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Investing in rural people

Information note: Raising resources for the IFAD Fund for Gaza and the West Bank to scale up the Participatory Natural Resources Management Programme

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Abbreviations and acronyms

FGWB	Fund for Gaza and the West Bank
HH	households
M&E	monitoring and evaluation
PA	Palestinian Authority
PMU	programme management unit
PNRMP	Participatory Natural Resources Management Programme

Map of Gaza and the West Bank



Information note: Raising resources for the IFAD Fund for Gaza and the West Bank to scale up the Participatory Natural Resources Management Programme

I. Background information on the Fund for Gaza and the West Bank

1. Governing Council resolution 107/XXI, passed on 12 February 1998, established an IFAD Fund for Gaza and the West Bank (FGWB). Paragraph 7 of the resolution specifies that "IFAD shall use the resources of the FGWB to provide financial assistance for projects and programmes in the form of loans and grants for Gaza and for such areas, sectors and activities in the West Bank which are or will be under the jurisdiction of the Palestinian Authority (PA) pursuant to the relevant Israeli-Palestinian agreements consistent with the purposes of IFAD". Paragraph 3 of the resolution stipulates that the "FGWB shall be authorized to receive the following resources for the general purposes of the FGWB or for specific projects or programmes supported by the FGWB":
 - (a) Contributions made in a freely-convertible currency directly by Member States of IFAD;
 - (b) Contributions made in a freely-convertible currency by non-Member States of IFAD, other entities and private individuals, subject to the approval of the President of IFAD;
 - (c) Funds, in such amounts as the Executive Board may, from time to time, decide to transfer from the regular resources of IFAD that are or may be available under the IFAD programme of work and budget approved for each year; and
 - (d) Funds from other resources, subject to the approval of the Executive Board.
2. The FGWB has received IFAD resources twice, in an approximate total amount of US\$11.77 million:
 - (a) In April 1998, when the Board approved a transfer from IFAD regular resources in the amount of SDR 5.8 million (approximately US\$8.78 million) to the FGWB to provide a loan to finance the Participatory Natural Resources Management Programme (PNRMP). In December 2008, the loan was cancelled and the Board decided that the undisbursed balance of SDR 3.3 million (approximately US\$4.98 million) should be made available to the PA as a grant to finance a second phase of the programme (PNRMP-II).
 - (b) In September 2009, when the Board approved that the net balance (SDR 1.9 million, approximately US\$2.99 million) remaining under the second phase of the Rehabilitation and Development Project in Gaza and the West Bank, implemented by American Near East Refugee Aid (ANERA), be transferred into the FGWB for implementation of the PNRMP-II.
3. The financial closing date for PNRMP-II is 31 March 2016 and all of the resources in the FGWB are expected to have been disbursed by that date. For the reasons set forth in sections II and III below, IFAD believes that there are good opportunities for continued cooperation with the PA for the benefit of the rural population of the Palestinian Territories.
4. IFAD is therefore seeking to raise an amount of up to US\$20 million for the FGWB, which will be disbursed in the form of grants. As explained in section III, these new

resources will be mainly utilized to scale up the positive results and good practices developed by the PNRMP in the West Bank. Further IFAD investments in Gaza will depend on the evolution of the political situation.

