR
F&A	Food and Agribusiness
FS	Food Security
FNS	Food and Nutrition Security
GS	Gaza Strip
Incl. FAS	Inclusive Food and Agribusiness Security
M&E	Monitoring and Evaluation
MSME	Micro, Small and Medium Enterprises
NRO	Netherlands Representative Office
oPT	occupied Palestinian Territories, including East Jerusalem
PCBS	Palestinian Central Bureau for Statistics
PMU	Programme Management Unit
PMTU	Programme Management and Technical support Unit
PO	Producers' Organisation
ToC	Theory of Change
VC	Value Chain
Wageningen UR	Wageningen University & Research centre
WB	West Bank (also as reference to World Bank documents)
WBGS	West Bank and Gaza Strip

Executive Summary

This consultancy report presents a proposal for a systemic and multi-stakeholder development strategy and programme aiming to strengthen the on-going Dutch involvement in Agriculture and Food Security, together with many other development partners, in the occupied Palestine Territories. The proposed strategy and programme is to be integrated into the next Multi-Annual Strategic Plan (MASP 2017-2020) of the Netherlands Representative Office (NRO) in Ramallah.

In the light of high levels of food insecurity, related low incomes at family level in both rural and urban economies as well as high levels of insecurity and severe restrictions imposed by Israel, core characteristics of the proposed strategy are 'inclusiveness' and 'security'.

Thus, the presented Inclusive Food and Agribusiness Security (Incl. FAS) strategy seeks to maximise actor involvement by combining two development approaches that are often separated: intensification of food production and sustainable livelihood development.

Incl. FAS is interdependent with inclusive economic growth at all levels or all socio-economic strata of the Palestinian society and routed in:

- The predominantly smallholder nature of Palestinian agriculture;
- The predominantly micro- and small enterprise nature of Palestinian (formal and informal) economy in rural and urban areas;
- The meaning of 'security' in Palestine and its social, economic and political implications and realities.

Incl. FAS development invests in the continuum running from 'subsistence driven' to 'market driven' productivity. Given the complex realities and multi-stakeholder nature of Incl. FAS in the oPT, the identified Incl. FAS programme focuses on development investments in four strategic fields and programme components, respectively aiming at:

- Continued up-scaling of production organisation (Cooperative Reform);
- Intensified sustainable productivity and profitability (Market Reform);
- Increased efficiency of water and land use (Agricultural Water Reform);
- Enhanced and diversified access to financing of investments (Financial Reform).

Due to the multi-stakeholder nature of the proposed strategy, there are some important implications for the Incl. FAS programme organisation, management and funding by the NRO which will continue and enhance its current lead and coordination role in the Food and Agriculture sector in oPT. The Incl. FAS strategy entirely fits the Theory of Change framework of Dutch engagement in the oPT.

The report ends with the conclusion that, for obvious reasons, different future scenarios of the Palestinian – Israeli relationship have a huge impact on Palestinian society, economic growth and investment opportunities, and thus the implementation of the Incl. FAS programme and its expected outcomes.

1 Introduction

1.1 Short overview of the Agricultural Sector of Palestine

In Palestine, the agriculture sector is of key importance for food security as well as for income generation and private sector development. Agricultural production, both plant and livestock, contributes directly to achieving food security and fighting poverty by providing food, income and work for farmers and other stakeholders, thereby improving peoples living conditions. A significant part of the Palestinian population is depending on it, either for their daily access to food or for employment opportunities. Around 15% of the population (Interview FAO Palestine, 2015) derives its income directly from the agricultural sector.

Local agricultural production enables self-sufficiency in the majority of vegetable and related products including olives, olive oil, poultry, eggs, honey, grapes and figs. However, production is constrained by seasonality and limited availability of water resources.

The agricultural sector in the Palestinian Territories (PT) is still seriously impacted by the Israeli Occupation and therefore also unable to optimally perform. Most production inputs and supplies are imported and governed by the Israeli occupation, limiting their availability and quality. Besides, agriculture is not only an economic activity and source of income, but also a major contributor to the protection of land from confiscation and settlement (Ministry of Agriculture, 2013).

In terms of contribution to the Palestinian GDP the Agricultural Sector contribution dropped from 13% in 1994 to 5.6% in 2011, representing a 20% value of the total exports (MoA, 2013). A 2012 census by PCBS reports that agriculture contributed 5 % to national GDP (PCBS, 2015). Although there is good potential, the Palestinian agricultural sector has so far been unable to significantly increase its production (FAO, 2015a).

The cultivated area is estimated at 1.2 million dunums (120,000 ha) or 21% of the total area of the WBGS, of which 90% in the West Bank (WB) and 10% in the Gaza Strip (GS). The rain-fed area constitutes 81% while the irrigated area constitutes 19% of the total cultivated land (PCBS, Agricultural Census, 2010/2011 in: MoA, 2013). In this respect it is important to note that due to the stagnation of the 1995 Oslo 'Interim' Agreements, including the division of the WB in so-called A, B and C Areas, Palestinian access and control is restricted to 40% of the WB.

Ground water wells are the main water source for irrigation in the Gaza Strip. In the West Bank, irrigation water is supplied by groundwater wells and springs, and Israel confiscates more than 80% of Palestinian ground water in the West Bank (Interview PWA, 2015). The Ministry of Agriculture of Palestine refers in its Agriculture Sector Strategy 2014 - 2016 to the 2009 World Bank report on Palestinian water sources, indicating that removal of Israeli restrictions and provision of additional water quantities would raise the agricultural sector's contribution to the Gross Domestic Product (GDP) by 10% and would create approximately 110,000 additional job opportunities.

In 2011, there were a total of 105,238 agricultural holdings. Of these, 68.2% were plant holdings; 10% livestock holdings; and 21.8% are mixed holdings and a women's agricultural holding ratio of 6.7% (PCBS, Agricultural Census, 2010/2011 in: MoA, 2013).

The Palestinian Territory enjoys a diversity of climates and multiple agricultural environments that enable the production of several crops over different periods of the year. During the past years, however, global climate change has affected the Palestinian territory, particularly in terms of increasing and recurrent years of drought, frost and floods. The Ministry of Agriculture (2013) indicates the following main obstacles, challenges and issues pertinent to agricultural resources:

- The Israeli occupation and resulting destruction, distortion, confiscation, settlement, isolation wall and limited movement;
- Deterioration and incompetent use of agricultural resources, extensive pumping of groundwater and encroachments on land and conversion of land to non-agricultural purposes;
- Overlapping and conflicting powers as well as weak institutional framework, incomplete legal framework, and weak enforcement of existing laws and regulations;
- Deterioration of rangelands and biodiversity, and weak mechanisms to deal with disasters and the impacts of climate change and desertification

Main obstacles, challenges and issues pertinent to agricultural production have been outlined as follows:

- The Israeli occupation and resulting impediments, including limited area of sea fishing; permanent closures; flooding markets with Israeli products; displacement and intimidation of Bedouins and fishermen; limited freedom of the movement of goods and persons; bans on the importation of breeds, crop seeds and seedlings from abroad;
- Over-reliance on imports to provide production inputs and supplies as well as the additional costs charged by Israelis intermediaries, particularly in the case of livestock production where the cost of inputs constitutes 63% of the value of livestock production;
- Declining productivity particularly for sheep, goats and rain-fed crops as a result of weak services provided, finance, farms management, post harvest activities in addition to the prevalence of endemic and transboundary diseases;
- Seasonal rainfall. Most crops depend on rain water therefore the majority of agricultural plant production is limited for a number of months. Additionally, there is no infrastructure to store surplus leading to bottlenecks, low prices and low profitability. The sharp rise of prices in periods of low production increases instability in the Palestinian market. In addition, local production is undercut when the market is flooded by competing Israeli products, and when during times of scarcity, high prices on products are fixed;

In Appendix 4 an overview of Strengths, Weaknesses, Opportunities and Threats of the Palestinian Agricultural Sector has been provided (MoA, 2013).

Finally, the Agricultural Sector in oPT may be number five in terms of contribution to GDP (according to several sources, e.g. WB, FAO, PCBS), it obviously is the prime contributor to food sovereignty, food production and income generator of large sections of the rural households as well as of rural and urban Micro, Small and Medium Scale Enterprises (MSMEs). Moreover, in West Bank alone, an intensification of food production on potentially 346,000 dunum of arable land can be realised by applying irrigation if the Oslo interim agreement on water allocation were to be abolished. This investment alone has a potential of approximately US\$ 700 million in value added to the economy, i.e. 7% of GDP (WB, 2013).

1.2 Defining food security

“Food Security (FS) exists when people have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs” (OCHA, 2011). This implies that FS is not only about secured production, availability and access to food, but also about *nutrition*, i.e. the consumption and quality of that food. Nutrition is an integral part of food security (and of food safety, for that matter). In many of the global dialogues *food security* has become the abbreviation for Food and Nutrition Security (FNS).

Several conceptual frameworks have been developed over the past decades to define food security, nutrition and the link between the two (Pangaribowo, 2013). Pangaribowo states that “Even though the linkage of food security and nutrition is clear from the technical perspective, the definition of food security and nutrition has evolved due to challenges in reaching an agreement on the political acceptability of and commitment to the definition”. Box 1 below highlights the evolution of the terminology and has been adapted from ZEF’s Working Paper 108 (Pangaribowo, 2013).

BOX 1

The evolving definition of food security

Food security

Early definitions of food security were developed from the perspective of food-supply to ensure that all people everywhere have enough food to eat. Sen (1981) highlighted that food related problems are influenced not only by food production and agricultural activities, but also by the structure and processes governing entire economies and societies. Following his view, food insecurity has been caused not only by scarcity but also by institutional failures that led to suboptimal food distribution.

Nutrition security

The term of nutrition security emerged with the recognition of the necessity to include nutritional aspects into food security. Unlike food that is mostly defined as any substance that people eat and drink to maintain life and growth, nutrition adds the aspects of health services, healthy environment and caring practices. Recently, FAO has defined nutrition security as a condition when all people at all times consume food of sufficient quantity and quality in terms of variety, diversity, nutrient content and safety to meet their dietary needs and food preferences for an active and healthy life, coupled with a sanitary environment, adequate health and care.

Food Security and Nutrition

In light of combining the two concepts above, the term “food security and nutrition” is used in the Committee on World Food Security (CFS) Reform Document. The term of food security and nutrition has been commonly used by many UN institutions, typically to represent actions. The notion behind the terminology of food security and nutrition is the emphasis on the importance of the complementarities and overlaps between food security and nutrition. Yet the notion of nutrition security, i.e. that nutrition can be at risk, is absent for these relationships.

Food and Nutrition Security

The term of food and nutrition security is used to combine the aspects of food security and of nutrition security, as well as to point to the idea that they are related. The use of the term “food and nutrition security” has become common practice in a number of international agencies such as IFPRI, UNICEF and FAO. The UN System of High Level Task Force on Global Food Security (HLTF) also used this term in their Comprehensive Framework for Action (CFA). The framework defined food and nutrition security as a condition when all people, at all times, have physical, social and economic access to sufficient, safe, and nutritious food which meets their dietary needs and food preferences for an active and healthy life. This definition, as adopted from the 1996 World Food Summit, emphasizes the multi-dimensionality of food security and has widely established the four pillars of food security: availability, accessibility, utilisation and stability.

OCHA (2012) defines food insecurity in oPT at household level as follows: “Households with income and consumption below USD 5.39/adult equivalent/day and households showing a decrease in total food and non-food expenditures”.

Maria Gerster-Bentaya (2015) makes a distinction between rural and urban food and nutrition security. She identifies the economic and physical access to food as a key for urban food and nutrition security by linking it to purchase capacity of households. The food and nutrition security of urban, as well as rural, households is therefore determined within the socio-economic context of their specific livelihoods, respectively in urban and rural economies.

Food and Nutrition Security is clearly not simply referring to a status or a condition. It is an ongoing, dynamic complex of human development processes involving financial expenditures and economic investments in at least four sectors of society, i.e. Agriculture, Education, Health and Social Protection (IFPRI, 2014). This implies that FNS is intrinsically tied to the economies at various strata or to the diverse economic levels of society: at (i) household level, (ii) community/village level, (iii) district level, (iv) country level and at transboundary (v) regional level or even at (vi) global level. As such FNS is impacted by (economic) supply and demand processes and systems at multiple levels as well as by the development and growth of these economies through financial, social and human capital investments.

Without doubt we can state, that each and every dialogue around Food Security, currently, pleas for an integrated approach: addressing food and nutrition security, requires addressing economic opportunities and requires addressing environmental sustainability at the same time.

Whatever the definition and whatever the approach used, we can agree on the need for integration and on the need for action.

1.3 Our approach: inclusiveness

In this report on *innovating* NRO's Food and Nutrition Security (FNS) strategy in the occupied Palestinian Territories (oPT), we especially considered IFPRI's earlier mentioned 'four sectors' of FNS (IFPRI, 2014) - *agriculture, education, health, social protection* - as the primary four socio-economic sectors for expenditures, investments and development intervention to improve and strengthen FNS. Thus, we connect FNS to economic growth processes and as such link - but not limit - the strategy of strengthening FNS to strategies of investment in focussed domains and sectors that improve and impact both the production and access to healthy food by all strata of society. Since these socio-economic domains are interactive and, to a large extent, interdependent, we think that FNS development is *fundamentally* an **inclusive** process.

Therefore, our vision and approach as expressed in this report on developing an Inclusive FNS strategy in the oPT is not only based on its (potential) *agricultural and food production capacity* but also on its (potential) *economic growth and investments capacity* (WB, 2013). As illustrated in figure 1, this strategy is dependent on **inclusive economic growth** and *sustainable agricultural intensification*, all contributing to *increased welfare and wellbeing*.



Figure 1 The triangle of inclusiveness

However, in the oPT, four omni-present contextual factors have to be added and built into this strategic dimension of inclusiveness, because they profoundly impact any FNS development process and for that matter, any economic growth process:

1. The predominant smallholder nature of the Agricultural Sector of the oPT: out of a total of more than 105,000 agricultural holdings (2011), an estimated 70% “consume what they produce” (MoA, 2013);
2. The predominant Micro, Small and Medium Enterprise nature of the overall oPT economy: 89% of enterprises (in manufacturing, service provision, trading) are family MSMEs with less than 5 fte (PCBS, 2012);
3. The geographical, demographical, economic and political separation and significant differentiation between the two entities that compose the oPT, i.e. the West Bank (WB) and the Gaza Strip (GS) – having population densities of respectively 468 and 4,505 inhabitants/km² and a food insecurity of resp. 17% and 44% of at family level (OCHA, 2012);
4. The historical and on-going occupation and colonization of WB and imprisonment of GS by Israel, and its notoriously repressive policy (re. ‘Matrix of Control’ and ‘Areas A, B and C’) enforced through severe restrictions and military controls on movement of people, goods, trade and business, as well as on access to natural resources such as land, (ground) water and even feeder roads. We can state that this policy can only to harm and negatively impact socio-economic growth and people’s wellbeing in the oPT.

Hence, the concept of **security** in the oPT has a profound and a daily connotation which goes far beyond ‘simple’ FNS, even beyond *Inclusive* FNS for that matter, but is intrinsically imbedded into all human, ecological and economic (development) activities. Moreover, from our conversations, interviews, visits and the workshop during the mission (see Chapter 2 on Methodology), we realised that the concept of ‘food security’ in Palestine is very much associated with emergency aid, external food assistance, food vouchers, household income support, etc. It is exactly that dimension that we refer to in our basic model (see figure 2 below) as ‘Social Protection’, i.e. a social safety net that is organised by local authorities and international donor agencies.

Given these typical Palestinian connotations of the idea of *security* and in order to stress the pro-active, self-reliance and resilience dimensions of *our* proposed strategy, we chose for a name that would address the Food and Nutrition Security strategy from the viewpoint of *sustainable intensified food and agricultural production*, from the viewpoint of *sustainable livelihoods*, but also from the viewpoint of ‘*social protection*’ and consequently selected the name ***Inclusive Food and Agribusiness Security*** strategy, or shortly: ***Incl. FAS*** strategy.

1.4 An Inclusive FAS Strategy

The Incl. FAS strategy aims to work with ‘drivers of growth’, i.e. actors situated at and impacting different levels of society: *from* household and family farms and micro and small enterprises that operate for self-consumption and subsistence *to* industrial entrepreneurs in the various supply and production chains in Food and Agriculture for the domestic and export markets. We find these drivers of economic and agricultural growth not only in micro, small, medium and larger farms, enterprises and post-harvest agribusinesses in rural areas, but also increasingly in *urban* setting. In the Gaza Strip, with its very high demographic density and pressure on land and water resources, peri-urban and urban agriculture, as an urban based livelihood strategy, will become an important component of the Incl. FAS strategy in the near future. In fact, the same goes for the predominantly urbanized A and B areas in the West Bank.

Growth is created by all types and sizes of (family) farms, family MSMEs, producers’ organisations (including cooperatives), companies, industries and business associations. In this respect, the Incl. FAS strategy does not only promote a so-called ‘*from farm to fork*’ *development strategy*, but also a ‘*from subsistence-driven to market-driven*’ *development strategy*.

Food Value Chain (VC) development must go hand-in-hand with Livelihood and MSME development: their presumed socio-economic and gender 'boundaries' are fluid, especially when their market conditions and scale-of-economy response improve. Also for that reason, the inclusiveness of the proposed development approach implies that human, social and capital investments are also to be continued in an *enabling institutional environment* that stimulates multi-actor cooperation and win-win outcomes.

The core challenge of Incl. FAS is to sustainably enhance the resource base assets for productivity at all family farm and family enterprises which may also improve household resilience in times of crisis. This, by the way, adheres to a development trend that is rapidly gaining ground all over the world: '**sustainable intensification** for increased productivity and resilience' (see e.g. Agriculture 4 Impact initiative at www.ag4impact.org).

