

West Bank and Gaza

The West Bank and Gaza Strip have a tumultuous, and at times violent, history of political and religious conflict with neighboring Israel. Tension between Israel and the Palestinian Territories escalated during the First Intifada (1987-1993) and the Second Intifada (2000-2005). In 2000, Israel began constructing a separation barrier and acted to restrict movement throughout the West Bank by erecting temporary and permanent checkpoints.

This ongoing conflict has constrained the region's economic development. Although GDP per capita rose by 7 percent annually from 1968-1980, growth slowed during the 1980s. Today, agriculture accounts for 6.2 percent of GDP and 16.1 percent of the labor force. The most significant agricultural exports are olives, fruits, vegetables, beef and dairy products. ACDI/VOCA's programming in the West Bank and Gaza has targeted cooperative development, financial services and food security.

Early Cooperative Development Strengthens Incomes and Exports

ACDI's early work in the West Bank and Gaza focused on building capacity of cooperatives. From 1986-1991, the **Cooperative Development Project (CDP)** improved the incomes and standard of living of Palestinians



living in the West Bank and Gaza Strip by strengthening existing cooperatives and developing new ones. Specifically, the project supported extension workers in dairy production, olive oil production, agricultural equipment maintenance, marketing and financial management. During the CDP, ACDI worked with six model and 15 core cooperatives in six business areas throughout the region. As a result, these cooperatives began directly exporting fruit and vegetables to Europe by sea and air. For example, in 1989, 500 tons of peppers and 1,500 tons of eggplant were exported.

The CDP was extended through 1995, targeting Palestinian cooperatives in milk processing, management and cooperative education. The follow-on project also developed and strengthened local institutional capacity and expanded exports of

fruits and vegetables to Europe. More recently, ACDI/VOCA supported cooperatives in the olive oil production, horticulture, and dairy sectors under the USDA **Grants Management Program** (2002-09) and the USAID **West Bank Food Security Program** (2006-2008).

Volunteers Provide Technical Assistance to Farmers

Volunteer experts have been an important part of West Bank and Gaza activities since the late 1980s. Under the **Cooperative Core Grant**, VOCA fielded three volunteers in support of CDP dairy and livestock efforts. These individuals helped with farm operations, herd management and handling and delivery of milk. They also provided technical assistance to cooperatives in milk production and marketing. In 1991, under the **Farmer-to-Farmer (F2F) program**, a VOCA volunteer assisted the CDP with handling, transportation and other post-harvest processes.

Between 1993 and 1995, ACDI fielded five more volunteers to help with CDP activities, specifically management information system analysis, cooperative input supply, agricultural training, county fair development and handicraft cooperative operations. Another F2F volunteer provided 40 days of technical assistance to West Bank NGO, American Near East Refugee Aid (ANERA), Hebron University and local farmers in support of dryland range management.

Financial Services to Create Linkages and Manage Risks

Since the late 1990s, ACDI/VOCA has implemented several programs that target microfinance and lending. From 1998 to 1999, ASI, a subsidiary of ACDI/VOCA, worked closely with Arab Bank, a commercial bank in Gaza, to establish a microfinance program and develop financial services for microenterprises. With a grant from the International Finance Corporation (IFC), ASI helped bank staff develop an effective methodology for service delivery and savings mobilization. The program also maintained institutional competence in staff development, delinquency control and information management.

From 2006-2008, ACDI/VOCA implemented the **Small and Microfinance Assistance for Recovery and Transition (SMART)** program, a \$7.7 million initiative funded by USAID. SMART sought to preserve microfinance infrastructure in the West Bank and Gaza and help microfinance intermediaries develop effective growth and risk-mitigation strategies for sustainable growth. ACDI/VOCA assistance was targeted at building linkages from agricultural and community-based cooperatives to financial services providers. The first phase of the program focused on facilitating urgent business turnaround after crisis, while at the same time developing a more commercially oriented microfinance industry.

The SMART program responded to the needs of microfinance providers with customized support packages of loan capital, grants and technical assistance. Such efforts helped to stop decapitalization, improve risk management and develop innovative business strategies geared to the challenging environment.

Increasing Food Security to Boost Capabilities and Competitiveness

Since 2000, we have responded to ongoing challenges of food insecurity in the West Bank and Gaza Strip, aiming to improve basic well-being as well as market competitiveness. The USDA-funded **Drought Mitigation Program**, which ran from 2000-2003, targeted at-risk agricultural communities to improve preparedness and response capabilities to drought events. ACDI/VOCA used proceeds generated from the sale of 47,500 metric tons of hard red winter wheat to fund short- and long-term drought-mitigation activities and feed subsidies. This money also went toward improving community infrastructure and developing and conducting training. Through the Ministry of Agriculture, we distributed \$1.2 million worth of feed subsidies to 13,453 farmers to support 912,000 sheep and goats in 12 districts.

Under the USDA-funded **Grants Management Program**, ACDI/VOCA monetized 80,000 metric tons of hard red winter wheat and yellow corn, generating approximately \$10.2 million. The proceeds supported broad-based agricultural growth, sound natural resource management, and drought mitigation and preparedness. ACDI/VOCA partnered with 36 local subgrantees, and emphasized building the capacity of these Palestinian NGOs.

The Grants Management Program improved competitiveness by helping local processors meet international quality and food safety standards. As a result, four companies received certification under the newly created ISO 22000 food safety standard—the first in the Middle East to do so. To improve communities' abilities to mitigate risk of drought-related loss, the project constructed cisterns, cement pools and greenhouses, harvesting 78,201 m³ of water.

The USAID-funded **West Bank Food Security (WBFS)** program ran from 2006-2008, promoting sustainable livelihoods and increasing food security among smallholder households. Unfavorable political and economic restrictions imposed by border closures limited Palestinians' purchasing power and income. To address these obstacles, WBFS trained 366 cooperative leaders in cooperative management and governance, implementing financial and management systems at 28 cooperatives. The project also supported production and marketing of vegetables, olive oil and small-ruminant dairy products.

In two years, vegetable co-ops sold over \$1,800,000 worth of agricultural produce (5,858 metric tons) locally and internationally. In addition, WBFS improved water collection and management strategies among rural households. Together with beneficiary communities, the project built cisterns, greenhouses and gray wastewater treatment units, and established home gardens.

Looking Forward

The future of this part of the world is fraught with challenge and opportunity, but also import. Over the years ACDI/VOCA has provided significant guidance and support in an extension of American goodwill. The cumulative effect of these efforts, and those to come, will benefit individual Palestinians as well as lead to increased prosperity and, we hope, stability throughout this complicated region.

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