II. Achievements of the PNRMP

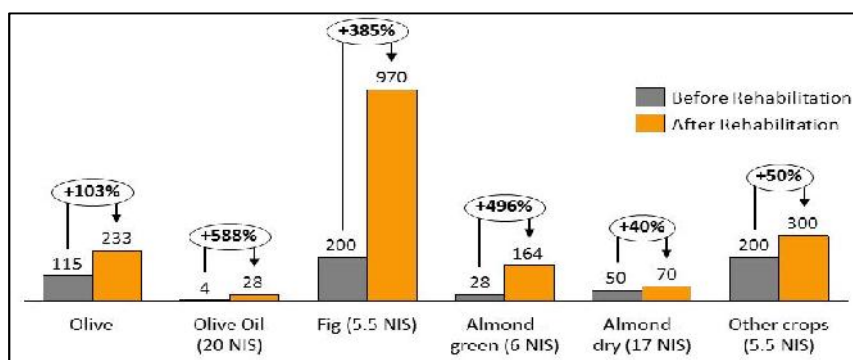
5. Since 1998 the PNRMP has worked to increase the incomes and raise the living standards of smallholder farmers by enhancing their productivity through the development and management of land and water resources.
- A. PNRMP at a glance**
6. The PNRMP, which has been implemented over two phases, has focused on land development activities, and more recently, to a lesser extent, on microfinance activities.
 7. The programme's land development component has supported land reclamation and land improvement. Land reclamation has focused on promoting practices to convert non-arable, abandoned or marginal land into arable land, and use it for productive purposes through terracing to conserve water and reduce soil erosion and to allow cultivation of tree crops. Agriculture feeder roads are usually required to provide vehicular access to the newly reclaimed areas. Land improvement (or rehabilitation) has mostly taken place on land that is already under cultivation but that needs repair to terrace walls or construction of new terraces, rehabilitation of cisterns, or fencing (where crop replacement is envisaged).
 8. The credit fund component was designed in 2012 and only started in 2014. This has supported the establishment of a microfinance facility for the delivery of Islamic microcredit within the Deprived Families Economic Empowerment Programme (DEEP) under the United Nations Development Programme (UNDP). DEEP has provided credit through microfinance institutions to finance a wide range of income-generating enterprises in the PNRMP participating villages.
 9. The programme has worked within an area of 2,400 km² in the West Bank districts of Jenin, Nablus, Ramallah and Tulkarm. Despite the blockage imposed on the West Bank and the complex geopolitical situation, the PNRMP has had significant impact.
- B. Monitoring and evaluation system, and ongoing impact survey**
10. Supervision missions have highlighted the quality and reliability of the monitoring and evaluation (M&E) system put in place by the PNRMP-II programme management unit (PMU). The PMU has recorded the names and details of all the beneficiaries, and, since the programme operated from the Ministry of Agriculture, the Ministry and its development partners can access this information at any time, which will promote efficiency and maximize synergies.
 11. PNRMP-II has just reached completion (on 30 September 2015) and the impact survey is under way. It is using quantitative and qualitative tools to interview beneficiaries (a total of 900 beneficiary households from PNRMP-I and II). The information provided in sections C, D and E below comes from:
 - (a) Preliminary analysis of data already collected and processed by the impact survey team between mid-September and mid-October 2015 (i.e. 240 surveyed households out of the expected 900) and findings from focus group discussions;
 - (b) Snapshots of quantitative data collected in 2014 by the PNRMP PMU (on a sample of 60 beneficiary households), which complement the preliminary qualitative data collected by the impact survey team;
 - (c) PNRMP M&E system and database; and
 - (d) Findings of the last supervision and follow-up missions (January and September 2015).

12. Although not yet final, since the impact survey work is not yet complete and the sample of beneficiary households interviewed to date may not be representative of the whole sample of 900 households, the preliminary outcome and impact data show positive trends.

C. Economic impact of land development activities

13. Land development activities (i.e. reclamation and improvement works and agricultural feeder road construction) resulted in:
- The development of about 869 ha, directly benefiting 1,183 households (17 per cent of which are headed by women);
 - The construction of water cisterns and the fencing of the developed lands;
 - The construction/rehabilitation of about 51 km of agricultural feeder roads, directly benefiting 1,124 households and indirectly benefiting more than 120,000 individuals;
 - The creation of 140,506 paid workdays (for the rural population participating in reclamation works and feeder agricultural road construction);
 - The planting of 169,434 olive and other fruit tree seedlings; and
 - The training of 1,077 farmers in land development, water-harvesting and orchard management.
14. The economic impact is evidenced through multiple indicators including:
- A general perception of increases in living standards;
 - Increase in household incomes as a result of increased crop production levels and diversification of income sources (from intercropping in the first four or five years after tree plantation until the trees become productive; and from fruit production once the trees are productive) in the lands developed that were not cultivated prior to PNRMP intervention;
 - Reduction in cost of inputs (mainly water and transport);
 - Improved access to farmland (increased efficiency), with concomitant quality safeguards for perishable goods, thanks to road rehabilitation; and
 - Increase in land value.
15. With respect to land rehabilitation/improvement, preliminary findings show a total average annual increase in crop yields on improved/rehabilitated lands of 12.5 tons (from an average of 9.1 tons before PNRMP support to an average of 21.6 tons at PNRMP completion). The average increase in crop productivity per dunum (i.e. 0.1 ha), per type of crop, is summarized below in the figure below.

Figure 1. Average crop production per dunum (in kilograms)



Note: Current market prices shown in New Israeli sheqel (NIS) per kg.