In brief, this proposed Incl. FAS strategy will be effective only then when it involves a very wide range of actors and stakeholders active in different sectors of society (including the private and public sector, involving e.g. community-based and civil society organisations, international agencies and donors, as well as research and knowledge institutes). The strategy requires to be a **multi-actor**, **multi-sector** and **multi-disciplinary** strategy. It is also for this reason that we include **enhanced and effective cooperation** between the development agencies, donors and Palestinian institutions into the Incl. FAS strategy.

Finally, it is important to stress that this Inclusive Food and Agribusiness Security does not suggest to stop ongoing Food Security programmes and activities. On the contrary! This strategy has been **built on existing resources and dynamics**, on achievements and impacts of previous development programmes (e.g. Global GAP, input and production support) addressing various groups of stakeholders mentioned in this document (e.g. producers, producers' organisations, specific women initiatives) as well as on on-going projects (land and water rehabilitation, food quality assurance, production intensification, high value crops) and their expected outcomes (MDF, 2015). Moreover, many of these activities are needed and will continue in one way or another.

So, what is new?

In this report we propose a more comprehensive approach, with other forms and other levels of human, social and financial development investments as well as other ways of funding these investments: an Incl. FAS strategy. An inclusive strategy that offers systemic support to the development of:

1. Agri- and food business, from micro and small to industrial levels (see pillar III), on the basis of a;
2. Sustainable livelihood and business conditions (see pillar II), including a;
3. Social safety net ('Social Protection', see pillar I) that is organised by local authorities and international donor agencies in times of crisis; and
4. An enabling institutional environment, with efficient markets and accessible services (pillar IV).

The drivers of this Inclusive FAS strategy are key-actors in any of these four pillars.
Figure 2 below aims to explain these words schematically

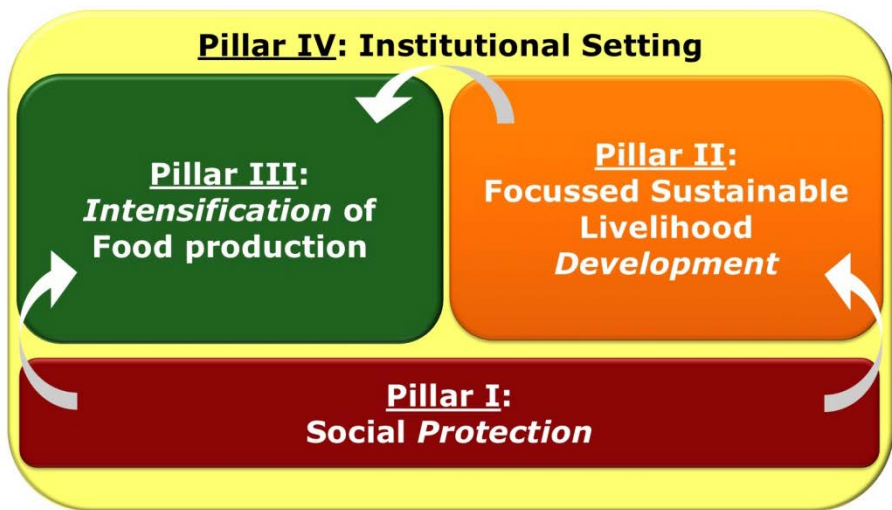


Figure 2 *Our conceptual framework for Incl. FAS*

In Chapter 3 this overarching Incl. FAS strategy for the next MASP 2017-2020 will be further detailed in four partially overlapping and interdependent programme components and strategic fields which will strengthen the on-going initiatives and processes of NRO as well as the foundation of the National Food Security Policy of Palestine (MoA, 2013).

2 Methodology

2.1 Desk review

This report is the documented outcome of a short consultation mission held from August 21 to September 3, 2015, which aimed to “provide the Netherlands Representative Office (NRO) in the occupied Palestine Territories with a fresh perspective and an innovative proposition to renew their current leading development role in enhancing Food Security in both the West Bank and the Gaza Strip”. The mission started however its preparation with a desk review in advance of the mission to the oPT., after extensive skype meetings with NRO staff to clarify the assignment and ToR of the mission. The desk review covered all key project documents of currently finalised and of still ongoing projects. Desk work also included policy documents of the Netherlands Government, the Palestinian Authorities and project implementing organisations as well as relevant literature about food and nutrition security and about the agricultural context of the Palestinian Territories in general.

2.2 Fieldwork

Field work took place from August 21 to September 3, 2015. Appendix 2 provides an overview of the executed agenda of the mission and with whom meetings and visits have been held in all parts of oPT. Meetings included individual interviews as well as focus group discussions with farmers, cooperatives, women's associations, with Palestinian Authorities, with international organisations like FAO, with donors like the EU and donor coordination bodies like the Agriculture Sector Working Group (ASWG). Also meetings and visits with local NGOs, with sub-contractors of current projects, with food and agri - businesses, with PalTrade and Micro-Finance Institutes (MFI) have been held. All interviews, focus group discussions and site visits have been registered to enable the comparison of data during the phase of analysis. Interview reports have not been included in this report. Comparison of results culminated, however, in a workshop on August 31, 2015 (see Appendix 3, for the participants' list) to discuss on the one hand recommendations of the consultants based on the interviews and deskwork and on the other hand to get feedback on specific questions related to food security. See Appendix 3 for results.

2.3 Data analysis

Recommendations and statements of interviewees on food and nutrition security, on agribusiness development and on economic growth in general have been compared with the results of the literature review (see References section). Based on this comparison, as well as based on their own experiences in the region and in other countries, the authors designed their conceptual framework (Chapter 3, figure 2), which they ‘tested’ in the workshop with participants active in the field of food and nutrition security. Based on the feedback obtained from the workshop, as well as from intermittent briefings with NRO staff, the authors further discussed and exchanged its preliminary findings in a final de briefing at the end of its stay in Ramallah. On its return, the mission designed and prepared the overall objectives of a future Incl. FAS programme of NRO (Chapter 3), its specific activities which help to achieve these objectives (Chapter 4) as well as some important implications of the strategy for its programme organisation, management and funding.

2.4 Limitations

This report is the result of a - two expert - consultancy mission of two weeks in total. Although the mission had an important number of relevant documents at its disposal, time restrictions limited not only analysis of the secondary data but, in the first place, primary data collection by a limited number of interviews that could be held. analysis of data and feed-back from local stakeholders. . Although the conceptual framework and some strategic orientations of the new strategy have been discussed with a food and nutrition security representative audience composed of around 40 participants, the specific details (objectives and clusters of activities) and the components of the Incl. FAS programme have been formulated after the fieldwork and thus still lack this necessary source of exchange and essential feedback. All details proposed in this report most certainly need, however, further discussion with a representative audience in the oPT! This is why the authors insisted, already during the final debriefing at the NRO in Ramallah, that a validation mission should be held on the basis of the present proposition.

3 Towards a new Inclusive FAS strategy for the NRO MASP 2017-2020

3.1 From FS Strategy to Inclusive FAS Strategy

Based on the Netherlands Representative Office (NRO) policy framework in the occupied Palestinian Territories (oPT), the Food Security (FS) programme is one of three intervention programmes in the on-going Multi-Annual Sector Plan (MASP) 2014-2017. It is implemented through five distinct projects which have recently been reviewed (July 2015) during a Mid-Term Review (MDF, 2015). These projects have been formulated in line with the current FS strategy, which in turn, was built on the outcomes and results of previous development activities by NRO and its various executive project partners. Furthermore, the 'Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie' (IOB) - more information at <http://www.iob-evaluatie.nl> - of the Ministry of Foreign Affairs is currently finalising its impact evaluation report of all MASP sectors and activities.

The general goal of the current FS strategy as formulated in the on-going MASP is to contribute to a situation in which Palestinian people have access to sufficient, safe and nutritious food, while Palestinian farmers have the capacity to compete with their products on national and international markets. Indeed, improvement of access (to land, water, inputs, services, markets) is key in the current FS strategy which, in some more detail, has the following targets:

- To improve sustainability in agricultural production and productivity by access and use of (reclaimed/rehabilitated) land and water as well as through increased yields in selected horticultural crops (so-called high value crops);
- To improve market access through increase competitiveness (and marketable quality) and by improved access to quality standard services by relevant Palestinian institutions.

Other important dimensions of the current NRO FS strategy and programme implementation reside in its organisation and management strategy and structure, especially the explicit effort:

- To make optimal use of capacities and competences in existing local NGOs and Technical Bureaus as well as in certain companies in the Private Sector, while involving where necessary other relevant Public Sector institutions;
- To support the operation of the Programme Management Unit (PMU), in support of project implementation;
- To involve FAO as the main technical adviser at project and programme level;
- To support the coordination of inputs of all international development agencies and key donors involved in Food and Agriculture in the oPT, e.g. by means of the Agriculture Sector Working Group (ASWG).

We explicitly mention the latter management dimension because the proposed new strategy is more holistic and therefore in some respects even more dependent on the creation and management of effective multi-actor cooperation. We kindly refer to Chapter 5 for more details.

Although most of the FS activities, as part of the current Netherlands' MASP and those activities decided by other important donor agencies (e.g. the EU and bilateral donors from Spain, Switzerland, Japan, Denmark, Canada) will continue for the next year or two, time is appropriate to kick off the thinking and design of a new strategy and a new plan to be implemented in the near future as part of the MASP 2017-2020 and beyond.

It is, by all means, uncertain how the situation and context of the oPT will evolve. In Chapter 6 we therefore propose three 'security scenarios' in terms of possible evolutions of Israeli-Palestinian relations and negotiation outcomes, and their general implications for the proposed Incl. FAS strategy

and programme outcomes, especially in terms of sustainability and resilience. These three scenarios could simply be described as follows: the current situation (i) will improve (ii) is maintained/stable, or (iii) will deteriorate (for more information see Chapter 6). Our proposed Incl. FAS strategy is linked with the Theory of Change (ToC) of Dutch engagement in Palestine, as prepared by the NRO in June 2015 (NRO, 2015).

We assume that the proposed strategy will be implemented in a context of growing political uncertainty. We know it will be implemented under growing demographic pressure, under a growing need for healthy and sufficient food for all, under a growing need for resilience at all strata of society. We can also observe that food insecurity in the Gaza Strip has grown since the 2014 war but that, on the other hand, food security in the West Bank had grown (FAO, OCHA, 2014).

We can therefore state that currently there is, and there will be, a growing need for effective investments in an inclusive and pro-active Food Security approach that includes a maximum of 'drivers', i.e. productive actors and stakeholders in economies ranging from subsistence and self-consumption driven households to market and value chain driven enterprises that create economic growth and well-being for a maximum number of people.

3.2 The major characteristics of the Incl. FAS strategy

The Inclusive Food and Agribusiness Security framework on the basis of which our strategy has been formulated can be visualised as already shown in figure 2 earlier.

Before we further specify the Inclusive Food and Agribusiness Security Strategy into four complementary Programme Components and Strategic Fields, we would first like to provide a short and concise overview of the features of the strategy. In active terms, the strategy can be characterised as follows:

- It offers an overarching, comprehensive, systemic and holistic support to the development of (i) agri- and food business, from micro and small to industrial levels, (ii) on the basis of sustainable livelihood and business conditions, including a (iii) social safety net ('Social Protection') that is organised by local authorities and international donor agencies in times of crisis in (iv) an enabling market, services and institutional environment;
- It is inclusive by maximizing the number actors, male and female, individuals and groups, involved in productive and economic activities in economies ranging from subsistence driven to market driven;
- It focuses on investments in both the "Private Sector" and the "Community Sector" (not 'shifting from one to the other') and enhances the supporting and facilitating roles of the Public Sector;
- It includes triple-P (People, Planet, Profit) agendas for Economic Business Development and Socio-Economic Development as adapted to the (development of the) resource base and productivity of the participants;
- It stimulates the creation of economy of scale with combined producers' profitability by building modern producers' organisations and cooperative companies;
- It requires but also enhances multi-actor and multi-sector cooperation to create new ways of financing, diversification of sources and new money that is required for financing on-going development;
- It is very comprehensive and 'too big' for one development stakeholder. Therefore, it needs organised 'in-built' cooperation in specific (professional) domains.

The essential mover of this Inclusive Food and Agribusiness Security strategy is in essence the creation and mobilization of development investments, as a state of improved food and agribusiness security requires access to different forms of capital:

Human capital

Represents the health status, as well as the knowledge and skills individuals and groups of individuals have. It also represents the ability to apply methods and techniques that enable people to apply different livelihood strategies. Human capital is therefore a factor of the amount and quality of labour that can be applied or is available.

Social capital

Reflects the ability to have supportive organisational and institutional settings (which includes policies and governing structures). It reflects vertical and horizontal connectedness – sometimes through formal (e.g. producers' organisations like cooperatives or unions) or informal forms of organisation - providing opportunities to people to work together, expand their network and their access to more complex institutional settings. It shows relationships and includes leadership and management, which facilitates co-operation and often entails adherence to mutually agreed or commonly accepted rules, norms and sanctions. Social capital is an essential factor for establishing inclusive and profitable value chains.

Natural capital

Is the term used for the natural resources stocks from which products and services can be derived (e.g. agricultural land for production; wetlands that store or purify water; soil fertility; nutrient cycling). We depend for our health (human capital) and well-being upon the continued functioning of complex ecosystems. Investments in human (e.g. training in using green technology) and social capital (enforcement mechanisms for environmental legislation stimulating the use of renewable energy) are necessary to conserve and sustainably use natural resources. But also, simply, the access to land and water, refer to the natural capital of a household or a company. Social capital makes the access to land possible.

Physical capital

Comprises the basic infrastructure and producer goods needed to support livelihoods. Infrastructure consists of changes to the physical environment that help people to meet their basic needs and to be more productive. Producer goods are the tools and equipment that people use to function more productively. The following components of infrastructure are usually essential for sustainable livelihoods: affordable transport; secure shelter and buildings; adequate water supply and sanitation; clean, affordable energy; and access to information (communications). It requires an ongoing commitment of financial, social and human capital for maintenance.

Financial capital

Denotes financial resources available to well-being and production, both in terms of own possessions as well as externally borrowed 'possessions': cash, savings (often bank deposits) or liquid assets (such as livestock, gold, jewellery). It also refers to the financial resources which are obtained from external sources, e.g. through family or credit-providing institutions such as MFIs, banks and other providers of financial services. In economic terms, financial capital represents the means and lubricant to acquire and build other forms of capital mentioned above.

In principle, many development investments in terms of human, social, natural, physical and financial capital, all contributing to the key-indicators of economic and socio-economic growth in Incl. FAS, will be necessary. In our Incl. FAS Strategy we focus especially on human, social and financial capital investments – see schematic overview of main investment domains in figure 3 below.

Investments related to social capital include for example:

- Effective and business oriented Producers' Organisations and profitable Cooperative Companies;
- Value Chain and Market efficiency;
- R&D and continued innovation at all levels;
- Good Governance practices in all sectors of society;
- Decent wages for employment.

Investments focused on improved human capital comprise for example:

- Income diversifying household strategies and self-employment;
- Start-ups and new business initiatives;
- Good farm practices, profitability and efficiency;
- Good agricultural practices, sustainable intensification and natural resource management practices;
- MSME productivity and profitability;
- Many of the above requiring human and social capital investments: (skills) training, information, advisory and management services;

Investments focussed on improved financial capital include for example:

- Good (resource) management practices aiming to build up own financial capacity;
- Establishing and improving funding by external funds, such as Micro Finance Institutes and Development and Investment Banks;
- Introduction of new financial services.

Some of the examples mentioned are not necessarily only referring to one specific capital category as boundaries between them are fluid. Furthermore, without denying that the combination of assets in a multitude of different ways (depending on specific states and situations) is essential to ensure Inclusive Food and Agribusiness Security, we especially wish to address the access to financial capital and the mobilisation and generation of new funds and new financial services.

Based on the observations, workshop exchanges and interviews made (see Chapter 2: Methodology) we state that solid and sustained economic growth, as required for Inclusive Food and Agribusiness Security in the current occupied Palestinian Territories' conditions, definitely needs serious investments (whether human, social or financial) in at least four major domains, i.e. in the domains of:

- Cooperative Reform - Capacity development of Producers' Organisations;
- Market Reform - Value chain efficiency and producers' profitability;
- Agricultural Water Reform - management and user efficiency;
- Financial Reform – Institutional reform of financial services and investments.

See figure 3 for a schematic overview

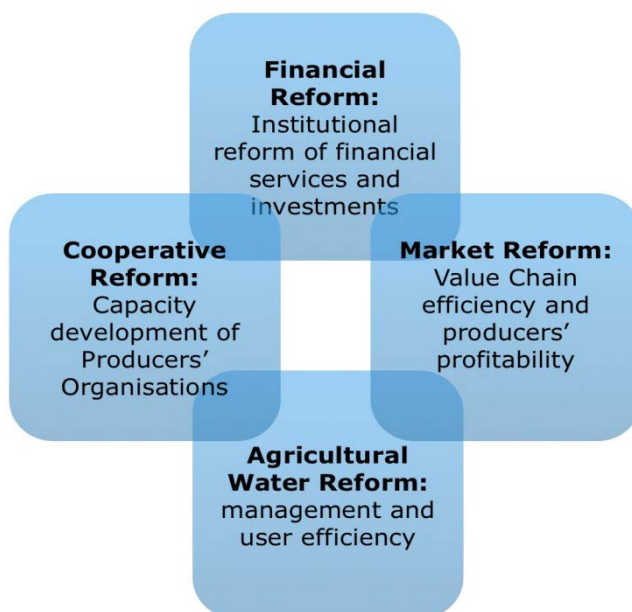


Figure 3 Main domains of investment in Incl. FAS

It needs to be stressed that, on the one hand, the choice for these four domains emanates from the need and logic to build upon previous results and expected outcomes from on-going MASP Food Security projects. The four strategy domains are at the same time closely linked to the existing situation, trends and general dynamics at various levels of economic and agricultural productivity, agricultural intensification, land and water management, etc. as evolving in the West Bank and the Gaza Strip contexts. On the other hand, this choice is also in line with the proposed holistic and inclusive framework that originated from the international consultants' own work, experiences and insights gained with many categories of Food Security stakeholders in the oPT *and* other countries and regions.

