

THE ARAB CENTRE FOR AGRICULTURAL DEVELOPMENT

FOOD SECURITY/MICRO-CREDIT PROJECT FINANCED BY EC FOOD SECURITY UNIT

***“ENHANCING PRODUCTIVE COOPERATIVES AMONG FARMERS AND CREATING
COOPERATIVE SAVINGS & CREDIT FUNDS”***

FINAL EVALUATION REPORT

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of people especially in the rural areas to benefit from the commercial banks services, at the time when this people are in a big need for small loans and savings.

- The saving and credit groups at the rural communities level could be the best way considering the local context to cover the deficit needed within the micro finance.

Effectiveness

- Although the project start period was hard, the time of implementation was short and the social and culture constraints limited the work, ACAD was able to reach its target of the number of the cooperatives to be activated or newly initiated.
- Targeting women groups through working with women committees is highly appreciated and good achievement of ACAD. Poverty alleviation is highly related to women status at rural area and communities. Working with women is a first step for poverty alleviation.
- ACAD was able to work at most of the districts of the West Bank but with unequal distribution of the targeted cooperatives at these districts.
- For the evaluation team, the registration process itself together with the process of formulation when done in a participatory way result in strengthening the capacities of the legal positions of the cooperatives.
- Although in the project design there were no indicators on the capacity building components, but within the short term of the project ACAD was able to conduct a remarkable number of workshops, on job training and empowerment activities. The activities implemented in a participatory way within this item is an indicator for ACAD willingness, believe and commitment to use the project for the empowering and strengthening the capacities of the cooperatives.
- The on job training resulted building the management capacities of the cooperatives, the S&C funds now are managed by the members elected committees, who developed their skills in the portfolio management, records and book keeping. The S&C cooperatives developed their own saving and credit policies, working procedures, saving and credit forms, and manuals.
- The creation of 41 CSCF was the target of the project after being adjusted. The amendment of the target number from 16 to 41 was feasible to achieve.
- ACAD policy for giving free interest loans was flexible and adoptable to the local circumstances and this lead to change its policy toward free interest loans and criteria for eligibility of the cooperatives to get such loans. But, at the same time, ACAD could not reach its target to give loan to all the cooperatives due to reasons belong to the cooperatives performance of saving and credits.
- The women saving groups seems to be very effective in setting up their system and use the project for the benefit of the group and this is clear that around 90% of these groups got loans. ACAD should consider this as high willingness of such group to be active and ACAD should focus on their future work on allocating more activities for women groups.
- Upon the follow up conducted by ACAD, all the cooperatives adopt or on the process to adopt auditing system to be used for their SC Funds, they have records, files and book keeping system and well as systemic follow up for the loans providing and pay back.

- Community participation and contribution in the project activities specially the CSFC was remarkable and highly appreciated, the number of loans and its total amount compared to their saving is an indicator of their willingness as well as the project relevancy to the target group needs.
- Gender aspects were not targeted in the original proposal, but ACAD through its amendments expanded its work to target women group. The women groups was keen for such project and this was clear from their effective and efficient way to create their SC fund and utilise them.
- ACAD in its future project should give more space and focus on working with such groups and to expand the work to target districts rather just the district of Ramallah. The work with Women working committee might be a good approach for ACAD to expand its activities with women groups at other districts.

Efficiency

- The total fund managed during the project implementation (savings, loans from ACAD, loans from cooperatives and the operational expenses) is Euros 1,541,167 while the operational expenses is Euros 303,380 therefore the operational expenses ratio to the total budget is 19.7 % which is reasonable for development service delivery projects. ACAD was efficient in delivering the activities and in utilizing the budget of the project.
- Although the political situation and the Israeli measures during 2001-2003, made the cooperative programme started slowly and ACAD had to face some difficulties during the inception phase which forced ACAD to readjust the Savings and Credit strategy, the project with the cooperative could achieve its results and outcomes due to the efficient management of the project as well as the efficient and flexible process used both by ACAD and its partner cooperatives.
- The savings activities grew slowly, for that ACAD implement a motivation policy to encourage the cooperatives to do more savings. The cooperative that completed the legal procedures and started to utilize loans became legitimate to apply for loan from ACAD; the loan amount was identified based on the total savings and the utilized loans from the cooperative. This policy has been efficient and motivation for cooperative members, the credit activity of cooperatives accelerated and reached the total of USD USD 606,945. ACAD has received from the European Commission an amount of Euros150 000 as resource for the revolving fund.
- It might be early for appreciating tangible financial results, but enough to realize the indicators of success and active involvement. Although the implementation of the project had been delayed, the achievement so far is promising and highly probably driving to achieve the objectives towards poverty alleviation and food security
- The performance of cooperatives in term of repayments is enough satisfying due to good guarantees provided systematically by the borrower through guarantors and to the good follow-up from the S&C funds committees. The actual payback rate by the end of May 2005exceeded 95%. Some delay in repayments could explained as a matter of :lack of commitment or bad follow up.
- The training and capacity building components carried out by ACAD was efficient through the following indications, 1) the training and capacity building components lead the cooperative towards better management of the SC funds in more effective way compared to the status before the project. 2) The training and the election activate the role of the general assemblies and management boards of the cooperatives. The decisions maker members become more involved in the cooperative work and the community