16. By monetizing the increase in yields using current crop prices,¹ the annual average household income generated as a result of increases in crop production through land rehabilitation/improvement activities is US\$1,430.
17. Land reclamation has had a significantly higher economic impact on households, as it has brought into production lands that were not previously cultivated. Production data (preliminary findings) indicate that the overall monetary gains amount to US\$216,140. This includes the sale of regular crops (olive oil, figs, grapes, green almond, dried almond and other crops) and all intercropping products (cucumber, beans, sage, barley, tobacco, pumpkin, chickpea, tomato, thyme, wheat and onion) introduced after the land reclamation work was completed. The annual average income generated per household as a result of land reclamation activities is US\$4,598.
18. Savings on water purchases, made possible through cistern development/rehabilitation, are also quite impressive. An analysis of the 2014 survey shows that a total of US\$342.2 per household per year is saved as a result of access to cistern water. Almost all the farmers' annual agricultural water consumption needs have been met as a result of cistern construction.
19. The economic impact of agricultural feeder road construction/rehabilitation is also significant, both in terms of cost reduction and time savings. The average transportation cost of agricultural inputs has been reduced by 16 per cent and the average time for a farmer to reach his/her land has been reduced by 60 per cent.
20. On average, land value has increased by 13 per cent; 70 per cent of the beneficiaries attribute this increase to PNRMP support.
21. Although these figures are raw data (i.e. they do not take into account all household expenses) and they may not be representative of the whole sample of 900 beneficiary households, this preliminary information is impressive considering the deteriorating economic context in the West Bank (from 2011 and accentuated since 2013).

D. Economic outcomes of microcredit activities

22. More than 70 per cent of the disbursed loans have been long-term loans (24-36 months), largely used to finance existing enterprises, mainly in the farm and livestock sector. Women have represented about 22 per cent of the credit beneficiaries.
23. Even if little time has elapsed since the start of the credit activities in late 2014, some promising results, especially from poultry and livestock activities, have already been recorded. Also, the repayment rate at PNRMP completion was 100 per cent. The table below summarizes outcome information (sample) collected during IFAD's last supervision mission (September 2015).

¹ Exchange rate of NIS 3.86:US\$1 used for currency conversion. This adheres to the spot exchange rate as of 7 October 2015, Bloomberg Finance (<http://www.bloomberg.com/quote/USDILS:CUR>).

<i>Investment type</i>	<i>Loan amount (in US\$)</i>	<i>Monthly repayment (in US\$)</i>	<i>Repayment period (in months)</i>	<i>Date at which the credit was received</i>	<i>Litres of milk/ number of eggs collected per day</i>	<i>Monthly gross income from sales (in NIS)</i>	<i>Monthly expenses (in NIS)</i>	<i>Net monthly profit from sale of milk/eggs (in NIS)</i>	<i>Net monthly profit from sale of milk/eggs (in US\$)</i>	<i>Income from newly born animals since loan received (in NIS)</i>	<i>Total net profit since start (in NIS)</i>	<i>Total net profit since start (in US\$)</i>
8 goats	4 800	200	24	Feb. 15	21	3 000	2 000	1 000	260	9 000	14 000	3640
800 chicken	6 000	200	30	Mar-15	1700	9 000	4 500	4 500	1170	n/a 1 000	13 500	3510
1 cow	2 400	100	24	Jun-15	20 to 32	1 350 to 2 100	900	450 to 1 200	117 to 320	(but not yet born)	2100	546

E. Longer-term impact of land development activities

24. Beyond the mere economic returns presented earlier, and given : (i) the high degree of beneficiary ownership for land reclamation/rehabilitation and road rehabilitation works; (ii) the level of beneficiaries' financial contribution to these works; and (iii) their strategic importance to avoid land loss, there is no doubt that the chances of sustainability are very high and that longer-term impacts will continue. This is well illustrated by farmer behavioral changes in relation to their land safety and their attachment to lands. In terms of perceptions (from preliminary findings):
- Before PNRMP, only 27 per cent of the already surveyed beneficiaries felt secure about their lands. At PNRMP completion, this figure rose to 74 per cent.
 - Before the programme, 64 per cent of farmers felt attached to their lands, against 94 per cent at programme completion.
 - Before PNRMP support, agriculture contributed to the income of only 20 per cent of the beneficiary households. At PNRMP completion, this percentage had risen to 45 per cent.
 - 79 per cent of the beneficiaries surveyed to date confirmed that their income had increased as a result of the sale of agricultural produce.
 - 74 per cent of respondents confirmed that they were able to save money on the purchase of fruit and vegetables since they could now consume their own production; and
 - 79 per cent of respondents stated that the production levels of olive oil fully meet their annual family consumption requirements.

F. Institutional impact

25. The partnership model developed by IFAD with the Ministry of Agriculture under PNRMP-II has offered a unique opportunity for knowledge-sharing among parties (IFAD, Ministry, DEEP, NGOs, districts, municipalities, village councils and farmers) that previously had little or no opportunity for interaction (e.g. on common implementation issues, agricultural practices, targeting approaches or construction techniques). A key lesson is that this mechanism greatly improved coordination and planning for land reclamation and rehabilitation activities. The capacity-building activities also clearly had a transformative effect on the capacity and confidence of the PMU staff.