In Chapter 4 we address each of these domains in more detail.

4 An Inclusive FAS Programme in 4 components

As explained in paragraph 3.2, Incl. FAS addresses four overlapping strategy domains requiring specific investments. The framework represents both Structure and Strategy: four programme components embodying four strategic fields of development intervention in Incl. FAS. Although each of these four Incl. FAS programme components contain a series of specific activities and expected outcomes, requiring specialised professional competences and other development resources, it is also clear that these components are partly overlapping and fully interactive, indeed, mutually supporting and to a large extent interdependent in their expected outcomes. Therefore, we do not consider nor design the programme components as projects.

Each of the Incl. FAS programme components, is further structured into clusters of activities. An overview of the four Programme Components or Strategic Fields and the so-called clusters of activities has been provided in box 2.

BOX 2

The activity clusters of the four Incl. FAS Programme components

Programme component 1: Cooperative Reform - Capacity Development of Producers' Organisations

Activity clusters:

- Cooperative reform
- Social capital and organisational capacity building
- Human capital and skills development of cooperative members
- Building professional Food & Agribusiness advisory services

Programme component 2: Market Reform - Value Chain efficiency, producers' participation and profitability

Activity clusters:

- Market (re)organisation and reform
- Value Chain efficiency and integration of POs
- Farm productivity, production system innovation and profitability
- MSME development, in conjunction with programme components 1 and 4

Programme component 3: Agricultural Water Reform - management and user efficiency

Activity clusters:

- On-farm water use efficiency and soil and water productivity
- Collective water resource management and organisation
- Watershed management (pilot)
- Water reuse and waste water treatment technologies (pilot)
- National Water Policy and natural resource regulations

Programme component 4: Financial Reform - Institutional reform of financial services and diversification of funds and financing models

Activity clusters:

- Organisational support to existing Micro-Finance Institutes (MFIs)
- Development of collaborative structures, funds and mechanisms
- Enhancing legal reforms for an enabling financial and investment environment
- Business plan based financing

By all means, projects and ToRs could be based on specific activities mentioned when we further detail the programme components (see paragraphs 4.1 to 4.4), on clusters of activities or combinations of clusters could serve as a basis for the further preparation of specific ToRs of future projects. We are aware of the challenging implications of this design for e.g. programme organisation and management. In Chapter 5 we address this particular challenge in more detail.

The paragraphs that follow will provide more details regarding rationale, objectives per component and specific details regarding the clusters of activities of each component.

These activity clusters are, undoubtedly, not able to address all the challenges of the different programme components, which are further specified in the sub-paragraphs below. Our Activity Clusters are however forming an initial core ‘package’ or Incl. FAS Core Programme, that constitutes the foundation to further enhance and expand Inclusive Food and Agribusiness Security (see figure 4).

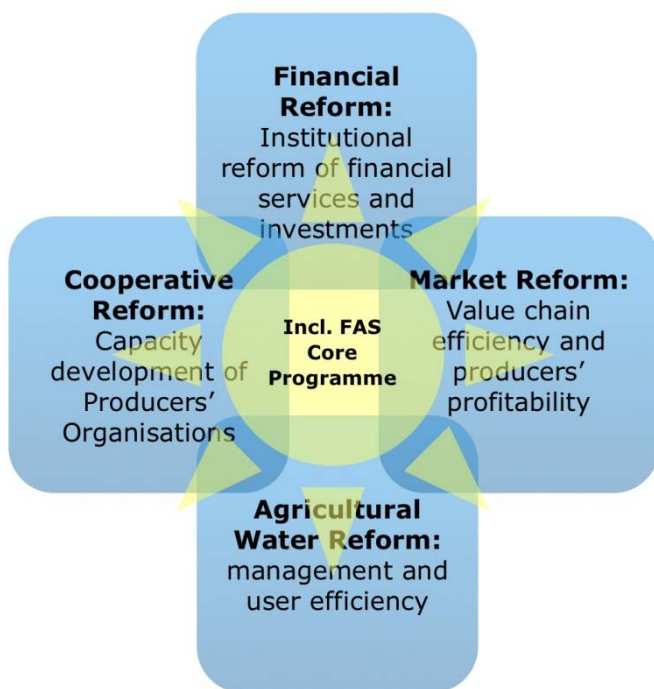


Figure 4 The Incl. FAS Core Programme

The overall objectives of the Incl. FAS Programme

In short we propose a coherent Inclusive Food & Agribusiness Security programme with four interactive and interdependent programme components, which aim at:

- Continued up-scaling of production organisation;
- Intensified sustainable productivity and profitability;
- Increased efficiency of water and land use;
- Enhanced and diversified financing and investments.

Suggested partners and potential stakeholders

Rather than providing just a list of stakeholders to be involved in the implementation of this component, this section needs a thorough analysis and exchange with stakeholders. Chapter 5 (Incl. FAS Programme: Organisation, Management and Finance) highlights what could be considered in terms of programme coordination, management and organisation in general. Appendix 6 in addition provides suggestions for stakeholder analysis tools that will further help to distinguish between primary and secondary stakeholders.

Options for (co-)financing

The different components have considerable overlap in the options for co-financing investments and expenditures. They are grouped in Chapter 5, paragraph 5.3.

4.1 Cooperative Reform: Capacity Development of Producers' Organisations

Justification and challenges

The Incl. FAS programme of NRO is focussing on economic growth in the Food and Agribusiness (F&A) Sector, from household farm to industrial farm as well as the micro, small and medium scale enterprises (MSME) sector especially involved in food processing and other F&A related services. Organisation and cooperation between actors in these sectors is paramount in order to obtain the advantages and benefits from a bigger scale of economy through up-scaling primary production and post-harvest activities as well as improving productivity and profitability. Here the underlying development strategy is investing in human and social capital in the F&A and MSME sectors in order to create enhancing conditions for the effectiveness of the other three programme components, respectively the Market Reform component, the Agricultural Water Reform component and the Financial Reform component.

This up-scaling is not only reached by modernizing organisation and expanding cooperation of individual producers in product groups at community and village levels or by cooperation of producers' groups and cooperatives that want to create Cooperative Unions and Cooperative Companies at e.g. district levels. It should also be reached by horizontal and vertical integration of these producers' groups and cooperatives into the specific Food Value Chains. (See the programme component on Market Reform, including Value Chain efficiency). A very rough estimate (mentioned during different interviews) indicates that currently an aggregated 25% of accessible arable land is cultivated by producers – men and women – who are member of an active or inactive producers' organisation or cooperative. This implies that there is a lot of room for expansion and up-scaling in the primary Food and Agribusiness production systems and value chains, but also in the MSME food sector and possibly non-food sector. In terms of economic development investments: there is a lot of room for investing in human and social capital in the F&A and MSME sectors of the oPT. Moreover, the cooperative enterprise model is but one and certainly not a one-size-fits-all model for F&A development: it is rather a flexible model that can and has to be adapted to the various categories of Incl. FAS programme stakeholders and the types of their activities and products.

Incl. FAS implies that effective and profitable organisation of various kinds of producers is to be enhanced at the various levels of economy where they operate. In turn, this implies that we are not only facing the challenge of making existing organisations more purposeful and productive where possible, but that we also need to create new forms and structures of cooperation amongst similar categories of producers as well as between these new structures, where and when it suits the purpose of economic scaling up, productivity and profitability.

Using the 'available resource - based' criteria of producer specification, this programme component on producer organisation and economic up-scaling will work with:

- Individual households, small holders, small farmers, MSMEs in food and non-food activities, in rural and urban contexts;
- Village and community based groups and small producers' organisations, MSMEs;
- Village and district (regional) producers' cooperatives, big farms, SMEs and small industries;
- Big national enterprises, value chain leading businesses, business groups and associations.

In principle, successful up-scaling and cooperation largely depends on motivation, shared interests and competences of the members of a producers' organisation (PO). It also depends on the organisational design of the PO as a for-profit enterprise, its leadership, and transparency to membership in its operational and business management.

Some major challenges addressed by this cooperative component are:

- How to break away from the mind-set created by many of the old subsidised cooperative models by redesigning and introducing a new entrepreneurial *for-profit company model* (or a mind-set of for-profit thinking and acting) that is easy to adhere to by 'old' and new member-producers?
- How to make the cooperative movement market and business-driven rather than project and subsidy-driven? (Link with programme component on Market Reform);

- How to address the expected resistance from the 'old Cooperative establishment' and vested interests when introducing the appropriate leadership and modern management capacities into the new PO companies?
- How to discover and experiment to find a 'self-motivating' way to increase and expand effective cooperative membership in new producers' cooperative companies?
- How to elaborate and introduce a legal status for the new cooperative companies in the light of the necessary transparency and reforms in the so-called 'Civil Society Sector' and how to effectively involve the multitude of stakeholders in all sectors of the society?

Obviously, investing in producers' organisations with the aim of economic up-scaling of production, and profitability does not only have a strong human and social dimension but also a resource and input dimension, depending on the activity and the product that is being produced. As Incl. FAS aims to include household economies and producers in socio-economic categories with subsistence and self-consumption as prime objective, whether these have access to some form of arable land (rural context) or not (urban context), the possibilities and opportunities for up-scaling and innovating their economic activities will dictate the form and function of their PO. In the dynamics illustrated in our conceptual framework (figure 2) POs play a key role. They are to be functional and should create added value to the goals of the actors concerned. Especially, but not only, in the non-food MSME sector, many economic activities are individually undertaken but do contribute to income and access to food; this is the main reason to include this important economic sector into activity clusters linked to this component but in fact into all programme components, where appropriate.

Objectives and expected results

This Incl. FAS component and Strategic Field is consistent with activities and operational objectives of two Intermediate Goals of the ToC of the NRO (NRO, 2015), i.e. 'a functioning Palestinian State' and 'a viable Palestinian Economy'. By addressing the above mentioned challenges, this Programme component should reach the following objectives and/or results:

- A new legal framework for 'for-profit' Producers' Organisations, Cooperative Companies and 'not-for-profit' Community Based Organisations has been designed and elaborated;
- The new legal framework has been discussed and exchanged with the Palestinian Ministry of Agriculture and the Ministry of Labour;
- At least 15% of the POs in Palestine are able to operate as independent cooperative enterprises, make profit on their core businesses and are building up their capacities and (capital) resource base;
- Tools to increase individual human capital (knowledge, skills, attitude) and organisational development of POs and CBOs have been fine-tuned to the Palestinian context;
- Specialised businesses which provide service and advice in cooperative leadership, operational management, business plan development have been created.

Clusters of core activities

Activity cluster 1: Cooperative reform

- Assessing existing POs (whether cooperatives, unions or associations) and identifying leaders and members who are interested in modernizing and expanding their organisation;
- Designing, testing and introducing new cooperative structures of bottom-up membership organisation of crop and animal producers based on market opportunities in the local and possibly export markets;
- Developing a legal framework for private sector business cooperatives, membership cooperative companies, producer associations, community based enterprises, water users' associations, etc;
- Reforming and clarifying the legal statutes of the so-called "third sector" or Civil Society Organisation Sector.

Activity cluster 2: Social capital and organisational capacity building

- Designing and implementing competence training programmes for various categories of leadership, management and membership of producers' cooperatives;
- Development of a comprehensive adult education programme focussed on new leadership and management skills in support of productive and profitable agricultural POs (whether cooperatives, unions, associations or CBOs of producers);
- Development of toolkits for management of 'bottom-up' membership organisations and for second-tier associations and unions of membership organisations;
- Development of 'toolkits' for business plan development adapted to the various forms of producers' organisations.

Activity cluster 3: Human capital and skills development of cooperative members

- Development of 'toolkits' for farm management and business development at family farm level; see also activity cluster 3 in the Market Reform Component.

Activity cluster 4: Building professional F&A advisory services

- In conjunction with Activity Clusters 2 and 3 and the other three programme components: initiation and testing of a specialised consultancy service in Food and Agribusiness for farmers, cooperatives, food enterprises, in specific domains such as:
 - Crop and animal production systems and on-farm practices;
 - Sustainable resource management;
 - Business plan development, focussed on sustainable intensification;
 - Business management, product development, marketing;
 - Financial administration, business and investment planning.

4.2 Market Reform: Value Chain efficiency, producers' participation and profitability

Justification and challenges

The Incl. FAS programme of NRO is focussing on economic growth in the Food & Agribusiness (F&A) Sector, from household farm to industrial farm as well as the MSME Sector especially involved in food processing and other F&A related services. In conjunction with scaling-up and strengthening producers' organisations and their organisational capacity, as pursued in the Cooperative Reform programme component, this component aims to address the efficiency in the production and marketing of the F&A products. It thus addresses the efficiency and profitability in the various stages of food value chain development, from 'field to fork' and reverse, from consumer to producer. Following the systems' approach of supply and value chain development, there are several intertwined domains involved in this 'efficiency challenge'. Hereby a fair share of profitability for up-stream chain actors (primary producers) in the various VC stages will be a major economic growth indicator for Incl. FAS:

- *Market organisation and control by producers* is the key issue faced by many producers, being small or big, for fresh or processed, domestic or export. Over the latter, export markets, especially primary producers have hardly any control, which increases in many cases their risks up to unbearable and thus unacceptable proportions (See Appendix 5 'Another story about Strawberries in Gaza and its added values'). Over the former, domestic markets, producers of fresh commodities also face organisational control problems related to logistical as well as monopolistic issues (middle men, agents). In several cases, dumping of Israeli products undercuts any profitability and efforts of production intensification. On top of this, there is the typical oPT context whereby it is virtually impossible to break through the Israeli control and restrictions on the movement of goods between West Bank and Gaza and vice versa;
- *Value Chain (VC) organisation and governance* is the immediate 'next' domain, second to market organisation: there is no point in developing a VC e.g. through 'crop strategising' efforts, without market development. These strategies are obviously related to consumer needs (and wishes),

market opportunities and market organisation and control by producers. In this VC efficiency domain, structures of cooperation and forms of collaboration between various specialised actors and groups of stakeholders are paramount. Moreover, the *inclusiveness* of the proposed FAS strategy obliges for maximum participation in markets and VCs. This includes horizontal and vertical integration of groups of farmers and POs into VCs and markets. Yet, chain efficiency and participation also depend on the (primary) production systems as managed by these producers involved, i.e. the 'internal' production efficiency by producers themselves. This forms the third dimension;

- *Production systems management and efficiency* by producers and POs, from resource and input acquisition and use to post-harvest handling and processing, is key to: i) profitability in terms of production costs and ii) profitability in the given market context (above) and thus sustainability of the production itself. This efficiency domain is very complex and one that is embedded in the domain of market organisation and VC efficiency. Depending on the type of product and production process involved, it has many features and faces and is linked to all development investments to strengthen human, social, natural, physical and financial capital at all levels of socio-economic organisation by stakeholders. Still, to put production systems' efficiency in this Incl. FAS programme component underpins the holistic approach required for effective development investments in the interactive and interdependent *market – value chain – production* logic.

Obviously, sustainable management and efficient use of natural production resources are part and parcel of the three above mentioned 'efficiency domains', but for reasons of their fundamental importance to Incl. FAS, these aspects will compose a programme component on its own.

Objectives and expected results

This Market and Value Chain component of Incl. FAS directly supports the activities and operational goals of the intermediate goal of NRO's ToC: 'a viable Palestinian Economy'. By addressing the above mentioned challenges, this strategic field, in conjunction with the other Programme components should yield development outcomes, such as:

- At least three regional fresh markets (pilots) have a transparent organisation and management with more producer control and efficient transaction system;
- A legal framework based on the experiences and results of the pilots has been proposed to the local authorities involved;
- A selection of food value chains in plant and animal products have been strategised and are subject to multi-stakeholder innovations, development investments and are characterised by sustainable use of resources and inputs;
- In conjunction with the Cooperative Reform and Financial Reform programme components, privatisation of advisory and information services to POs is subject to a pilot scheme;
- In a selection of urban areas, MSMEs in both food and non-food sectors have improved access to markets and marketing, innovation and production resources and have improved access to loans.

Core and cluster activities

Activity cluster 1: Market organisation and reform

- Setting up a comprehensive and participatory pilot aiming to increase organisational efficiency and decrease transaction costs of selected products on an existing domestic 'fresh produce' market;
- Carry out a stakeholder identification and analysis (including the role of producers and their organisations), market analysis and a broader economic analysis in coordination with Activity Cluster 2;
- Prepare a M&E plan of the pilot and monitor progress. Where necessary, implement sustainable improvements and share lessons learnt and experiences with other markets;
- Propose a legal framework and effective control mechanism to protect the economic interests of primary producers.

Activity cluster 2: Value Chain efficiency and integration of POs

- Participatory analysis of a limited number of food value chains in existing fresh and processed (animal and crop) products by actors involved, from inputs supply chain to marketing of end products;

- Experiment actions, rules and investments, etc. aiming to improve chain organisation and efficiency as well as quality standards of food safety;
- In conjunction with programme component 1: integration of POs in market activities and Value Chains.

Activity cluster 3: Farm productivity, production systems' innovation and profitability

- Analyse potentials of selected promising crop and animal products (promising in terms of productivity, marketing and sales);
- Strategising promising products as based on existing potentials in human, social and natural resources and markets;
- In conjunction with Activity Cluster 4 of the programme component on cooperative reform, introduction of a (private sector based) farm management advisory service (crop and animal production).

Activity cluster 4: MSME development, in conjunction with programme component 1 and 4

- Development of a specialised adult skills training, business management, investment planning, access to production credit and market information programme for at least two categories of actors in Micro, Small and Medium Enterprise development:

1. The entrepreneurs themselves, male, female, individual, production groups;
2. The trainers in MSME development.

- Development of a marketing service for MSME in food transformation or other food related economic activities.

4.3 Agricultural Water Reform, management and user efficiency

Justification and challenges

The Incl. FAS programme of NRO is focussing on economic growth in the Food & Agribusiness (F&A) Sector, from household farm to industrial farm as well as the MSME Sector especially involved in food processing and other F&A related services. In conjunction with the three other programme components, this 'water management component' underpins in fact the political, ecological, cultural and socio-economical significance of water in general ('water is life') as well as its technical and agronomical importance for essential economic growth and Inclusive Food and Agribusiness Security in oPT.