work. 3) The new adopted systems, procedures and process that supervised and coached by ACAD lead to create documentation systems within these cooperatives that help in keeping all the information and documents and all relevant records. 4) The capacity building component created a competitive and networking environment between different cooperatives within the same regions or districts.

- The result of the activities clearly show that ACAD was enough efficient using the allocated resources to run the project.
- When the project finished ACAD loans will remain to be with the cooperatives portfolio, this means that ACAD has to secure resources in order to cover the capacity building and follow-up components. Consequently, ACAD has to reduce the expenses in one hand and to generate some income in another hand to cover the cost of follow-up and capacity building components. It could be that ACAD will use new credit product as sources of income to cover the expenses of the cooperative program (providing credit to the cooperatives' members with guarantees from the cooperative fund). In all cases ACAD has to develop special business plan where the cost of running the cooperative S&C program and the expected income from the new product are clearly identified.

Impact

- The project participated in raising the awareness of small and poor farmers as well as women on the importance of self dependency and their own resources to sustain their own cooperatives and funds as consequently their livelihoods.
- The project worked on introducing secure sources of fund for farmers and women, and this is clear from the communal project conducted by the organic oil cooperative where they provide communal services to the oil producer, or as the agricultural input shop opened by the cooperative of Al-Khader.
- The project is the first of its type that seeks to loan services by using the savings of women and farmers themselves. It is also the first practical step towards the dependency on the local sources to fund development processes, combat of poverty and the achievement of the food security. The project was the first to institute women saving groups as well as farmers groups like the protected agriculture farmers, or organic oil farmers or herder farmers into a institutionalised groups registered at the ministry of labour.
- The project is a good model for credit institutions for all sectors. Such cooperatives and SC fund. The using of the local savings to fund loan activities will help these institutions to gradually reduce dependency on external and discontinuous resources.
- The SC funds inside the cooperatives are a tool to enhance management and capacities and negotiation skills. The capacity building provided together with on job training enhanced the managerial capacities as well as performance of the cooperatives. Most of the targeted cooperatives have elected boards and practice democracy in their decision. One of the major impact of the project that the fact of two farmers; cooperative enhance their internal system to include female members within their membership.
- The saving and credit funds in the cooperatives guarantee income for the cooperatives to relatively sustain themselves and to strength their capacities. Many cooperatives took loans from the CSCF and created projects to generate income for the cooperatives themselves. The Kobar women cooperative got a loan from their own SCSF and establish a Gym centre with fees as source for income for the cooperative. The project is in its

early beginning, but there are indicators of its success like women attendance to the gym in the village, the good environment the gym located at as well as the well equipped location with the needed facilities.

- Although the time of implementation was short for appreciating tangible impact (with consideration of reasonable financial results recorded so far), but it is clear enough to realize the indicators of good benefit, success and active involvement within the project. Although the implementation of the project had been delayed, the achievement so far is promising and highly likely will lead to achieve the objectives towards poverty alleviation and food security.
- The project analysis, provided there were clear benefit of the project. The assessment of the loans number and sizes of these loans side by side with the projects and its nature and use are good indicators of the project impact on the targeted groups.
- The savings and credit processes as well as the training and capacity buildings components contributed to reinforce the cohesion of the groups, the discipline and the management capacity of the members.