III. Rationale for scaling up of the PNRMP

26. As mentioned earlier, IFAD is seeking to raise an amount up to US\$20 million, to be disbursed in the form of grants, to scale up the positive results and good practices developed by PNRMP. This section explains the relevance of such a programme for the agricultural sector in the West Bank.

A. Agricultural sector

27. While agriculture now only represents 3 per cent of the total GDP in the West Bank and 5.7 per cent in the Gaza Strip (2014 estimates) – against 14 per cent for both Gaza and the West Bank in the mid-1990s – agricultural employment is increasingly a core livelihood strategy upon which at least 12 per cent of the Palestinian workforce depends. Notwithstanding the high costs of agricultural inputs and restrictions on movement, the agriculture sector has incorporated much of the labour force who lost their jobs due to the general economic decline since 2013 (real GDP growth dropped from 6.1 per cent in 2012 to an estimated 0.5 per cent in 2014 in the West Bank and to -15 per cent in the Gaza Strip) and the lack of access to Israeli labour markets.
28. In the West Bank in particular, the biggest impediments to economic improvements remain Palestinians' inability to access land and resources, and import and export restrictions. Therefore, the 2014-2016 Agriculture Sector Strategy on Resilience and Development prepared by the PA has set the following strategic objectives:
 - (a) Farmers' increased resilience and attachment to their land;
 - (b) Efficient and sustainable management of natural resources;
 - (c) Enhanced agricultural production, productivity and competitiveness, as well as enhanced contribution of agriculture to food security; and
 - (d) An agriculture sector with effective and efficient capacities, institutional frameworks, legal environment, infrastructure and agricultural services.

B. IFAD's strategy and rationale for scaling up PNRMP

29. IFAD's operations in the Palestinian Territories over the past 19 years have enabled it to pilot and develop several successful rural development and poverty alleviation models. IFAD has a comparative advantage in assisting the PA and supporting its policy of moving away from relief and emergency assistance to development assistance.
30. The IFAD programme has been aligned with all relevant agriculture sector strategies of the PA and is focused on meeting the immediate needs of rural poor people and finding temporary measures to help them cope with the situation, while still pursuing the longer-term goals of reducing poverty and sustaining growth. This strategy has incorporated the objectives of:
 - (a) Using resources on common property more efficiently in the Palestinian Territories, including irrigation water, rangelands, forests, fisheries and strengthening legal and development frameworks;
 - (b) Improving agricultural productivity and the conservation of natural resources;
 - (c) Providing tailored financial services through rural finance institutions and helping establish locally managed savings and credit associations;
 - (d) Strengthening agriculture trade through marketing and extension services; and
 - (e) Improving gender equity by bettering conditions for women.
31. As demonstrated in section II, PNRMP made a real difference to the livelihoods of the vulnerable smallholder farmers in the West Bank, showing that there is a greater chance to retain land when cultivated. It has ensured that poor farmers with a small amount of land can develop and manage it sustainably, while having greater access to seeds and inputs to obtain more food from their plots. The potential for scaling up the land reclamation and improvement activities is very promising for three reasons:

- (a) The activities are perfectly in line with the 2014-2016 objectives of the Ministry of Agriculture (i.e. 75,000 dunums to be reclaimed and 10,000 to be rehabilitated);
- (b) The Ministry of Agriculture has full ownership of the land development process and a firm grasp of all technical parameters. Scaling up PNRMP activities would capitalize on the competencies, experience and trust that have been built with the Ministry;
- (c) Scaling up the PNRMP would ensure continued action to address the key constraints facing farming households in further developing their agricultural holdings, reducing their production costs and obtaining better incomes from agriculture.

IV. Way forward

- 32. In order to scale up the PNRMP and continue the successful cooperation with the PA for the benefit of the rural population of the Palestinian Territories, IFAD has, in accordance with articles 3(a) and (b) of the resolution creating the FGWB, made contact with Member States and other potential donors to request voluntary contributions.
- 33. As described above, the contributions received would be used to design and finance a new programme, capitalizing on PNRMP's successful activities, to help further enhance agricultural productivity and small-scale agribusiness opportunities, with the overall goal of reducing poverty in the targeted areas. The implementing agency would be the Ministry of Agriculture and to the extent possible, the PMU of the PNRMP-II would be retained given the proven effectiveness and competency of its team. IFAD would directly supervise the programme.
- 34. If adequate contributions are not received by April 2016, IFAD intends to request that the Executive Board, in accordance with paragraph 3(c) of the resolution, consider transferring funds to the FGWB from the regular resources of IFAD.

Photos of land reclamation and road construction



Beitonia, Ramallah District, before and after reclamation



Deir Ammar, Ramallah District, before and after reclamation



Alyamoun, Jenin District, before and after land reclamation and road rehabilitation



Aqraba, Nablus District, road construction