Previous and on-going development investments and programmes have been addressing a hoax of challenges in this domain, due to the occupation of the Palestine Territories. This Incl. FAS programme acknowledges the need to continue these kinds of investments, albeit with different financial sources, and proposes at the same time some important changes and innovations aiming to make past and future investments more sustainable and impactful.

Key challenges in this strategy can be condensed as follows:

- *In the first place* the focus on agricultural water does not imply that domestic, industrial and recreational use of water are unimportant, but does stress the recognition of its relative scarcity in a context of extra water needs for F&A development. This, while the agricultural sector is already the biggest water consumer. Hence, we need to be more aware, careful and efficient with this natural resource in general, and certainly in F&A production;
- *Secondly*, water is first and foremost a natural, ecological resource that has to be managed accordingly. It also needs to be treated as a *commodity* and an input as a production resource in agriculture and its many farm-based production systems. For that purpose and use, and at that diversity of farms, it is also to be managed accordingly. These two properties (i.e. ecological resource and agricultural input commodity) of agricultural water are to be united in sustainable use and management practices;

- *Thirdly*, agricultural water is a container concept for various kinds of water, in terms of origin, the way it is available and used, but the fundamental importance is its relation to the land and the soil. So, agricultural water is not only irrigation water that we pump, harvest, store, pipe, drip, etc., but first of all water is intrinsically linked to the soil and to soil fertility. The use of water as a natural, biological or ecological resource in agricultural production has profound implications for the production intensification strategy and management of production systems, choice of crops, soil fertility, etc. Therefore, a '*more crop per drop*' strategy (see also the programme component on efficient resource and input use) remains essential. In essence, management of agricultural water cannot be separated from management of soil health. Moreover, in the absence of autonomous and modern Palestinian legislation on land and water use, this 'water & land' dimension of agricultural water corroborates intimately with traditional water rights in Palestine societies, cultures and traditions;
- *Finally*, agricultural water for irrigation from existing sources as well as from new sources has strong collective and community building connotations. As already shown in recent land and water rehabilitation and reclamation investment projects, the collective rights and ownership situation needs to be handled with care and also calls sometimes for new (modern) forms of organisations and cooperation in order to manage the water(flows) of appropriate quality in a way that is socially just, economically viable and technically efficient. The Incl. FAS programme's core challenges are to invest in these management qualities through four levels of water organisation:

On farm - individual wells and sources;

- Village level collective sources - wells or rain harvested;
- Watershed, basin or catchment level - management of water, land and other ecological resources and spaces;
- National level - water policy enabling sustainable and efficient management structures and practices.

Objectives and expected results

With agricultural water and land use being fundamental to the oPT society, besides its support to the viability of the Palestinian economy, this component of the Incl. FAS strategy directly contributes to the fourth intermediate goal of the ToC, i.e. political stability in the Palestinian Territories (NRO, 2015). By addressing the above mentioned challenges, this Incl. FAS component should produce the following development outcomes:

- Continued investments in innovative irrigation technologies at farm level;
- Improved organisation and management of existing and new water sources, water committees and ownership of wells;
- Three regional multi-stakeholder watershed management pilots;
- Three pilot plants for Waste Water Treatments and production of clean and renewable products;
- A multi-stakeholder platform, of 'water' stakeholders (including the watershed pilots), which suggests and proposes innovative *legal reforms* on collective water management to national and regional authorities, but at the same time forms a platform for gathering lessons learnt for monitoring and enhancement.

Core and cluster activities

Cluster activity 1: On farm water use efficiency and soil and water productivity

- Water productivity:
 - Identify and implement improved irrigation technologies in open field and protected systems;
 - Identify and implement water storage and rain water harvesting activities;
 - Identify and implement improved well and piping system management.

- Soil and water conservation:
 - Identify and implement soil protection measures (including anti-erosion technology);
 - Identify and implement measures to improve soil fertility (including opportunities for agro-forestry, inter-cropping and improved fruit tree management).

Cluster activity 2: Collective water resource management

- Support to organisation and business development in existing and new collective water committees (including e.g. water user associations) on technical management and financial management (including e.g. calculating the real cost of water and establishing a fair selling price of water to farmers and for domestic use);
- In line with programme component 1, review of the organisation of water resources management, identify roles and responsibilities and propose a supportive legal framework to clarify the legal status of different water management committees or organisations.

Cluster activity 3: Watershed management pilot

- Introduction of a basin (or a landscape) approach to support integrated water resources management ;
- Identify a possible basin, watershed or catchment and carry out a stakeholder analysis for a pilot scheme;
- Test the introduction of more participatory basin management structures (e.g. using water boards).

Cluster activity 4: Water reuse and green WWTP technology

- Identification of existing Waste Water Treatment Plants for the feasibility of green technology application *and* investment, in combination with effective and efficient reuse of the treated water, e.g. for irrigation;
- Testing, training and enhancing the performance of the applied technologies (e.g. 'sludge digestion for biogas for electricity' and solar energy) evaluating the business model including all inputs and outputs;
- Enhancing investment (financial, human and social) in rehabilitation of old and building new WWTP.

Cluster activity 5: National Water Policy and natural resource use regulations

- Enhancing and supporting consultations between the Palestinian Water Authority and relevant groups of stakeholders in water management and agricultural water use – and participating in the cluster activities of this programme component- on at least two legal agendas:
 - Status and mandates of collective water committees on different collective water sources, from rain harvesting silos to deep well water towers;
 - Organisation and follow-up of cluster activity 3 on the exploration of a basin approach in support of enhance integrated water resources management (pilot scheme).

4.4 Financial Reform: innovation of financial services and new investment funds

Justification and challenges

The Incl. FAS programme of NRO is focussing on economic growth in the Food & Agribusiness (F&A) Sector, from household farm to industrial farm as well as the MSME Sector especially involved in food processing and other F&A related services. In conjunction with the other three project components, the core challenge of this 'financial investment component' is to mobilize and manage more and more diversified sources to finance the economic development investments that are necessary to increase Incl. FAS in the oPT.

In this domain we are facing a long history and tradition of (development) project funding through grants, gifts and subsidies from different international, public, and private sources under a wide variety of conditions. Also other ways of financing exist: through banking, loans and all sorts of credit schemes and micro-financing initiatives, sourced from international, public and private funds and

financial institutions. Many of these funding mechanisms are not sustainable and, worse, sourced and used in a way that has created forms of financial dependency and reduced decision-making autonomy of producers at the levels of economy that the Incl. FAS strategy aims to focus on. In other words, for a sustained increase and inclusiveness in enhancing Food and Agribusiness Security, it is very necessary to develop continued ways of appropriate capital investment that are accessible for the various levels of economic growth as identified for the other programme components.

Furthermore, it is alarming - despite the widely acclaimed trends in private sector development, Value Chain development, technological innovation and private investment - that the vast majority of economic actors (over 90% of small-holder and family farms and over 95 % of MSME in food and non-food) are still dependent on projects and donor support.

On the other hand, this situation is changing rapidly, though, when one also observes the dynamics and institutions that are emerging from previous micro-financing programmes implemented over the last 20 years. Indeed, according to a 2013 PCBS census, 6 MFI and 2 banks are very actively involved in funding loans for the wide range of actors engaged in Food, Agriculture and Livelihood development, exactly the drivers that this Incl. FAS Programme is focussing on.

We estimate that the financial investment needs are very substantial in the F&A and MSME sectors, and will even increase when economic development picks up, while required financial capital is as scarce as water. This is why this Incl. FAS programme aims to enhance structural development of MFIs and development banking, but with a special focus on capital investment needs that are generated through the outcomes and impacts from the three other programme components. However, our ambitions are bigger: as pointed out in the programme organisation and management (See Chapter 5), we think it possible to direct more project funding into Incl. FAS through cooperation and coordinated planning and action by the main donors and development agencies involved in the F&A and MSM sectors.

It is obvious that many of the economic investments that have been subsidized through development projects cannot be sustained and in many cases will not lead to impactful use of existing economic potentials enshrined in people and resources at the various economic levels. This is certainly true for financing productive investments at a higher scale of economy, such as producers' cooperatives. The adagio is 'the bigger you are, the more you can borrow commercially'. Therefore, we put MFIs as businesses in the domain of commercial lending to various categories of clients situated in so-called informal and formal economies.

One of the biggest challenges this component faces is the creation of alternative capital investment sources and funding. This is absolutely essential, not only for the sake of a more sustainable and hopefully more resilient economic growth and inclusive food and agribusiness security, but also for deviating available and forthcoming development funding into human and social capital investments as required for Incl. FAS, e.g. these identified in the other programme components. The latter are very often conditional for economic growth but the development activities involved cannot (yet) be financed from the expected increases in productivity and profitability before a certain scale of economy has been reached.

Objectives and expected results

This Financial Reform and Innovation component of the Incl. FAS strategy is to be considered as a key contribution to the intermediate goal of NRO's ToC: 'a viable Palestinian Economy' (NRO, 2015).

It aims to:

1. Strengthen the organisational and lending capacity of existing institutions to increase money lending and borrowing (both conventional and Islamic);
2. Increase and diversify the availability of financial services (such as risk assurance) as well as funding sources (creation of special funds or banks); while it is also deemed necessary to:
3. Adapt both (1) and (2) to the specific conditions of production and livelihood of an increased number of clients.

Core and cluster activities

Cluster activity 1: Organisational support to existing MFIs

- Design and development of responsiveness to accessible credit schemes for the various categories of potential clients, participating in programme components 1, 2 and 3; examining options to open counters/branches in cooperation with existing and new POs and Cooperatives;
- Designing, testing and developing new financial services to these categories of clients, such as saving, insurance, refinancing;
- Examining Cooperative Saving and Credit banking;
- Development of technical advisory services to categories of credit clients; see also cluster activity 2 and programme components 1 and 2;
- Prepare management and business development consultancy for MFIs, private banks and investment funds, operating in F&A sector.

Cluster activity 2: Development of collaborative structures, alternative funds and mechanisms

- Creating a platform or meeting space amongst the MFIs and other actors in the banking sector;
- Creating and sharing pools of expertise for technical advice to credit clients;
- Creating and managing various Special Incl. FAS Guarantee and Investment Funds (such as Risk Funds, Investment Funds, Green Technology Funds, Water and Land Rehabilitation Funds) attracting fund investors;
- Organising special investors' events;
- Supporting Palestine Food Product Promotion events.

Cluster activity 3: Enhancing legal reforms for an enabling financial environment

- Support to consultations between the relevant Palestinian Financial and other Authorities, MFIs and other Financial Institutions concerned on new Laws and Regulations that enhance investments in Incl. FAS.

5 Incl. FAS: Programme organisation, management and finance

Being aware that the current FS programme is one part of the MASP 2013-2016, we presume that the new Incl. FAS. Programme will be part of a new MASP (set for 2017-2020) and still needs a special management unit. Although it was not an explicit part of the mission's ToR, in the process of our activities it gradually became obvious that the proposed holistic Incl. FAS strategy will have some important implications for the current FS programme organisation and management structure created by NRO. The current FS programme, although links and connections are made, is now basically based on a collection of single projects that are implemented separately. This Inclusive FAS strategy and programme will need however to be addressed as one core programme of activities that are linked, intertwined and are mutually enforcing each other.

5.1 Organisation and Management in line with strategy design and programme structure

The proposed programme is founded on the organisation of development investment activities in four overlapping and interdependent programme components of Inclusive Food and Agribusiness Security. In more executive terms, these components represent four strategic fields of Incl. FAS development interventions. Each strategic field constitutes a 'programme component' containing a large number of specific development activities that are to be resourced and funded in a wide variety of ways such as co-financing, private financing, loans and not by grants and subsidies only. Moreover, for generating and enhancing the availability of more financial capital for Incl. FAS, one of the strategic fields concerns 'Financial Reform' or, in other words, the (institutional) development of arranging new opportunities of investment funding which is required for all programme components. Therefore, this single aspect of the programme design implies a united and coherent programme coordination across all components and linked activities.

In addition, because of the large extent and volume of identified activities as well as the many more opportunities for more and new activities that will be generated in the four strategic fields, - in particular due to the organised in-built multi-stakeholder cooperation -, we suggest that the NRO implements the *Incl. FAS core programme* with its own controlled resources. We also suggest that the NRO takes the lead in attracting other stakeholders to invest in extra support for the same activities as well as in additionally identified activities in the four strategic Incl. FAS fields.

For the NRO, already being in the lead of on-going development investments in Food Security, the proposed new framework and strategy will serve as a strong tool to continue this coordinating role amongst other key donor agencies and Palestinian stakeholders (see also paragraph 3.1).

The presented Incl. FAS strategy and programme activities not only provide tangible contents for action on the ground to some of the programmatic and operational goals of the Theory of Change (ToC) for the Dutch engagement in oPT (NRO, 2015), but also provide relevant examples to the identified activities in the ToC.

The Incl. FAS Programme implementation is furthermore built on:

- The continued engagement and involvement of relevant professional capacities available in all sectors of oPT society: public and semi-public organisations, Private Sector organisations and companies and last but not least, an array of CBOs, CSOs, NGOs and not-for-profit organisations, which are all endowed with important 'local' experiences, knowledge and skills that are relevant to the goals of the proposed strategy. This involvement will be managed by so-called focussed multi-actor cooperation contracts (see box 3);
- The enhanced and innovated structures of focussed multi-actor cooperation between:

- oPT political and governmental systems;
- International diplomatic and donor communities and technical agencies;
- National and international Private Sector companies and organisations;
- International and national (local) financial and banking institutions;
- Civil Society structures, CBOs, Cooperatives and Producers' Organisations;
- Informal and Formal sector based Micro – Small - Medium Enterp.

BOX3

Focussed multi-actor cooperation

Focussed multi-actor cooperation is a programme implementation approach by creating a manageable entity composed of cooperating development actors with a specific operational objective to achieve. Actors are selected by the PMU on the basic criteria of (1) problem-ownership, (2) initiation and solution ownership and (3) relevant competence to contribute to the achievement of the negotiated goal and action plan.

In an effort to address a frequently expressed concern about changing the 'donor mind-set' of recipients (beneficiaries) and NGOs alike, as well as of donors themselves, we propose that Programme activities will be implemented on tripartite contract basis. This means that the on-going trend of top-down development project planning and implementation will be reversed by adopting a tripartite negotiated planning of an action plan, in which all parties agree what to do and to contribute to a successful result:

1. 'client' is the problem-owner, initiator and contributor to a proposed activity (his own 'solution');
2. implementing agents are the 'contractors', competent to assist the client in that activity;
3. Incl. FAS/ PMU is the activity guarantor and facilitator.

Obviously, depending the domain of action – e.g. leadership training for cooperative company management – several tripartite contracts may be established in one entity of 'focussed multi-actor cooperation'

An example of an existing form of focussed multi-actor cooperation:

- The Palestinian Hydrology Group (PHG) is contracted as a technical consultant to implement a rain-harvesting and irrigation project with a number of village- and farmer groups and co-financed by two or more sources. Under the Incl. FAS strategy, the initiation and design of such investment would follow a more 'business-case approach' and involve the drafting and negotiation of a business and investment plan by the initiators, future water owners and users, including the negotiation of (co-) financing by an MFI or another fund.

Figure 5 shows the ‘facilitating’ role of NRO together with PMTU schematically. The core programme will benefit from extended activities being implemented by other stakeholders.

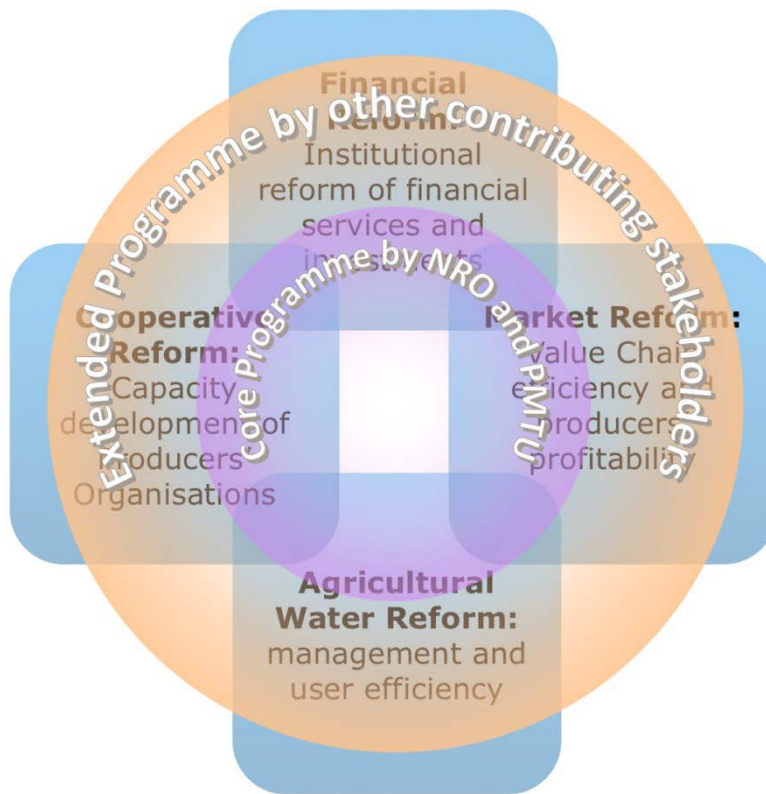


Figure 5 Programme facilitation, coordination and management

5.2 Management structure

In short, the Incl. FAS strategy and programme structure is supposed to remain intact as designed, requiring a unified programme led by NRO that preserves unity, coordination and coherence of two core tasks:

1. The implementation of its core programme as based on own NRO mobilised resources;
2. The coordination of additional programme activities as based on attracted stakeholders and resources.