Sustainability

- The Majority of the cooperatives targeted by the project is classified as already sustained ones, other are in the right way to reach sustainability but unfortunately, few of the cooperatives are far away from being sustainable. Therefore it was recommended that ACAD working closely with the first category provide them technical assistance, consultancy, but without direct financial assistance. For the second category, ACAD should provide financial assistance from its own resources for short term to secure their sustainability. Regarding the third group, ACAD should and have to decide either to stop working with them or to merge two or three weak cooperatives in certain locations.
- ACAD pre-conditions for dispersing loans to cooperatives is a first step toward the institutional sustainability. The existence of ACAD as an observer within the CSCF committee allowed the supervision and advice when creating loans and credit committees. Also, this provided on job training on running and management of CSCF and provided good information on the capabilities of the cooperatives to run such funds when the project is finished.
- For the cooperatives, the project provides a significant economy of scale particularly for small loans. However the retailing credit procedure, which involves the permanent control of the Ministry of Labour, is not flexible enough to smooth the progress of the delivery. Therefore the sustainability of the cooperative programme is not fully ensured and the credit mechanism should be reviewed.

Conclusion and recommendations

ACAD has been working on the CSCF project since three years. The project faced some delay at its starting period due to the political constraints, it was faced with some social and economical constraints but at the same time the flexibility, the efficiency, and the commitment of ACAD to the project was a successful approaches that directed the project toward its final destination with almost full achievement of the project purpose and outcomes. The evaluation team would like to highlight the following issues about the project under evaluation:

- Loan policy differs from one cooperative to another and this is due to the fact that ACAD did not impose its own policy on those cooperatives. The cooperatives policies were developed in a participatory methodology. The policies differ in terms

of loan size, repayment period, grace period, interest rate and its types, as well as loan guarantees. This approach of participatory development of policies highly fit with the project approaches and objectives.

- ACAD has to develop clear policy toward cooperatives who present no indicators or potential to sustain their entity.
- It is clear that the cooperatives are not enough mature to be totally independent. ACAD might be needed to renew its agreement with the cooperatives. It seems the financial monitoring of ACAD provided to the cooperatives will be needed for the cooperatives sustainability side by side with the capacity building activities.
- ACAD will need to continue providing supervision and monitoring of the cooperatives as long as these cooperatives use loans from ACAD. This means that ACAD has to handle the supervision cost and financial monitoring and highly properly the cost of the capacity building.
- ACAD with the cooperatives should pay more attention and revise the interest rate policies of the loans provided by the cooperatives to their members. The revenue from the interest rates formulated the main source of the cooperatives income, which needed to cover their running cost. Consequently, the revenues from the interest rate are the major component for many cooperatives sustainability.

INTRODUCTION

In January 2002, the European Commission (EC), through its Food Security Budget Line, provided financial support to the Arab Centre for Agricultural Development (ACAD), aiming at providing financial and non financial services to enhance productive cooperatives and create cooperative saving and credit funds (CSCF). The project intended to encourage small and poor farmers in the poorest rural areas in the West Bank to establish specialized cooperative societies by sub-sector and to motivate them to set up cooperatives saving and credit funds to benefit farmers and rural women. ACAD promoted the project and provided legal assistance to register the cooperatives, ratified financial systems, set up investment and saving funds in addition to establishing saving procedures and internal credit, putting forth annual plans for the funds. ACAD also provided and still provides assistance for the financial management of the cooperatives. The project tried to consolidate the principle of self independence of Palestinian small and poor farmers, rural women and their families to resist poverty, improved their living standards, secured income and food and allow them to mobilize local resources to achieve this goal.

Currently, the project is at final stage of completion where most of the outputs were achieved during the past years. The project ends on the 31st of June 2005.

Upon ACAD request, the final term evaluation was conducted by the Capacity Building Evaluation Team and this report is presenting the outcomes of the evaluation process that has been carried out by a team of expert of different background and experience. The evaluation covered all the project components and achievements, in order to ascertain the capabilities of cooperatives to become fully self-reliant after the project ends.

1.1 Objectives of the Evaluation

The evaluation main objectives are:

1. Analysis of the project to cover the five main evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability) with special attention devoted to relevance, impact, and sustainability.
2. Assessment of the cooperatives management and capacity, in view of its future prospect to become a sustainable Micro-finance provider in certain local areas.

1.2 Methodology of the Evaluation

The Capacity Building Evaluation Team used a multi- methodological approach (qualitative and quantitative) to carry out the evaluation work, this included; Logical Framework Analysis (LFA), Participatory Rapid Assessment (PRA), and disk review.

The Logical Framework Analysis (LFA) used as a mean to analyze the project and as a way of testing the logic of project, i.e., by analyzing it in terms of means and ends, logical linkages between the project components. The analysis helped in clarifying how the planned activities contributed to achieve the project objectives in the following order:

- The inputs are used to achieve a series of activities that resulted in specific outputs (results)
- The outputs that had an effect on the project beneficiaries, and this effect is known as the project objectives (purpose).
- Furthermore, the project is expected to contribute to the wider objectives, or the overall objective.
- The overall objective is tackling the main problem facing the community and the project is relevant to the local context.

The Participatory Rapid Assessment (PRA) was used as a particular form of qualitative analysis. It was used to gain an in-depth analysis of the project and its implementation from stakeholders and beneficiaries perceptions. The most known PRA methods and tools were adopted and used to carry out the qualitative aspects of the evaluation, this included; data from secondary resources, direct observation, semi-structure interview, focus group discussions, case studies, group meetings and workshop's.

The Desk Review was used to collect broad range of information, with emphasis on quantitative data; this data was analyzed using economic methods to give precise estimates. The cost-effectiveness analysis and SWOT analysis was used where it was appropriate.

The evaluators carried out different tasks and utilized different tools to achieve the qualitative and quantitative measures under this assignment. The following are the tools that were utilized in conducting this evaluation:

1. **Desk Review:** The evaluator examined documents and ACAD database relevant to the scope of the evaluation; this includes
 - The financial agreement, the project proposal.
 - Project amendments
 - Project progress report
 - The agreement between ACAD and PUWC, with PFU, and cooperatives.
 - The standard bylaws of cooperatives, working procedures, forms and format.
 - ACAd internal financial and operational reports.
 - Number of cooperatives Audit reports and others.
2. Holding a participatory briefing meetings with the project management and the partners, the meetings aimed at examining the evaluation hypothesis and to agree upon the timetable and the plan of activities
3. Developing the qualitative methods and tools.
4. Adjusting the time frame and the working plan according to the results of the meeting
5. Organizing and carrying the information gathering and the initial analysis, this included;
 - a) 8 focus groups for random samples of cooperatives in the north, middle and south of the West Bank who was involved in the project. The cooperatives are in Attara and Kobar in Ramllah, Qabalan and Qire in Nablus and Salfeet area, AL-Khader in Bethlehem, Yatta in the Hebron area, and finally two cooperatives in Jericho (Grape and Palm cooperatives).
 - b) 3 case studies of project analysis were done at Attara, Al-Khader and Yatta.
 - c) Two group meetings with the main management team of the project at ACAD.
 - d) Two of structured and semi-structured interviews with the stakeholders, Ministry of labour and PARC.
 - e) Field visits to some projects sites implemented by beneficiaries of the project. like the agriculture inputs shop at Al-Khader, the food workshop at Attara and the Gym centre at Kobar.
 - f) Information processing and analysis
6. Debriefing with the ACAD involved staff and the management team, about the main findings.
7. Producing the draft report
8. Developing the final report

2. ACAD PROJECT

The Project as designed

project, and this is because the political constraints and denial of movement of the Palestinian by the Israelis during the starting period of the project allowed no possibility to implement the project and achieve its outputs and results. Also, the deteriorated socio-economic conditions of the target groups and the high demand over the saving and credit portfolio make the expansion of the targeted cooperatives is very feasible.

Conclusion (2): *the analysis of the log-frame and the proposal document were designed in an appropriate and clear manner. However, the design of the log frame provides no quantitative or qualitative indicators this will make the measurement and comparison between the designed and implemented achievement harder. This is not applicable on the financial information where there is enough information for such comparison.*

2.2 ACAD

The Arab Centre for Agricultural Development (ACAD) is a Palestinian NGO organization registered as a non-profit NGO in Jerusalem since 1993. Also, ACAD is registered by Palestinian National Authority since 2001 according to Palestinian Law. ACAD is specialized in Micro-Credit to encourage small and micro enterprises in the agricultural and non agricultural sectors. ACAD is a member of different organizations, in particular the Palestinian Small and Micro-finance network, Micro-finance African Institutions Network (MAIN), and the Micro-credit Summit, the Arabic Network for NGOs. Most recently, ACAD has been recognized by many donors as the model of NGO in Palestine, due to its portfolio and management performance.