A simple but effective 2-level programme management structure would follow the same lines of organisation as the current one, but with some significant and essential changes in mandate, task assignment and available competences of the specialised management unit:

(1) Incl. FAS Lead Unit in the Economic Development Section of the NRO

Key tasks include:

- Overall political and policy coordination; See also Chapter 6: three security scenarios as well as the ToC of Dutch engagement (MinBuZa, July 2015);
- Building cooperation with other stakeholders in donor and diplomatic communities;
- Recruitment of programme staff as required for the PMTU, leading and supervising the performance of the PMT Unit;
- Financial control and reporting.

(2) Incl. FAS Programme Management and Technical support Unit (PMTU)

The present PMU is rather an administrative support unit than a technical management unit. This needs to change. Although a solid administration and accounting system is obviously important, the management of the new Programme also requires technical competences for coordination in some of the strategic fields as a unified implementation of the Incl. FAS strategy cannot only be based on outsourcing and sub-contracting activities. The programme itself needs facilitation and a minimum of available technical expertise - or resources to hire them on ad-hoc basis - in the four strategic fields, in order to be capable to guarantee a solid and coherent programme management.

Strengthening the coordination capacity of the PMTU also means a change of the current role of the FAO into a - more appropriate - role as technical consultant that can be hired on ad-hoc basis in the programme.

As it is currently the case, the programme will make use of local NGOs and technical agencies with specialised capacities and competences in relevant Incl. FAS domains. The enforced and competent PMTU should be able to contract, supervise and monitor the implementing agencies.

Some tasks of the PMTU are, e.g.:

- To plan, monitor and evaluate the implementation of the Incl. FAS Programme activities;
- To report to and advise the Economic Development Section on Incl. FAS matters;
- To identify, select, contract and supervise local implementing agencies for the execution of programme activities;
- To organise and provide ad-hoc support to contracted local implementing agencies when need occurs;
- To implement certain (experimental) activities that are not (sub-)contracted or outsourced.

In order to be able to execute correctly its evaluation duties, the PMTU will be in charge of three essential Monitoring and Evaluation tasks. These are:

- Before the programme will start, to set a coherent baseline of key data and indicators related to (a) the overall Incl. FAS programme objectives and (b) selected core activities, in the four strategic fields of Incl. FAS (see Chapter 4);
- To perform a yearly progress evaluation on the basis of an M&E system to be put in place during project formulation and inception;
- Towards the end of the programme, to design and implement an impact study of overall and specific changes induced by the Incl. FAS core-programme as implemented as well as by additional activities.

5.3 Opportunities for co-financing the Incl. FAS programme

Investments in human, social, and financial capital play a key role in all four programme and strategy components aiming at Inclusive Food and Agribusiness Security, on the condition that they occur at the different operations by the various strata and groups of actors.

In principle, we should distinguish two kinds of investment and cost expenditures in the different Incl. FAS components

- a. Investment and expenditures in human resources and organisational development (both hard- and software), at both levels of PO leadership or management on the one hand and at the level of membership by individual producers of the various organisational structures concerned on the other hand.

These are investments in human and social capital that can be financed through various forms of co-funding and grants, depending the type, purpose and cost of the development activity in relation to the beneficiary's own resources and assets.

-
- b. Investment and expenditures in physical assets and resources for production and core businesses of PO (various services and to support profitability) and its members at farm, SME, household level (in support of production, productivity and profitability).

These kinds of investments in physical capital and productive assets are in principle economic and operational production costs that are part of the cost-benefit and profitability outcomes of the respective productions and businesses. Financing these investments and expenditures should be done through own and borrowed finances.

Some potential sources of (development) investment financing in the four strategic fields and programme components of Incl. FAS are:

- Self-financing by actors concerned: farmers, and farmer groups, Producers' Organisations, Agricultural Cooperatives, Women Cooperatives, SMEs, Factories;
- Co-financing by the above mentioned with other actors in the Food and Nutrition Value Chains and Rural Development such as:
 - (Micro) Financing Institutions for micro and 'bigger lending (conventional financial services) ;
 - Saving and Credit groups, Cooperative Banking, insurance and other financial service ('new' financial services);
 - Private Banking - local and international banks for direct financing and MFI funding;
 - Corporate Social Responsibility financing by Private sector enterprises;
 - Public financing by Palestinian Authorities (e.g. Ministries);
 - Subsidy, grants and project financing by international donors.

6 Security scenarios and Incl. FAS

We put the concept of *security*, in its different interpretations, at the heart of the proposed strategy of development investments in Inclusive Food and Agribusiness Security in the oPT, thus enlarging its meaning beyond food security in terms of 'access to food' and 'access to resources for the production of food'. Furthermore, we put forward that *inclusive economic growth* is a key catalyst for Inclusive Food and Agribusiness Security.

Both interdependent development processes, economic growth and Incl. FAS growth, are supposed to enhance sustainability of production systems and to strengthen resilience of the people involved but are at the same time very sensitive to political and social changes in context and conditions of the oPT. In this light, 'security' expresses the quality of Israeli-Palestinian relations and its negotiated outcomes.

Indeed, the Theory of Change (ToC) on Dutch engagement in oPT highlights 'sustained peace and security', for which 4 pre-conditions need to be fulfilled, including *a strong and self-sustaining Palestinian economy*, i.e. pre-condition 3 of the ToC (NRO, 2015). Clearly, Incl. FAS as it is designed in this proposal, sits in the heart of this ToC pre-condition but is also dependent on the other three pre-conditions mentioned, notably *successful political negotiations between the Israeli and Palestinian parties*.

In this Chapter we propose three 'security scenarios' in terms of possible evolutions of Israeli-Palestinian relations and negotiation outcomes, and their implications for the proposed Incl. FAS strategy and programme outcomes, especially in terms of sustainability and resilience. These three scenarios are:

1. Improvement of relations ('peace scenario');
2. Relations maintained ('muddling-through scenario');
3. Deterioration of relations ('war scenario').

In relation to our 'four pillar conceptual framework for Incl. FAS' (see figure 2), these scenarios of changes in security related relations will impact:

- The shift of people, communities and their social capital resources (organisations) between pillars I, II and III, from 'Social protection' towards 'Intensification of food production' or vice versa;
- The access *to* and availability *of* production resources, on a continuum from 'creating more and new resources' to 'loosing resources due to destruction and prohibition'.

6.1 Scenario 1: the peace scenario

This scenario implies 'improved security' through tangible negotiated results which will impact economic growth positively such as

- The abolishment of restrictions and return of confiscated resources;
- More access to production resources;
- Less restrictions on the movement of people and goods *inside* GS and WB and easy movement *between* GS and WB;
- Elimination of inhibiting and damaging measures and restrictions on the import and export of food and agribusiness products and inputs;
- Abolishment of Oslo interim measures and of the restrictions on the use of ground water.

Expected implications for the Incl. FAS programme of this 'peace scenario' are a strong boost to economic growth and to food, nutrition and agribusiness security. In all four strategic fields of the programme, development goals will be reached and can be increased and adapted to the extra spin-offs that evolve in the process. Producers' organisations in all sectors will increase their scale of activity, productivity and profitability. Domestic and export markets and value chains become more efficient. Land and water management based on a basin perspective will be introduced. More sources for development investment will be locally and internationally generated.

The trend set in this scenario is, that less people are dependent on social protection, more people live in sustainable livelihood conditions and more people are active in intensified production systems. Overall economic growth is significant. Figure xx highlights this trend visually.

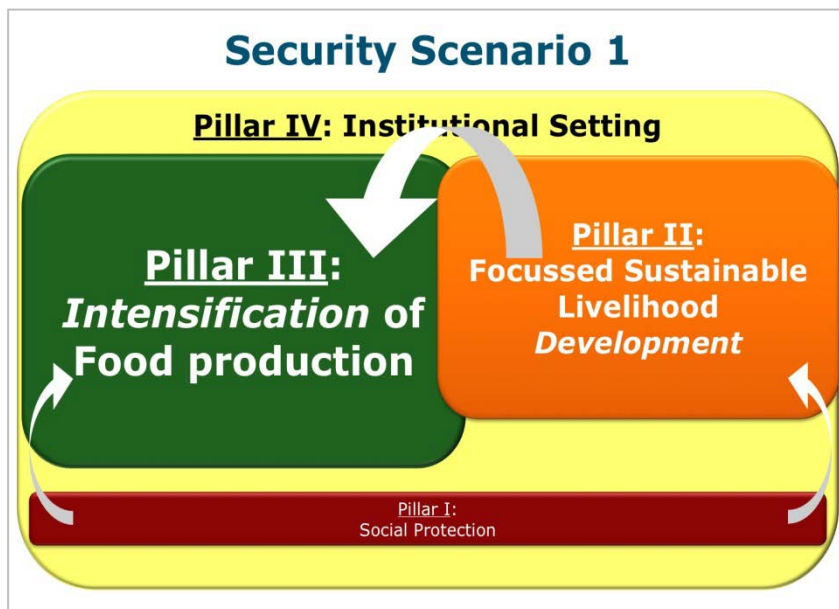


Figure 6 The peace scenario

6.2 Scenario 2: the muddling-through scenario

This scenario implies that the current 'status quo' and up-and-down dynamics in relations is maintained, which implies a slow and gradual deterioration of security on the ground with temporary outbursts of violence and casualties. No real changes in relations would occur but continuation of the tit-for-tat mentality (one agreement on some water wells here, elsewhere other wells or houses destroyed; one stone thrown, closure of the village or access road blocked; continued and increased aggression by (new) settlers and land confiscation; one container of fresh strawberries gets passed border control, the other spoiled under the sun).

Expected implications for the Incl. FAS programme of this muddling-through security scenario are embedded in the current programme goals and proposed activities. In fact the Incl.FAS is designed in the present context and based on on-going and past developments and some of their results. It represents an 'optimistic' view and a relative ambitious goal of improving Food and Agribusiness results and drawing more people into a more sustainable livelihood and intensified production systems. The four programme components are implemented, but some activities will face difficulties to get out of their pilot phase or run into problems with imposed restrictions and military action.

The trend set in this scenario is positive, though, relatively small shifts of people from social protection to sustainable livelihood and from livelihood based to intensified production systems; overall economic growth is positive. In times of crisis, people may fall back on basic livelihood resources that have been developed by the Incl. FAS programme. Figure xx illustrates this situation.

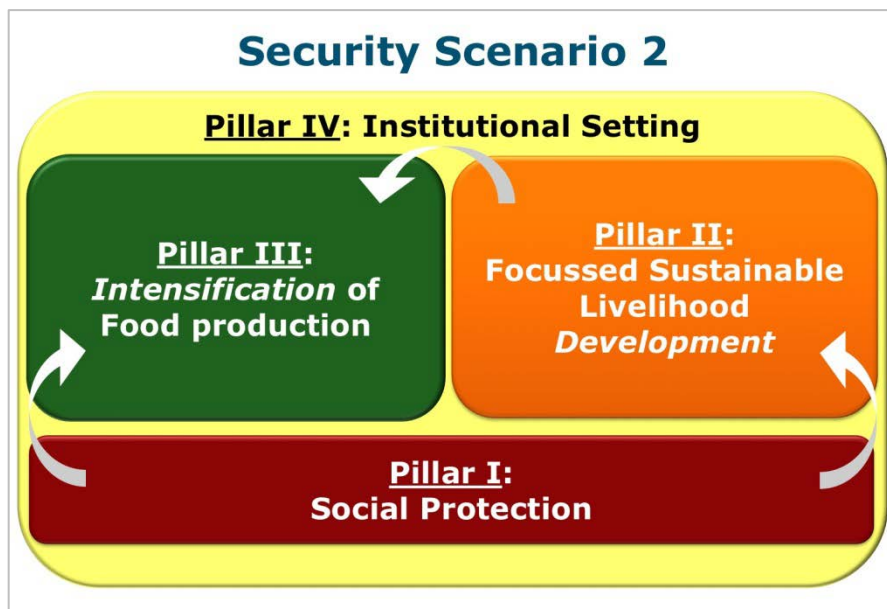


Figure 7 *Muddling through scenario*

6.3 Scenario 3: the war scenario

This scenario implies a deteriorated security situation caused by the built-up of social and political tensions which escalate into a war and violent relations, as e.g. experienced during the last 2014 Gaza War or the last Intifada. It will imply severe restrictions of movements and goods by military action and check-points, all over.

Expected implications of this 'war scenario' for the proposed Incl. FAS programme is a significant drop in overall activity in the four strategic fields, while many groups, communities and families involved in the programme shift into survival mode. This implies a reversed trend in comparison to the peace scenario whereby people 'fall out' of pillar III into pillar II or I when they lose their production and survival assets. In times of crisis, previous investments in sustainable livelihood of families and communities by Incl. FAS will act as a buffer for survival and thus increase people's resilience.

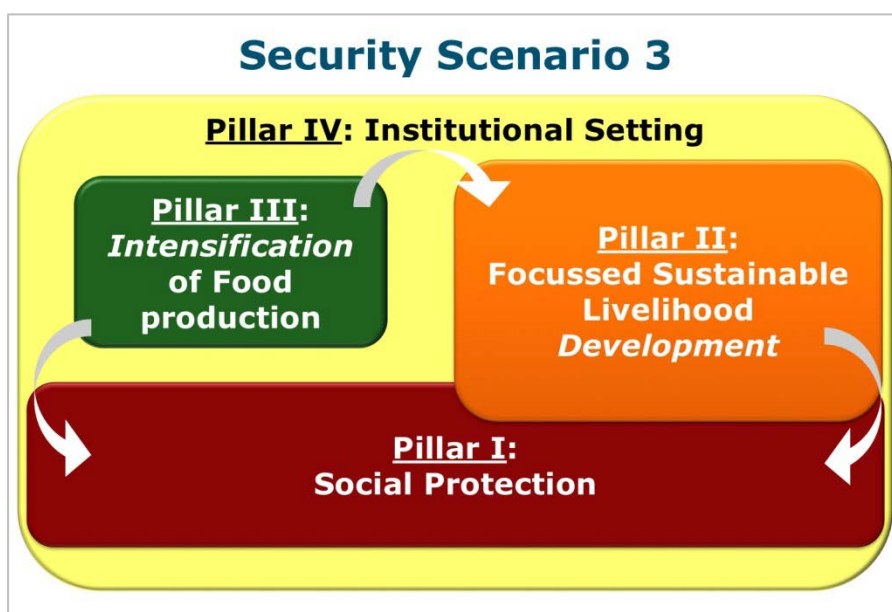


Figure 8 *The war scenario*

Epilogue

This epilogue describes how the feedback provided to this report *“Drivers of Growth. A strategic plan for Human, Social and Financial Investments in Inclusive Food and Agribusiness Security in the occupied Palestinian Territories”* has been addressed.

The authors received important feedback from the Netherlands Representative Office in Ramallah after finalising the report in October 2015. This feedback not only included various observations and comments on the proposed Incl. FAS strategy and its four programme components, but also preliminary choices and orientations concerning the planned next steps in the consultancy process, i.e. the follow-up advisory mission with key stakeholders in both the on-going Food Security programme and the newly proposed Incl. FAS Strategy and Programme for the occupied Palestinian Territories.

These participatory consultations are scheduled for January 2016 and should result in the validation of the proposed strategy as well as the finalisation of two Terms of References for projects under the selected priority components of the new Incl. FAS programme to be included in the MASP 2017 – 2020 of the NRO.

These preliminary comments and orientations by NRO concern the following issues:

The new Incl. FAS programme (Chapters 1.4 and 3) needs to be centred in line with the strategic development objectives of the National Agriculture Sector Strategy of the MoA (2014-2016), to achieve:

1. Efficient management and sustainable use of natural resources;
2. Improved productivity and competitiveness of crops and agricultural commodities;
3. Provision of agricultural support services to farmers and other stakeholders.

This orientation leads to a priority focus on the following strategic fields and programme components in the proposed “Drivers of Growth”, Chapters 3 and 4, namely:

1. Cooperative reform and inclusive capacity building in Producers’ Organisations and groups;
2. Market reform, Value Chain efficiency and producers’ profitability;
3. Agricultural water and land management.

As for the proposed Financial Reform strategy as elaborated in chapter 4.4, the suggestion is that the above mentioned three ‘pillars’ will empower producers concerned to approach and access existing financial services, rather than including a proposed (fourth) programme component of development and innovation in financial services (or better: inclusive finance) and institutions.

Some of the proposed programme activity clusters contain activities which are overlapping with existing and/or on-going initiatives; e.g.

- The national dialogue in the domain of the legal framework and private sector status of farmers’ cooperatives as for-profit companies;
- Capitalization of earlier project experiences and results as well as existing NGO expertise in capacity building of producers’ organisations;
- The Palestinian Water Authority and other stakeholders on policy issues concerning water management;
- Institutional and legal frameworks of national quality standardization (continued).

Further suggestions are made to include certain development activities in the market reform component, chapter 4.1 and 4.2) such as.:

- Consumer awareness strategy and activities;
- Piloting agro-industrial processes on added value products in selected Value Chains;
- Promoting Value Chain based new knowledge and best practices.

The proposed management structure for the programme in chapter 5, needs to be reviewed in the light of:

- The positive experiences with the current Project Management Unit, PMU;
- The implications of the above mentioned feedback and orientations;
- The outcomes of the planned validation mission.

Two specific Terms of References as part of the Incl. FAS Programme

On the basis of the feedback and specific comments above, two draft ToRs have been elaborated:

1. Market and Cooperative Reforms:

It addresses capacity building of Producers' Organisations and groups as well as Value Chain efficiency and Producers' productivity and profitability

2. Land and water management:

It addresses access to and efficient use of agricultural water and land and focuses on improving land, soil and water management at Farm, Cooperative, Village and Watershed levels.

The two draft ToRs will be the output of the mission carried out in January 2016 and will be included in a complementary document to this report.