Since 2003 ACAD provides a large set of credit and non financial services in West Bank and Gaza, which includes five types of products:

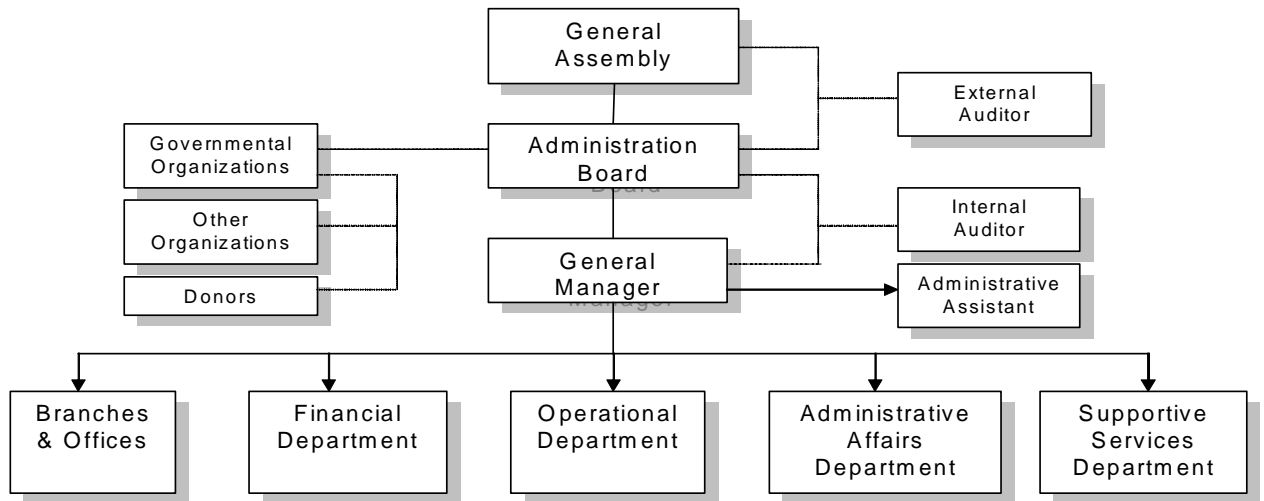
1. Capital Investment to encourage private investment in the agricultural sector: this include initiating new projects, or developing existing projects.
2. Working capital for existing agricultural projects to cover working capital requirements, such as seeds, fertilizers, medicines, fodder, packaging, marketing, etc.
3. Microfinance, initially through partnership with HOPE, another NGO, which was already established in Bethlehem.
4. Savings and Credit services delivered to Cooperatives, through the new project which was launched in 2002 to encourage the poorest in the rural areas to establish saving and credit funds.
5. Training services with theoretical courses and practical advisory services, mainly on the pest and diseases programme.
6. Implementing community development projects.

2.3 ACAD Management and organisation

2.3.1 ACAD Structure –Cooperatives within ACAD Structure

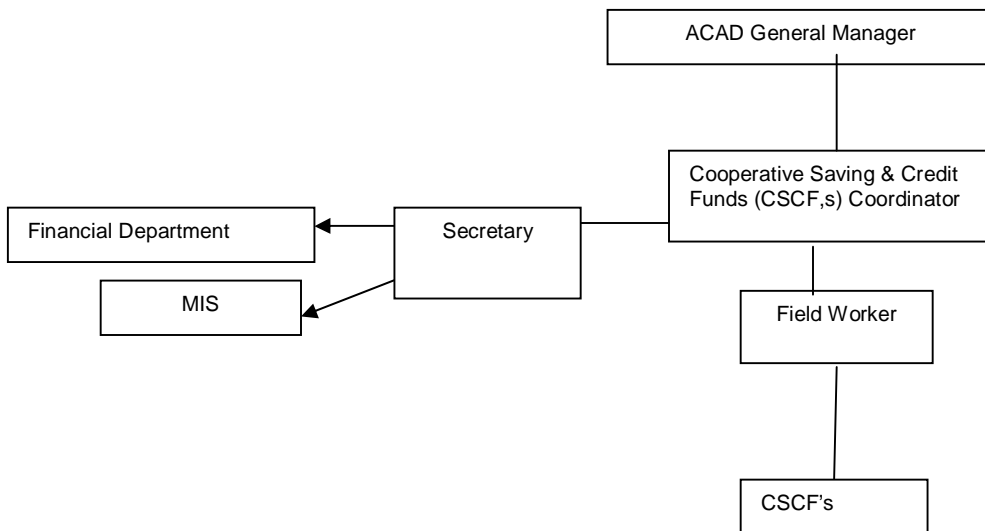
ACAD organisational structure includes four departments as presented in the following chart and its headquarter (HQ) is based in Ramallah. The Operation Department, based in Ramallah, is in direct relation with 1) two field branches (i.e, in the Gaza and Nablus), 2) four credit offices in Jericho, Jenin, Hebron and Ramallah, 3) one partner office (HOPE organisation) in Bethlehem and 4) two training offices in Qalqilia and Tulkarem. At the same time, ACAD has three partners' organisations, those are HOPE in Bethlehem, Palestinian Farmer Union and Palestinians women working committees.

ACAD Organizational Chart



At the same time the project that is being implemented with the cooperative is integrated into ACAD structure, the integration is presented in the following chart:

Cooperative organisational within ACAD Structure



2.3.2 ACAD Organisation and Staffing

ACAD witnessed a gradual increase of its staff since 2002, this is due to the three years plan that was developed and formulated by the end of 2002 and beginning of 2003. The plan led to the expansion of its activities, both in credit and development services. ACAD's staff was increased by 87.5% during the period between 2002 until May 2005 as presented in Table 1. The figures presented in the Table reveal that the staff working at HQ was increased by 4 new staff but on the other hand, the operational staff was almost doubled which reflects the operational expansion. Four of the operational staff was totally allocated to work with cooperative projects. These four employees were following the work with the cooperatives, i.e., operational, financial, and administrative issues.

Table 1: Gradual increase of ACAD Staff

Year	2002	2003	31/5/2005
Staff at HQ	7	8	11
Operational staff	9	14	19

2.3.3`Monitoring and Evaluation

ACAD is committed to the terms of the agreement with the EC and regularly reports to the EC Delegation on technical and financial aspects that allow a full transparency of its activities on the programme, of the Cooperatives.

Monitoring: The Management Information System (MIS) in its original concept has been designed for institutions which can process data on a daily basis in the central office. The MIS used by ACAD is operational process and provides ACAD headquarters with relevant internal monitoring indicators. The system provides information on portfolio progress per branch/office, profile per type and gender, risk analysis and funding resources. ACAD headquarter gets regular updated data about the cooperatives financial status including the saving and credit portfolio for each cooperative, cooperatives savings, dispersed loans, pay back payments, revenues, and all related information on a regular base. The MIS system is essential for ACAD to keep an eye and monitor the progress at cooperatives and SC portfolio.

Evaluation: ACAD, two months before the end of the project, conducted an internal participatory review with representatives of the cooperatives to learn from the process and to support the cooperatives with their experience and to exchange the lessons learnt. The output of the this evaluation will be presented at the impact section of this report. At the same time, ACAD went through a midterm evaluation for the micro-finance and the cooperatives project. The recommendation of the midterm evaluation highly helped and directed the steps of the project at its final term.

2.3.4 Planning

ACAD has established a Three Years Work-plan for 2003-2005 with realistic objectives that they have been able to achieve. One of the major objectives has been the achievement of the operational sustainability of ACAD which was planned for the end of 2005, with this new approach ACAD has been able to speed up its implementation and meet the objective. The planning process includes regular review of plans based on the changes of the external environment and the performance of the ACAD. The plans introduced parameters of efficiency such as the number of processed loans per professional staff.

2.3.5 ACAD Management System for Cooperatives

ACAD integrated the cooperative project management within its management structure through the operational department (see the chart of cooperatives within ACAD structure). For the cooperatives project, ACAD allocated 4 staff members totally to run the project as well as all the logistic, financial and administrative support required were provided through other department within ACAD. Although major decisions related to the support of cooperatives are taken at ACAD headquarters for the but the cooperatives' coordinator is authorised to do all of the preparation work with the applicant cooperative and verify the validity of the documentation as well as the legal and operational status of the cooperatives.