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Appendix 1 Terms of Reference Mission

TERMS OF REFERENCE FOR THE CENTER FOR DEVELOPMENT INNOVATIONS

Aimed at the formulation of the new phase of THE NRO FUNDED FOOD SECURITY PROGRAM

Current Projects: Agri-wells, HVC, LWRM, SPS and Buffer Zone projects

The Palestinian agriculture sector is of key importance for food security as well as for income generation and private sector development. A significant part of the Palestinian population is depending on it, either for their daily access to food or for employment opportunities; around 15% of the population derives its income directly from the agricultural sector. However, the agricultural sector in the Palestinian Territories (PT) is still seriously underdeveloped and losing ground in terms of contribution to the Palestinian GDP, dropping from 13% in 1994 to 6% in 2010. Although there is good potential, the Palestinian agricultural sector has so far been unable to significantly increase its production. This situation needs to be addressed, also in view of the objective of building a viable Palestinian state.

The Netherlands Representative office in Ramallah (NRO) evaluated all its projects within the food security programme. This approach responds to NRO's concern not only to ensure objective information on the proper use of the public funds, for which the NRO is accountable, but also to its firm wish to gain an in-depth understanding of the results of its activities, learn lessons from its current and past interventions and foster greater dialogue with its partners.

Based on that evaluation the NRO is looking for a consultant/s to formulate the ToRs for the new food security program projects, taking into account the plurality of views, the different project stakeholders must, whenever possible, be associated with the formulation process.

1. Description of the Food Security Program:

1.1 Context of the Agricultural Sector within the NRO vision:

The NRO's Food Security Programme covers both the Gaza Strip and the West Bank and builds upon results achieved in the past. In the Multi-annual Strategic Plan for 2014-2017 (MASP), the NRO has defined the following strategic goal, outcomes and outputs for food security in the PT states: "At a strategic level, the NRO wishes to contribute to a situation in which the Palestinian people within the Palestinian Territories have access to sufficient, safe and nutritious food, while Palestinian farmers, including smallholders, have the capacity to compete with their products in the national and international markets."

The MASP is developed in line with the Palestinian National Development Plan as well as the Agriculture Sector Strategy. Having one of the most advanced and high-tech agricultural sectors in the world, The Netherlands is a natural partner for Palestinian farmers in further developing their sector. The Netherlands combines meaningful development-oriented interventions to improve food production (the Dutch have a long track-record in the PT and is a world leader in terms of expertise and technology transfer) with effective diplomatic activities to improve market access for Palestinian agricultural goods.

The main elements for increasing agricultural production in the PT – the availability of land and water, access to (external) markets and institutional capacity – are currently also the main constraints for its sustainable development. The combination of these factors limits the opportunities for local food production and access to markets for agricultural products, which explains the aforementioned relative demise of the agriculture sector.

The NRO's programme aims to address these constraints. Firstly, the Land and Water Resource Management Programme and the Gaza Buffer Zone project enhance access to land and water for agricultural use by reclaiming and rehabilitating land and providing for water infrastructure and agricultural access roads in the West Bank (including Area C) and the Gaza Buffer Zone. Secondly, in terms of access to markets, the NRO – through its High Value Crops Programme, implemented by FAO - supports horticultural cooperatives to achieve the required level of quality requirements and marketing techniques for their products in order to access national and international markets and lobbies for better possibilities to import supplies and export the farmers' products. Finally, the NRO supports the Ministry of Agriculture so that it is better equipped to deliver services to the sector,

especially when it comes to sanitary and phytosanitary standards which are mandatory for WTO compliance.

1.2 Main stakeholders of the Agriculture sector:

The Palestinian Ministry of Agriculture (MoA) was established by the Presidential Decree No. 90 of 1995. Other stakeholders include NGOs, UN agencies, farmers unions and associations and universities.

1.3 Objectives

- Develop a detailed ToR, including the main status of the Palestinian Food Security sector, potential development pathways, potential project components and implementation arrangements;
- Analyse the current structure of the food security program, identify potential change agents and map all ongoing food security related projects. Use a system's thinking approach to integrate the outcomes of the partial analyses (food security systems analysis; enabling environment analysis; power and stakeholder analysis);
- Seek complementarity with the existed food security Projects; especially where it concerns the regulatory reform and capacity building activities (Global Gap standards and practices, ISO22000, Cooperatives and its related infrastructure, water infrastructure, SPS, Etc.);
- Explore collaboration with the Netherlands' for joint market development activities (especially in vegetables, Herbs, strawberries, potatoes and the brewing industry).

1.4 Activities

- Two-week mission, interviewing key food security sector stakeholders and potential implementing partners (FAO, UAWC, LRC, MGO, ESDC, PARC, ACAD, Reef and PHG), developing a Draft Concept Note and discussing it with the NRO;
- Fine-tuning the cooperative assessment tool with a number of food security sector experts/donors in the PA (Spain, DRO, EU, USAID, Canada,.Etc.);
- Meeting the representatives of the governmental sector whom are working closely or part of the implementation process of the NRO funded projects such as (MoA, MoNE, PSI, MoH);
- Meeting with at least 5 Palestinian and 5 Dutch Marketing Companies on collaboration activities in order to strengthen accessing the Palestinian products into the International Market;
- Finalization of the ToRs, and follow-up discussions with the NRO finding agreement on the approach and project set-up, potential funding and institutional arrangements.

1.5 Output

- A short report on the experience with the governmental sector involvement within the Dutch food security funded projects (major findings and recommendations), especially within the framework of the SPS project;
- A short report on the meetings with Palestinian and Dutch Marketing Companies;
- A finalized cooperative assessment tool, adapted to the PA context.
- A finalized ToRs (an internal document for the NRO) with the following components:
 - Background on Palestinian food security sectors;
 - Major issues in the enabling environment;
 - Stakeholder analysis;
 - Envisaged set-up: Focus/Scope and Components;
 - Envisaged objectives and targets (outcome/output);
 - Implementation arrangements;
 - Complementarity and collaboration with other projects (in particular Ex-Dutch funded Projects);
 - Rough budget with major budget categories. (It can be decided by the NRO).

Duration

Two weeks for 2 consultants, including 2 days of preparation abroad and the rest in the PA. Study, to be finalized by September 2015.

Requirements

- Policy/institutional economist/ agronomist with at least 10 years of experience in policy advocacy and institutional reforms in developing countries; preferably related to agricultural (policy) development;
- Team player with ability to translate views of the team into a SMART ToRs project proposals; and

-
- Affinity with the expectations with Dutch development cooperation and foreign trade;
 - The international consultant is advised to involve a local consultancy team.

Annexes

1. Projects Fiche (HVC, Agriwells, SPS, LWRM and Buffer zone projects);
2. Midterm review of 2015.

Added Notes of Diederik and Esther (skype preparation meetings):

Most important request of NRO: After the mission there needs to be a 'concept note'. A substantiation for the new Food Security Programme of the NRO in line with the Theory of Change.

Appendix 2 Agenda visits and meetings

Agenda and programme executed by the mission on Food Security Strategy

in occupied Palestinian Territories, oPT, from 22.08 till 3.09. 2015

Credit Note: *During the preparation and implementation stages of this mission and in close and flexible collaboration with the two mission members respectively Mrs Esther Koopmanschap and Mr Diederik van Groen, all contacts, appointments, meetings and visits in the programme have been organised and most often personally guided and accompanied by the NRO external consultant for Food Security, Mr Thameen Hijawi, who also contributed to the formulation of the mission's ToR. At relatively short notice, he managed to invite a high attendance to our consultation workshop: 40 participants from a variety of stakeholders in Food Security in oPT, making it a successful event.*

Friday 21.08.2015 – Saturday 22.08.2015

- Arrival in Ramallah of the two mission members, respectively from Ankara, Turkey and from Alkmaar, The Netherlands.

Saturday 22.08.15 – Ramallah hotel

- Mission members meet and greet; review of the mission's ToR and strategy as previously discussed over Skype; discuss initial conceptual framework and model for a 'fresh look' at Food Security / Food Insecurity in oPT;
- Meeting with NRO consultant Thameen Hijawi; final review of ToR after the various earlier Skype conversations and consultations, since July 2015; Stressing that a new Food Security concept note is needed and substantiation for the new Food Security Programme under the MASP 2017-2020; Discussing the state of current Food Security projects;
- Meeting with Dr. Azzam Ayasa, FAO Head of Programme in Ramallah; Extensive exchange on the state of Palestine Agriculture, National Policy, FAO roles and contracts in the NRO/MASP/Food Security programme, the High Value Crop project as well as the other FS projects of NRO.

Sunday 23.08.15 – Ramallah/AI Bireh

- Meeting with the management director Dr. Abdelrahman Alamarah and some staff members of the Palestinian Hydrology Group (PHG). Exchange on PHG experience and expertise. Other topics discussed: activities in the NRO/FS project on Land & Water Resource Management, organisation of water user associations, irrigation technology, water rights, land use and land rights, price of water; Ottoman and Jordanian land laws, water policy and the need for more integration of land and water management (watershed or basin management);
- Meeting at Agricultural Development Association PARC with management (Mr. Khalil Shiha and Mr. Izzat Zeidan). Topics discussed: smallholder agriculture; farmers' organisations; youth in agriculture; livestock, marginal grazing lands, livelihoods; Private Sector investment; model building for (downstream) value chain development, i.e. identifying market segments; partners in market security and protection; importance of Sanitary and Phyto-Sanitary measures, system and certification; market-driven nutrition;
- Meeting at Reef Finance with general manager Dr. Mohahmmed Abu Dalo. Topics discussed: history and current position of this MFI (no. 3 in Palestine), clients, businesses, type of economic activity, smallholders, micro enterprises, women; project to expand and reorganise; new financial services;
- Meeting at the Ministry of Agriculture (MoA) with Eng. Abdullah Lahllouh, Deputy Minister, and Mr. Samer Titi, Department of Policy & Planning. Topics discussed: international cooperation in agriculture; National Strategy of the Agriculture Sector; FAO and many other donors; establishing a baseline for Palestinian agriculture; new Monitoring & Evaluation (M&E) system with GIZ assistance; Gaza fisheries and aquaculture; Islamic Bank investment; Monitoring of Nutrition in Palestine by PCBS;
- Meeting with Chairman and CEO of Sinokrot Global Group (and former Minister of Agriculture), Eng. Mazen T. Sinokrot. Topics discussed: role of private sector in food and nutrition security; cluster/value chain development: field-to-fork; what can we grow? what is food insecurity: 44% of household income spent on food; enforced nutrition products; school food programs; investments:

why not establishing an upgrading programme of production infrastructure such as olive presses; necessity of carrying out a Porter analysis for products, markets and value chains.

Monday 24.08.15 – Ramallah/AI Bireh

- Meeting at Palestine Standard Institute, PSI, with Director Haidar Hajjeh, Eng Saleem Jayyousi in combination with the Ministry of Economic Affairs, Mr. Zeyad Fadel. Topics discussed: PSI core businesses and activities; Regulations include Food Safety; Food safety and Food security; PSI accreditation and certification e.g. of olive oil for small companies; 'PalGAP' quality and certification for domestic markets; consumer protection; Dumping of products by Israeli traders on Palestine markets; Agriculture represents 7% of Palestinian GDP, the Food Sector represents 13% of the Palestinian GDP, together they represent 20;
- Meeting at Paltrade with Osama Abu Ali, export promotion director; Topics discussed: Paltrade purely private sector focus; Food is no. 2 in export promotion; 10 sub-sector 'working groups' on products, e.g. olive oil, fresh fruits and vegetables; Specialised in international trade fairs and exhibitions; Domestic olive price is very high: oil consumption as an indicator for the development from Food Insecurity to Food Security?; Palestinian olive oil cannot compete in the export market; Other promising export products: dates, almonds, herbs, 'fresh' products;
- Meeting at UAWG office with four leaders and staff. UAWG is the prime NRO project implementer and lead of consortiums for Land & Water Resource Management and Land Reclamation; Topics discussed: Livelihood – food security – agriculture – area C; Agricultural Water Management for irrigation purposes: rain harvesting, wells and cisterns; livestock development; high investment in cattle management, cattle housing/stalls, imported feed system/model; Land evaluation examples by the Land Resource Centre (mapping and data base);
- Meeting at Rural Women Development Society, RWDS, (phonetic: 'roots') managed by Ms. Rana Bader, Economic Adviser, and Ms. Haneen Zaidan, projects director; 5,000 women organised in 60 'women clubs' only rural women, no refugee camps. Topics discussed: economic and political empowerment; women cooperatives and women producer groups/organisations; business and marketing problems; organisational and technical capacity building; need for improved supply chain approach of women cooperatives and market studies;
- Meeting at ACAD with Judeh Jamal (chairman), Samir Barghouti (CEO ACAD Finance) and Issa el Shatleh (ACAD Agri-Programmes Manager); Palestinian scene of micro-finance; combination of micro-finance/loan service and complementary technical advice/human resource development in agriculture of clients. Topics discussed: farmers and specific women initiatives; economic development and empowerment in C area; commercial loans-subsidised loans; UNDP/Islamic Development Fund; 'daman' guarantee fund for war damage; MSME advice and coaching; value chain efficiency and crop intensification and productivity; women managed animal husbandry projects, livelihood development with \$ 1,500 loans; food sovereignty.

Tuesday 25.08.15 – West Bank/ Northern Districts

- Kufur Laquef village (1,500 inhabitants); visit and meeting with cooperative processed foods ran by women, mainly carob, tomato, zater (thyme). Topics discussed: own label; quality and marketing issues; R&D, new technology, product development; Producer Organisation or CBO; Individual employment/income vs. profit sharing by cooperative members; Cooperative task is mainly processing but one of the cooperative's activities: kindergarten, 80% women work 'outside';
- Qalquilia and surrounding villages; 500-member cooperative with an aggregated amount of land of 10.000 dunum; tree fruit crops (guava) and green houses (tomato/bell pepper) and packing house as well as cold store; meeting with 10 persons (management and members. Topics discussed: profitability of services to members; Export (to Jordan) is failing; options of juicing; Export market vs. local market; Diversification: products and markets; New services to members;
- Jalloud and surrounding communities; meeting/reception by several local dignitaries incl. Management committee of newly established reservoir for agricultural water from aquifer. Topics discussed: water pricing and water distribution;
- Tinnabeh; visit and meeting with manager of farmer's cooperative with nursery greenhouses for seedling production strawberry, tomato, etc. Topics discussed: compost production and marketing; cost recovery and profitability of coop services for members and non-members;
- Al Nazieh Al Shareqiyeh; meeting with coop members and clients of irrigation water from rehabilitated well/reservoir/piping system and with the well/pump owners/committee. Topics

- discussed: Issues of costs and pricing agricultural water; Price not in relation to relative scarcity; Water rights since Ottoman era; Profitability of crops (e.g. zater) and cost of irrigation water;
- Berquin-Jenin; meeting with representatives of 5 farmers' cooperatives and the manager of the Cooperative Company for packing and marketing by these coops. Topics discussed: different coop models and structures (e.g. shareholding vs. membership fee); business models and profitability of activities at all three levels. i.e. farm – cooperative – company; investment in new production systems (farm and coop levels); transition of subsidised inputs towards more sustainable forms of investment (and e.g. avoid subsidising of packing house). *Special remark: discussing such transition necessity was seen as a lecture without properly listening to people's wishes;*
 - Qusra (Nablus); (village with 6.200 inhabitants; large reception and meeting with villagers, cooperative managers and village leadership; land and water reclamation intervention by NRO project including the rehab of an agricultural feeder road; confrontational land grab and pushing boundaries with a recently established nearby colony of Israeli protected settlers.

Wednesday 26.08.15 – Gaza Strip/Gaza City

- After Erez (Beit Haroun) border crossing checks (etc.), a Gaza north-south tour by FAO car; Khan Yunis – Khuza; visit of fields near/in buffer zone and war damage reparation on wells and water towers; new agriculture water storage system of black plastic lined and covered basins; resilience of people and food production systems;
- Meeting at FAO compound with a group of cooperative leaders (amongst others Beit Hanoun, Beit Lehiyah and Han Unis) and Mr. Ahmed F. Shafai, chairman of the Gaza Agricultural Cooperative Association. All involved in export crops such as strawberry and bell pepper. After damaging 2014 war, Israeli restrictions on movement, goods, export regulations intensified; farmer and cooperatives take all the risks from input supply and field/greenhouse production to final export destination but do not control the marketing/selling/exportation. Profitability of so-called High Value Crops: thanks to negotiated sales prices or to subsidized inputs? Declining exports observed and rediscovery of the local markets; *Special remark: meeting was shortly (20 seconds) interrupted by Jan Franke, who introduced himself as journalist for a Dutch newspaper;*
- Meeting with UAWC managers Moh. Al Bakri and Basheer Al Ankah and other project staff. Topics discussed: resilience strategy, access to and rehabilitation of water, land, infrastructure; rain fed vs. irrigated; tree crops vs. seasonal crops; export markets vs. domestic markets; GS markets vs. WB markets; PA and Hamas agree on agricultural policy in Gaza; Does intensification of production lead to higher profitability? Profits for whom in the value chain? *Important point raised: there is an (economic) overproduction of vegetables, but 95% of the fruits has to be imported;*
- Visit a hydroponics trial, set up by FAO in collaboration with the Agricultural Department of, Gaza University.

Thursday 27.08.15 - Ramallah/AI Bireh

- Mission members compare notes; information structuring and preliminary analysis; changing and adapting of conceptual framework; from FS to Inclusive F&NS; Selection of informants for the next few days; Proposing a dynamic 'workshop to test ideas' rather than a traditional 'debriefing of findings'; reading gathered documents; documenting of interview results;
- Meeting at the RNO-oPT office, with Head of Mission Peter Mollema, First Secretary Economic Affairs, Wijnand Marchal and NRO Consultant Thameen Hijawi; presentation of a broader framework of Inclusive Food and Nutrition Security strategy for the relevant FS component in the MASP of NRO oPT. Topics discussed: Economic growth and FNS; Agribusiness development and FNS; From subsistence to local markets and export markets; Diplomatic points of view on the oPT-Israel relations; Connecting Gaza Strip – West Bank as a diplomatic goal.