ACAD has established a mechanism to manage cooperative loans,. The cooperative loans are identified by the cooperative saving and credit funds (CSCF) Coordinator and approval is taken at the CooperativeCredit Committee. All Data are transferred to the Financial Department and the MIS for financial control and monitoring. ACAD developed a special copy of the MIS to meet the cooperative/group saving and credit requirements. Cooperatives provided vouchers off saving deposits to ACAD, and the MIS is regularly

updated. Through full MIS transfer from the headquarter MIS to the branches, cooperatives receive monthly report from ACAD about their respective savings accounts and loan portfolio activities.

Conclusion (1): ACAD, was able and flexible in its adaptation to the new development of the work-plan and the project activities. The increase of its staff was justified during the project period but at the same time, ACAD should be careful and aware of how it will cover their expenses in the future.

Conclusion (2): the MIS system is an efficient way for ACAD to monitor and predict the progress of the project in particular and ACAD progress in general. However, ACAD might be obliged to work on simplify its MIS system and provide oft copies of it for their future cooperatives who can use them to monitor the S&C portfolio.

Conclusion(3): the management process of the cooperatives ACAD developed as part of the project ,was necessary for ACAD as they were the manager of the project. The on job training and the capacity building activities used by ACAD, will be the first step for those cooperatives toward the management of their cooperatives and portfolio after the finishing of the project. ACAD should be aware that many cooperatives might need extra support through training, supervision and logistic directions.

2.4 The Project as Implemented

ACAD within the entire period of the project, implemented the following specific activities:

- Legal services
- Capacity building and training
- Setting up saving and credit funds
- Providing free interest loans to Credit and saving groups
- Providing credit for farmers and for saving and credit funds.
- Follow-up

Although the project agreement signed during 2002, but it was not possible to start and implement activities by that time due to political conflicts. ACAD was obliged to do amendments with the EC, these amendment are:

- The first one was done on the 12/12/2003 and upon the amendment was stated as follows:
Article 2: Duration of execution:
(2): The operation's duration of execution, as laid down in Annex 1, is 36 months.
Article 7: other specific conditions applying to the operation
7(1)(2): the Beneficiary commits to furnish by 30/04/2004 an exit strategy of its micro-credit funds that needs the prior approval of the commission.
- The second amendment was done on the 15th December 2004 and within the amendment it was related to extension of the period to 41.5 months in which the last 6 months is to be given for closing the project accounts.
- The projects amendment also included the expansion of the targeted cooperatives number from 16 to 41 cooperatives.

2.4.1 Work with Cooperatives

Farmers' Cooperatives: ACAD staff hold serial meeting with productive cooperatives within the WB at member and board levels. The meeting were planned to introduce the project to the cooperatives. Then partnership agreements with these cooperatives were signed. ACAD worked with the cooperatives members on running democratic election and setting up regulations, roles and responsibilities, and decision making. The number of cooperatives involved in partnership agreements with ACAD, are 31 cooperatives, distributed over 9 Districts in WB (Jenin, Qalqeelia, Tulkarem, Nablus, Salfeet, Jericho, Ramalleh, Bethlehem and Hebron). These cooperatives have 753 participants of the credit and saving activities.

Part of the support provided to the farmers' cooperatives was financial support. Small financial grants to cover administrative expenses (fees for part time administrative employee of the cooperative, stationary, fees for a small premises) was granted to the farmers' cooperatives.

Women Cooperatives: due to cultural constraints, number of the registered women cooperatives is limited in Palestine despite the fact that the farming families and rural business is almost carried out by females. To overcome this problem, ACAD took a courageous step and start to work with specialised women association on partnership bases. The Palestinian working Women Committees aimed at creating new women groups that could be later registered women saving and credit cooperatives. As a result ACAD was able to formulate 8 women groups and then provide them with legal support, and technical assistants. Special focus was given to allow these groups to be eligible for official registration at the Ministry of Labour, which was possible for 8 new women groups. ACAD worked with the women cooperatives on running democratic election and setting up, regulations, roles and responsibilities, and decision making. Currently ACAD working with 9 women cooperatives (8 were registered by ACAD and the other two cooperative were registered before participating in the project activities) with a total of 807 members in one districts (Ramallah).