Friday 28.08.15 – East Jerusalem

- Meeting with Ayman Daraghmeh of the Swiss Agency for Development and Cooperation (SDC); SDC focuses on Private Sector and Value Chain Development; creating added value in food and agriculture, adapted approaches in WB and GS; Gaza: urban agriculture development rather than rural; livestock value chains; Coordination with NRO, Danida, SIDA (see AECID meeting with Jesús Tomé); How autonomous are local NGOs? Political affiliation and donor dependency; CBOs as cooperatives, Producer Organisations as private businesses: essential shift in mentality, shift in development models; Water prices and water policy; 3s in Food: Security, Sovereignty, Safety;

- Meeting at FAO office with Head of Office Ciro Fiorillo and (again) Head of Programme Dr. Azzam Saleh Ayasa; different groups of producers, different levels of resilience; how enabling is environment; high risk, non-insurable agriculture due to Israeli restrictions and repression; market failures vs state failures; business development: cost-benefit calculation of all crops; how sustainable are value chains of High Value Crops? Need to phase out subsidies on inputs and replace it with credit system and financial services; high resilience – low resilience in A, B and C areas; business vs. livelihood? High food insecurity in GS; how to change the 'aid culture' in farmers, POs, NGOs and donors!
- Meeting at Spanish Cooperation office, AECID with Mr. Jesús Tomé. He chairs the Agricultural Sector Working Group (ASWG) of approximately 9 bilateral donors (incl. EU), 4 UN and Quartet agencies and 6 PA ministries and NGO platform. Topics discussed: different Food and Nutrition Security frameworks, different strategies and approaches, from business and private sector to livelihood and pro-poor; Donor cluster on food-aid, incl. UNRWA ('humanitarian response') and WFP ('food vouchers'); Spanish programme; Rehabilitation of Waste Water Treatment Plants, water reuse and increased use of solar energy²; Closing down old cooperatives and renew/build capacity of modern POs; local NGOs to be more involved in running projects.

Saturday 29.09.15 – East Jerusalem and Jordan Valley

- Meeting the vice president for academic affairs of Al Quds University, Dr. Hanna Abdel Nour; R&D and knowledge for Inclusive Food Security; multidisciplinary course and curriculum development; dual approach in cooperation with private sector companies; Review and upgrading of Food Technology BSc programme; Tailor-made programmes (TVET?) for NGOs and CBOs; Possible training for business planning by POs; Centre of Excellence (re. NUFFIC programme) - start-ups for new companies – business development;
- Visiting Valley Trade Company, Jericho, and meeting with CEO Ismail Daiq (co-founder PARC, former Minister of Agriculture); initiator of 15,000 dunum green belt of date palms around Jericho; Investment in household economy as based on assets such as gardens and small livestock/sheep; Thinking out of the box: Strategising fish farming, dates, almonds; Local based production for maximum participation; water pricing: may go up to NIS 4.5/m³ but still profitability in irrigated crops; Issue of land fertility; 'Producers and their organisations need to calculate better in advance!'
- Visit a producer near checkpoint: a 100-dunum family farm in agri-well project. Topics discussed: Rehabilitation of pumps and piping; Conflicts with nearby settlers (burning of wheat and barley fields) and restrictions on water by Israeli imposed regulations - even pressure on donors to rehabilitate settler wells in 'exchange' for granting the restoring of Palestinian wells; Pricing of water for own use (based on operational costs) and sales to neighbours; 10% middlemen payment and other issues of local trading and market of fresh fruits and vegetables in Nablus; Local cooperative runs citrus packing house and discussed other possible services such as cash sales of inputs.

Sunday 30.08.15 – Ramallah hotel

- Reviewing notes and gathered information over the past week; Elaborating our conceptual framework, preparing workshop agenda, preparing presentation for the workshop and six clusters of thematic questions for working groups; preparing methodology and fixing the workshop programme;
- Consultations with Thameen on the organisation of the workshop (together with the debriefing of the Mid-Term Review)

Monday 31.08.15 - Caesar hotel's conference room

- Attending the debriefing of the mid-term review of the five projects composing the current Food Security programme in the MASP by two team members of the MDF review mission - see consulted bibliography in References;
- After coffee break, workshop with approximately 40 participants on our proposed development framework for Inclusive Food and Nutrition Security (Incl. FNS) strategy; plenary presentation and asking feedback of participants in 3 different working groups; poster-presentation of their findings and verbal presentations by the working groups; plenary discussions and synthesis of main ideas as

² Options on increased use of solar energy were a recurring topic in many interviews, especially with producers.

expressed; *One of the key feed-back findings: 'food security' has a strong connotation of 'food aid' rather than food production and economic development;*

- Meeting with Mr. Hanna Theodorie, financial consultant and member of the MinBuza/IOB evaluation team of the MASP by NRO in oPT (mission Floris Blankenberg). He performed an extensive survey including 160 farmers. His general investment perspective of the Palestinian agriculture sector differs significantly from the NGO project implementers' perspective as well as his vision on the role and competences of the Palestinian Ministry of Agriculture and the role of the agricultural sector in the Palestinian Economy.

Tuesday 01.09.15 - Ramallah/AI Bireh

- Finalising our framework *Inclusive Food and Agribusiness Security* (Incl. FAS) strategy model with four components; Digitising workshop results; Develop a structure for our report and annexes; Drafting pieces of text; Setting up an on-line distant report writing interface;
- Lunch meeting with Wijnand and Thameen; off-line exchanges on the best programme management model; Reinforcing NRO capacity as well inducing professional competences for programme implementation in PMU; Delegating project decision-making to the 'autonomous' consortium of project implementers creates conflicts of interests; Need of baseline assessment before starting the new programme required for the impact evaluation after implementation of the new programme
- Continued report structuring digitising of results and writing

Wednesday 02.09.15 – Ramallah/ AI Bireh

- Final debriefing by consultants at the NRO office, with Mr. Peter Mollema, Mr. Wijnand Marchal, Ms. Henny de Vries, recently appointed Head of Economic Affairs at the NRO, and Ms. Subha Ghannam, Secretary Water and Sanitation Programme. Topics discussed: the proposed Incl. FAS framework and its four components; Presentation of exchange of the main characteristics of the new strategy; Implications of its inclusiveness and its resilience building. *Specific attention for: How Incl. FAS strategy will perform under the three security scenarios?* Consultants ask for extra time allocation to finalise the report and justify the need for an extra mission to validate the newly proposed strategy and to formulate a new programme in a multi-stakeholder setting;
- Final exchanges with Thameen; More explications about the 'ToR of the new programme' in frame of the ToR of this mission assignment.

Thursday 03.09.15 – early morning departures of consultants to resp. Alkmaar and Ankara

Appendix 3 Food and Nutrition Security Workshop

Presentation

Food and Nutrition Security in Palestine

Recommendations for the new phase of NRO's Food Security Programme


Diederik van Groen and Esther Koopmanschap
31 August 2015



Introduction


- Food Security Programme of NRO
- This is not a review
- This is *also* not a review of the review...
- We did look at:
 - What has been achieved
 - What are the strengths / successful elements
- What are new policy opportunities for the Food Security Programme under the MASP of the NRO



Contribution by NRO to the FS agenda

- Agricultural Wells Project
- Bufferzone Project
- FVC
- LWRM
- SPS
- And earlier projects


Lessons learnt basis for our interviews
Focus on the future necessity



Contribution by Diederik and Esther

- Literature review
- Interviews / discussions / exchanges (formal and informal)
- WB and GS

Basis for a conceptual framework
Basis for the future strategy and activities / investments



This session

No debriefing, but looking together to the future of Food and Nutrition Security in Palestine

Past → Present → Future



Food and Nutrition Security

A container concept:

- Food security
- Food insecurity
- Nutrition security
- Nutrition insecurity
- Food Security and Nutrition
- Food and Nutrition Security
- Food sovereignty

Our concept:

- Inclusive** Food and Nutrition Security





Dominant issues for FNS in the occupied Palestine Territories

- ✍ Protracted conflict
- ✍ Implications of the restrictions imposed by Israel on trade, movement and access:
- ✍ Negative impacts on economic growth and therefore on FNS
- ✍ Specific contextual approach in FNS for WB and GS

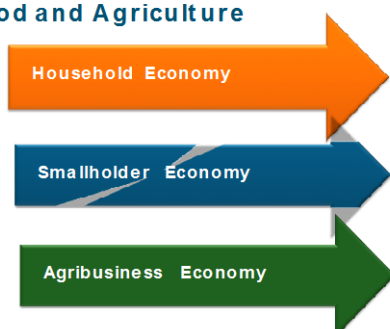


The economic growth and FNS paradigm

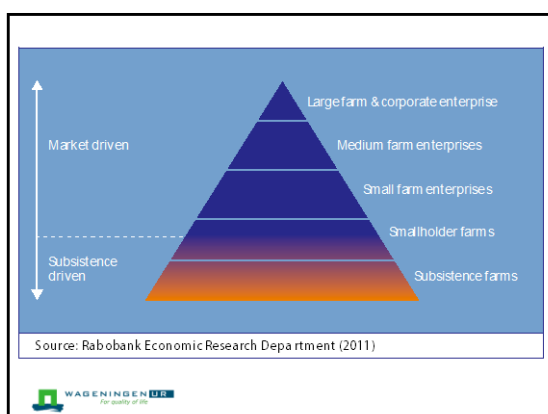
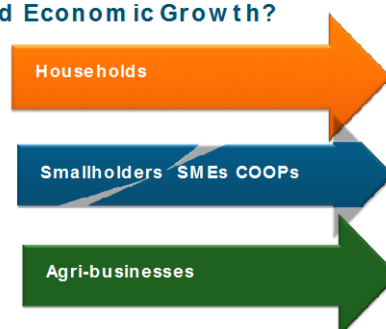
- ✍ Food and Nutrition has a Production *and* a Consumption dimension
- ✍ The connection between Economic Growth and FNS is Price and Income



Segments of Economic Growth in Food and Agriculture



Who are the major actors in FNS and Economic Growth?

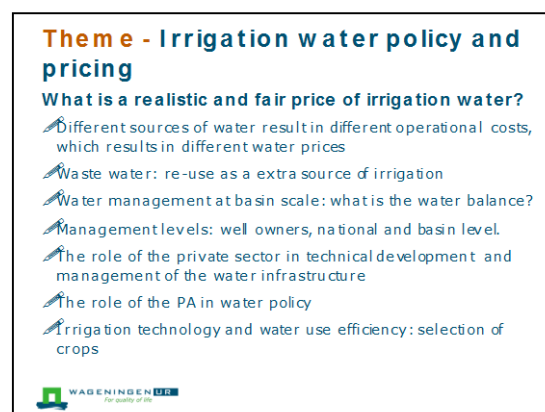
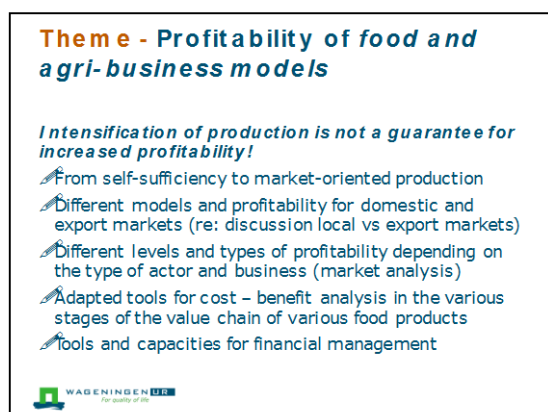
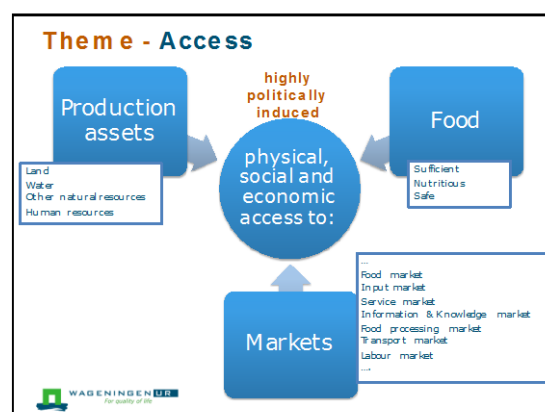
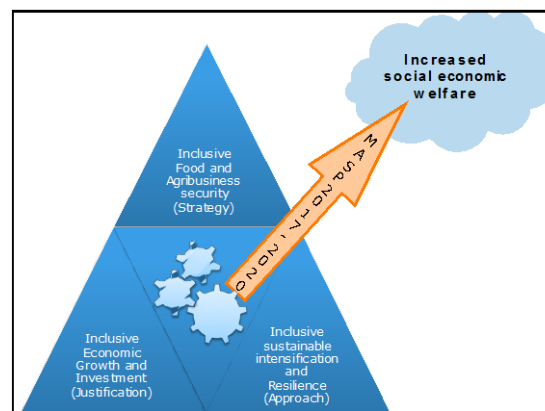
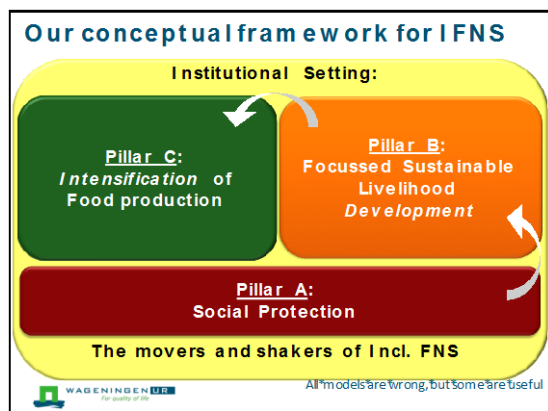


Inclusiveness of our FNS approach

Involves:

- ✍ All social and economic groups/segments of society
- ✍ A multi-sector (agriculture, health, education, social-protection) approach
- ✍ A multi-stakeholder approach
- ✍ Economic growth in ALL sectors
- ✍ Sustainable use of resources





Theme - Capacity development of producers' organisations

- Cooperative is one form of Producer Organisations
- There are different forms of cooperative organisation (shareholding; membership fee paying)
- An estimated 25% of available arable land is managed by members of POs
- Cooperative producers' organisations involve all economic segments of society



activities for sustainable livelihood development only;

- Position, mandate, role and competences of the PMU of the new programme on Incl. FNS.

Theme - Access

Points for discussion:

- ✍ Can farmers organise themselves better, considering the context, to improve access to markets and access to production assets?
- ✍ Any specific focus necessary for WB and the GS?

Theme - Profitability of food and agri-business models

Points for discussion:

- ✍ How to increase profitability in the Incl. FNS Strategy?
- ✍ And who needs to do what in that respect?
- ✍ Any specific focus necessary for WB and the GS?

Theme - Irrigation water policy and pricing

Points for discussion:

- ✍ What is a realistic and fair price of irrigation water?
- ✍ Who should be the main stakeholders for basin / watershed / catchment management?
- ✍ Any specific focus necessary for WB and the GS?

Theme - Capacity development of producers' organisations

Points for discussion:

- ✍ What is the best strategy to move to a for-profit mind-set in POs (which includes Cooperatives)?
- ✍ Who would be the main actors in building the capacity of POs?
- ✍ Any specific focus necessary for WB and the GS?

Theme – Strategising existing and new food products and Value Chain Efficiency

Points for discussion:

- ✍ What are your recommended strategies for improved domestic market efficiency?
- ✍ Who will win and who will lose?
- ✍ What coalition of stakeholders should kick-off these improvement strategies?
- ✍ Any specific focus necessary for WB and the GS?

Theme - Financing of investments

Points for discussion:

- ✍ Which sources of investment are missing?
- ✍ Which investments for Economic Growth in Incl. FNS should be prioritised and which source(s) of finance should be linked to that?
- ✍ Any specific focus necessary for WB and the GS?

Feedback on questions

Discussed Themes

Workshop on 31 August 2015

Theme - Access

Points for discussion:

- Can farmers organise themselves better, considering the context, to improve access to markets and access to production assets?
- Any specific focus necessary for WB and the GS?

Can farmers organise themselves better, considering the context, to improve access to markets and access to production assets?

- Crop planning at farmer's level (resource assessment/ market assessment);
- Diversify Cropping Patterns;
- Collective efforts (inputs purchasing, resource utilisation, identifying extension needs and contribute in developing extension programmes);
- Collective management of residues;
- Reduce middlemen chain;
- Improve post harvest practices.

Any specific focus necessary for WB and the GS?

- Establish specialised organisations for urban producers in GS.

Theme - Irrigation water policy and pricing

Points for discussion:

- What is a realistic and fair price of irrigation water?
- Who should be the main stakeholders for basin /watershed / catchment management?
- Any specific focus necessary for WB and the GS?

What is a realistic and fair price of irrigation water?

An appropriate tariff policy that takes into account:

- Farmer affordability;
- Investment + Operation + Maintenance Costs in addition to Treatment;
- Optional (scarcity cost).

Who should be the main stakeholders for basin /watershed / catchment management?

- Relevant government agencies;
- Local authorities;
- Farmers: individuals and cooperatives;
- Urban developers;
- Industry;
- Environmental groups – Ecosystem;
- Public: Rural and Urban Population;
- Water User Associations.

Any specific focus necessary for WB and the GS?

Water price is the same but maybe subsidised in Gaza (for now) in order to cover the extra costs for desalinisation and transfer

Theme - Financing of Investments

Points for discussion:

- Which sources of investment are missing?
- Which investments for Economic Growth in Incl. FNS should be prioritised and which source(s) of finance should be linked to that?
- Any specific focus necessary for WB and the GS?

Which sources of investment are missing?

- Agricultural credit: Low interest long Payback;
- Mix subsidy and credit;
- Governmental contribution;
 - Tax exemption;
- Diaspora;
- In-kind lending.

Which investments for Economic Growth in Incl. FNS should be prioritised and which source(s) of finance should be linked to that?

- Technology: improve quality of products;
 - Renewable energy: solar;
- Support marketing and export;
- Diversification.

Any specific focus necessary for WB and the GS?

- Research

Theme Strategising existing and new food products and Value Chain Efficiency

Points for discussion:

- What are your recommended strategies for improved domestic market efficiency?
- Who will win and who will loose?
- What coalition of stakeholders should kick-off these improvement strategies?
- Any specific focus necessary for WB and the GS?

What are your recommended strategies for improved domestic market efficiency?

- Optimisation of water use;
- Reasonable water pricing;
- Meaningful national standards for the reuse of water;
- Inducing culture change through good practices.

Who will win and who will loose?

- Win/win situation.

What coalition of stakeholders should kick-off these improvement strategies?

- Farmers and coops are enabled and empowered.
- Private sector (enabling environment, appropriate policies and enhanced access to markets).
- Government (senior level championship).
- NGOs:
 - Model, demonstrations;
 - Enabling the environment (conducive environment);
 - Solid governance and coordination;
 - Moving from competitive level to complement level.

Any specific focus necessary for WB and the GS?

- GS: Access over resources (water and local market orientation);
- WB: Land and Water resources access;

Theme - Capacity development of producers organisations

Points for discussion:

- What is the best strategy to move to a for-profit mind-set in POs (which includes Cooperatives)?
- Who would be the main actors in building the capacity of POs?
- Any specific focus necessary for WB and the GS?

What is the best strategy to move to a for-profit mind-set in POs (which includes Cooperatives)?

- Support cooperatives to develop business models;
- Clustering;
- Support COOPs to build market schemes;
- Focus on planning dimension;
- Shift from cooperative work to business mentality.

Who would be the main actors in building the capacity of POs?

- PA related ministries and institutions;
- NGOs;
- Private Sector.

Any specific focus necessary for WB and the GS?

Theme - Profitability of food and agri-business models

Points for discussion:

- How to increase profitability in the Incl. FNS Strategy?
- And who needs to do what in that respect?
- Any specific focus necessary for WB and the GS?

How to increase profitability in the Incl. FNS Strategy?

- Reduce production costs (inputs and management of fertilisers and renewable energy);
- Market oriented diversification;
- Quality improvement to increase competitiveness;
- Ensure market infrastructure;
- Capacity development of cooperatives;
- Improved quality of services (extension);
- Applied economic and agricultural research to ensure truly and effective response to market dynamics and opportunities;
- Branding;
- Risk mitigation.

Who needs to do what in that respect?

- Farmers and farmers of the COOP (production);
- Private sector (partnership building);
- Consumer Associations (Awareness, Branding, Information);
- Government (policies, networking, services, marketing, coordination, regulation);
- CBOs (implementation, advocacy, lobbying);
- Donors:
 - Funding, enhancing inclusive and right based development and change;

- Compensating for constrained economic viability;
- Political engagement and advocacy.

Any specific focus necessary for WB and the GS?

- WB land and water development;
- GS WW treatment, Access to buffer zone, local market orientation.

Participant List

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Appendix 4 SWOT Agricultural Sector

Strengths, Weaknesses, Opportunities and Threats of the Palestinian Agricultural Sector

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ The diversity of climates. ▪ Skilled and committed farmers. ▪ Available public agricultural institutions, which have been established in a relatively good manner, along with a large scale geographical coverage. ▪ Active NGOs and civil society organizations. ▪ Conduct of agricultural census and provision of reliable database. ▪ Available qualified staff with potential capabilities and leadership. ▪ Modern and comprehensive Agriculture Law and bylaws. ▪ Available basic structures and infrastructure, including universities, community colleges, training centres, research and experimentation centres, labs, etc. ▪ Issuing reports on international destinations focus on the importance of the agriculture development, such as the World Bank report. ▪ Good experience in dealing with states of emergency and crisis management. ▪ Awareness of significant developments and changes, such as genetically modified organisms (GMOs), climate change, etc. ▪ Integrated relations and positive cooperation between private and public sectors in agriculture. 	<ul style="list-style-type: none"> ▪ Severe lack of infrastructure and the capacity necessary for the promotion in the agricultural sector strategically and effectively, including those for agricultural roads, land reclamation and water resources. ▪ Severe lack of infrastructure as well as the capacity necessary to improve farmers' access to domestic and external markets. ▪ Low productivity and profitability of the agricultural activity and incompetent use of resources and inputs. ▪ Fragility and vulnerability to climate change and fluctuations of global prices. ▪ Weak performance, incompatible organisational structures, numbers and tasks, and debilitated coordination between institutions of the agricultural sector. ▪ High profit margins of merchants, especially Israeli merchants. ▪ Weak capacities and competences in the areas of policies, policy impact assessment, planning and monitoring and evaluation. ▪ Lacking a national umbrella for comprehensive planning and supervision of the agricultural sector as well as weak participation in the decision making process. ▪ Weak systems of service delivery, provision of production inputs. ▪ Inadequate awareness of the significant initiative taking approach in planning and administration. ▪ Weak system of agriculture related education. ▪ Weak activities and means of supporting innovation and distinction among farmers and other stakeholders.
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Intensifying work efforts in "Area C". ▪ Increasing awareness around the world and amongst members of the donor community of the significance of supporting agricultural development. ▪ Palestinian agricultural products have access to Arab countries with an exemption from customs fees. ▪ Sympathy and support to Palestinians and State of Palestine and of the Holy Land products in external markets. ▪ Recognition of Palestine non member state at the United Nations. ▪ Commercial agreements concluded with states and Arab and international groups. ▪ Potential for agri tourism. ▪ The eruption of Arab Spring, the interrelated factors of poverty, hunger, food insecurity and unemployment in addition to the socio political factors. Agriculture has a vital role to positively affect. ▪ Sign an agreement to facilitate agricultural trade between the EU and Palestine. 	<ul style="list-style-type: none"> ▪ Israeli reactions that aim to dismantle the plan of ending the occupation and establishing the Palestinian State as well as to undermine the security and political situations. ▪ Continued isolation between the West Bank and Gaza. ▪ Continued policies of land confiscation, seizure of water sources, Wall construction, settlement activity and division of the Palestinian territory into Areas ▪ Limited budgetary appropriations for the agricultural sector. ▪ Lack of plans and regulations on land use. ▪ Flooding the local market with Israelis' and settlements' products; restricted movement of individuals, services and commerce. ▪ High costs of inputs. ▪ Increased and recurrent years of drought.

Source: MoA, 2013

Appendix 5 Strawberries from Gaza

Another story about 'Strawberries from Gaza' and its added values by Diek van Groen

*Strawberry: *Fragaria X ananassa* (Fam. Rosaceae; Genus *Fragaria*)*

Nutritional added value: *Is it healthy?*

YES!!

Although strawberry is a low calorie fruit (32 cal/100 g) it is a rich source of health promoting phyto-nutrients, minerals, and vitamins that are essential for optimum health; strawberry has a high content of vitamin C (58.8 mg/ 100 g) and other anti-oxidants and vitamins (vit. B-complex)

Economic added value: *Is it profitable? Does it increase economic growth?*

Depends on the value chain and market conditions: remains to be seen!

- Profitability to producer-farmers and their families: net income from sales/revenues minus productions costs;
- Profitability to farmers' cooperatives: net business profits from services to members (and non-members?) such as input supply, technical advisory, marketing, sales and export;
- Potentially, strawberry grown under Gaza agro-ecological conditions is a profitable crop in both export and local markets and can thus contribute to economic growth.

Is there added value in exportation?

- Due to Israeli imposed restrictions of all kinds, farmers have no control over the commercial and trade part of the strawberry value chain;
- Moreover, they take all the risks in the entire value chain, from input supply to field to destination say CIF(?) Rotterdam;
- Farmers (and their coops) take unacceptable heavy losses of produce (40 % or more) due to imposed packing and transport conditions which are inexistent elsewhere in the world of fresh export, especially soft fruits;
- Exportation of strawberry involves much more risks to farmers than other potential export crops.

Is there added value to irrigation water for strawberry or do we export expensive water?

- Strawberry consists of at least 90% of water... 100 T of produce is 90 T of water;
- Justification of using and exporting this water depends on the added value created by irrigation of strawberry and its over-all profitability of its production;
- Water (both drinking water and irrigation water) is a very scarce commodity in Gaza;
- Can we produce alternative nutritious crops for the local market using less water (combined crop water needs and irrigation and other post-harvest techniques)? Yes! See point 5.

How import-dependent are the same strawberry exporting growers?

- Besides export dependency, farmers, cooperatives, also face import dependency as regards some essential inputs for their crop and production system; again, access to liable to Israeli middlemen and companies:
 - Plant material of the appropriate variety;
 - Specific fertilisers and pesticides;
 - Irrigation piping and equipment;
 - Packing materials.

Political added value of strawberry exportation, is it worth the battle?

Answer depends of the stakeholder

- As it is the case in many other value chains, there are many stakeholders in the development of the strawberry value chain (from field to fork); as in many chains, profitability margins increase downstream wards, meaning that upstream primary producers generally have the smallest profit margins;
- Who pays, when strawberry export is not profitable to farmers, their families and coops, and only feasible due to subsidy and/or development assistance?
- To put this battle in a perspective of lost revenues due to Israeli restrictions and other political battle options:
 - At \$3/kg, 40% of 100 T strawberry represents a loss in value and revenue of \$ 120,000 to 300-400 Gaza strawberry farmers and their cooperatives;
 - In Gaza, an estimated 30.000 dunum of relatively good farm land is not freely accessible and locked onto so-called security buffer-zones; even if only cultivated with (tree) crops under rain-fed conditions, this would represent an agricultural revenue of at least \$ 18 million;
 - It is commonly assumed that lifting the Israeli ban and restriction on the movement of people and goods between the Gaza Strip and the West Bank would create an economic boost for populations;
 - 93,000 dunum of irrigated land in the Jordan Valley is occupied and cultivated by Israeli settlers, representing an agricultural value of \$ 251 million.

Developmental added value: Are there profitable alternatives in export value chain development?

Yes there are!

- Gaza farmers have 'discovered' the local Gaza markets (sales to WB are complicated as exports, if not more complicated); not only strawberry can fetch a good price, depending the market organisation and seasonal prices, also bell peppers and other 'high value crops' can be sold at local markets at good prices with less risks;
- The 5 main coops represent 2,000 farmers with a aggregated 6,000 dunum; statistically there is still 80,000 dunum of arable land available in Gaza. So there is a significant scope for more agricultural development with farmers (men and women) and families with access to land and water, either in a perspective of value chain development or in a perspective of sustainable livelihood development;
- In the context of the increasing population density and significant urbanization trends in Gaza, R&D in peri-urban and urban food and agriculture systems will offer alternatives for more the more conventional production systems;
- Development investments supporting MSME in both food processing and non-food sectors in Gaza contribute directly to increased Inclusive Food and Agribusiness Security.

Appendix 6 Toolbox

This toolbox includes tools for stakeholder analysis and facilitating multi-stakeholder partnerships. The toolbox also includes a draft PO Assessment Tool.

Complementary tools for implementing the Incl. FAS Programme Components are:

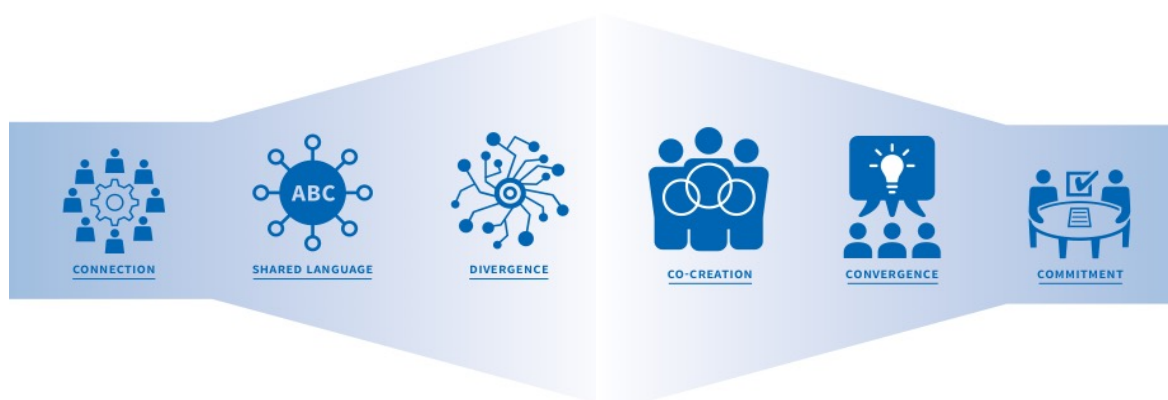
- Value chain and market analysis tools;
- Models for cost-benefit analysis for producers, producer organisations, MSMEs, CBOs;
- Business planning models for Agri-businesses and MSMEs.

Tools for stakeholder analysis

On October 6, 2015, the Centre of Development Innovation (CDI), of Wageningen University & Research Centre has launched the new book, 'The MSP Guide: How to Design and Facilitate Multi-Stakeholder Partnerships'.

The guide links the underlying rationale for multi-stakeholder partnerships, with a clear four phase process model, a set of seven core principles, key ideas for facilitation and 60 participatory tools for analysis, planning and decision making. Many of the tools are useful for stakeholder analysis (e.g. <http://www.mspguide.org/tool/stakeholder-identification>). Many of the tools can therefore be used to support deciding together on the right composition of e.g. the PMTU, or project implementation teams.

Check for an overview of tools or for downloading the complete guide: www.MSPguide.org



Draft PO Assessment Tool

On governance

Subjects	Points of attention	Why is it going well?	What can be done to improve the current situation?
Organisational operation	- Legal recognition / registration	-	-
	- Member registration	-	-
	- Organizational records	-	-
	- Affiliation with Union/Federation/Umbrella		
Internal communication and democracy	- General assemblies and meetings held?	-	-
	- Elections and leaders' respect of role and mandate	-	-
	- Member needs and satisfaction assessments held?		
	- Internal communication: are all members well informed?		
Member control	- Grievances and conflict management		
	- Motivation for farmers to organize themselves	-	-
Autonomous decision making	- Members deciding on orientations, activities and where the money is spent	-	-
	- Level of government and NGO/donor influence over the PO's orientations and decisions		
Financial autonomy	- Relations with Union/Federation/Umbrella		
	- Internal resource mobilization;	-	-
	- Level of dependency on external donors;	-	-
	- Can FO do without?	-	-
	- Capacity for the PO to generate income to finance its operations?		

On planning and implementation of collective action

Subjects	Points of attention	Why is it going well?	What can be done to improve the current situation?
Planning	<ul style="list-style-type: none"> - Availability and quality of planning documents (strategic, action and business plans) - Is planning SMART? 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Level of implementation and M&E	<ul style="list-style-type: none"> - Effective implementation of plans and decisions - Ongoing monitoring of implementation and timely correction - Evaluation of implementation level and results obtained 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Financial management	<ul style="list-style-type: none"> - Proper record keeping - Audited accounts 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Staffing	<ul style="list-style-type: none"> - Staff availability - Staff qualification - Regular staff training - Staff performance appraisal - Competitive staff recruitment 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Linkage with supply	<ul style="list-style-type: none"> - Relations with suppliers (different production factors) - Evidence of collective procurement 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Market linkages	<ul style="list-style-type: none"> - Members willingness to supply produce to the PO - Evidence of collective marketing efforts 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Linkages with financial service providers	<ul style="list-style-type: none"> - Relations with banks; insurance companies; MFI's - Evidence of efforts to improve members' access to financial services 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -

On member benefits, resulting from PO's collective action

Subjects	Points of attention	Why is it going well?	What can be done to improve the current situation?
Access to production factors	<ul style="list-style-type: none"> - Better access to production factors and inputs - Improved quality and affordability of inputs - Access to collective land 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Access to finance	<ul style="list-style-type: none"> - Input financing more available - More working capital for purchase of members' produce 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Improved farming practices	<ul style="list-style-type: none"> - Access to quality and affordable extension services; - Operational Farmer field schools, demo plots - Farmer specialists/trainers of other farmers 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Post-harvest value addition	<ul style="list-style-type: none"> - PO post-harvest activities (storage, processing, ...) - Investing in and development of value addition activities 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Improved marketing and sales	<ul style="list-style-type: none"> - Market prospection and information services - Relations with buyers established - Improved bargaining position - Access to market logistics; transportation; further market development 	<ul style="list-style-type: none"> - - - - 	<ul style="list-style-type: none"> - - - -
Dividend to members	<ul style="list-style-type: none"> - Part of PO profit shared with members in form of dividend 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - -
Reinvestment of profit in FO activities and assets	<ul style="list-style-type: none"> - FP earnings reinvested in PO activities and assets - Increased own capital of PO - Increased value of member shares - Further development of PO activities 	<ul style="list-style-type: none"> - - - - 	<ul style="list-style-type: none"> - - - -

On contribution to Food Security in Palestine

Subjects	Points of attention	Why is it going well?		What can be done to improve the current situation?	
Food supply variability	-	-	-
		-	-
		-	-
Production for local/national market	-	-	-
		-	-
		-	-
Percentage of production exported	-	-	-
		-	-
		-	-
Understanding of the value chain	-	-	-
		-	-
		-	-
	-	-	-
		-	-
		-	-
	-	-	-
		-	-
		-	-

This first draft tool is not complete as yet and especially needs to be complemented with a business approach assessment sheet.

To explore
the potential
of nature to
improve the
quality of life



Wageningen UR Centre for Development
Innovation
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Report CDI-16-006

The Centre for Development Innovation works on processes of innovation and change in the areas of food and nutrition security, adaptive agriculture, sustainable markets, ecosystem governance, and conflict, disaster and reconstruction. It is an interdisciplinary and internationally focused unit of Wageningen UR within the Social Sciences Group. Our work fosters collaboration between citizens, governments, businesses, NGOs, and the scientific community. Our worldwide network of partners and clients links with us to help facilitate innovation, create capacities for change and broker knowledge.

The mission of Wageningen UR (University & Research) is 'To explore the potential of nature to improve the quality of life'. Within Wageningen UR, nine specialised research institutes of the DLO Foundation have joined forces with Wageningen University to help answer the most important questions in the domain of healthy food and living environment. With approximately 30 locations, 6,000 members of staff and 9,000 students, Wageningen UR is one of the leading organisations in its domain worldwide. The integral approach to problems and the cooperation between the various disciplines are at the heart of the unique Wageningen Approach.