Part of the support provided to the women's cooperatives was financial support. Small financial grants to cover administrative expenses (fees for part time administrative employee of the cooperative, stationary, fees for a small premises) was granted to the women cooperatives.

***Conclusion (1):** ACAD step towards working with women groups, farmers cooperatives with special focus to activate the defunct farmers' cooperatives was an important and essential step toward achieving the project purpose and results as these two groups, i.e, women and farmers are the most marginalised groups and vulnerable groups affected by food insecurity. The two amendments together with the increase of the targeted number of cooperatives reflects ACAD up-date information and knowledge of the needs of farmers and women within the local context. At the same time, there is no indication in the documents on how ACAD selected the cooperatives or women groups they worked with.*

2.4.2 Cooperatives' Saving and Credit Fund

The saving and credit portfolio was launched with the registered groups and cooperatives of farmers and women. With the supervision of ACAD, a committee for each of the cooperatives or women groups was elected. The committee consists of members from farmers or women elected by the cooperatives, together with a representative from ACAD as observer. The duties of the committee are:

- Determining the capital of the fund and the farmers or women contribution as well as putting forth a credit policy and loans criteria, pay back processes and guarantees. Also, the committee is responsible for loan portfolio management loan interest and periods.
- Preparing a credit manual and application forms.
- Approving of loans
- Opening bank accounts, and setting the saving systems among the members.

The fund was sat up, launched and managed by the elected administrative panel of the targeted cooperatives or women groups.

As designed in the project, three resources have to be used to build up 1 million Euros saving and credit fund, these are the free interest loans from ACAD project budget of Euros 150,000, the portfolio members' savings of euros 600,000 and from loans with interest from ACAD of euros 250,000

A- Members' Saving: The project was designed on targeting a total of 600,000 Euros from the cooperatives' members saving. Up to May 2005 the total saving mobilised is USD370,269 and is expected based on the monthly saving to reach USD 400,000 (equivalent to around euros 333,000). The achieved value of saving reaches 55.5% of the target value.

B- Free Interest loans to cooperatives from the project's budget: As designed in the project, ACAD has to give free interest loans from the project budget in amount of 150,000 Euros. ACAD up to 31/5/2005 released loans in amount of USD145,000 and is committed to release loans by the project closing date with an amount of USD 35,000 (The total 180,000 \$, equivalent to around euros 150,000). These loans were given to 32 cooperatives. (7 women groups and 25 farmers' cooperatives with loans range from USD 1500 to USD 9000.

The contribution of the free interest loans to the mobilised saving which was planned to be 25% but when the project implemented, the contribution increased to 45% (some cooperatives received loans equal to their saving). ACAD was obliged to increase its contribution to the S&C portfolio for the following reasons:

- The drop down of the monthly saving rate compared with the planned per participant (from USD100 to USD10 or USD15) was noticed by ACAD in the first period of the project. The dropdowns was due to economical degradation during the Al-Aqsa Intifada where the per capita income in Palestine decreased by more than 50%, and the unemployment reached more than 45 % in Palestine during the project implementation (ACAD raised this issue to EC in its progress reports submitted by time)
- In the original proposal, ACAD loans to cooperatives have to be disbursed after the cooperatives build their loan portfolio. However, ACAD adopted more flexible loan policy regards the percentage of the loans related to the cooperative saving fund and the timing of the loan. The policy adopted allowed ACAD to support the cooperative with loans before the cooperatives complete the building of their own portfolio. The cooperative had the right to apply for loan from ACAD when they start to give credits from their savings and have completed the legal procedures.
- ACAD used the loans to accelerate the building of the cooperatives portfolio when the cooperatives showed the good potential (quick respond to the cooperative internal loan activities), but at the same time the increase of their savings might take longer time beyond the project period.
- ACAD used the loans as incentives for many cooperatives to encourage them to activate their saving and credit activities taking into consideration the guarantees required for their loan.
- Within the cooperatives, there were high demand on loans and the cooperatives portfolio was not able to handle such size of loans.

C- Loans with interest rate from ACAD

The project designed that ACAD to contribute in building up the portfolio capital by euros 250,000 from its loan portfolio through loans to cooperatives with interest. ACAD modified the policy of providing loans with interest to cooperatives. The change was mainly through giving loans with interest to cooperatives members rather than using the cooperatives fund as a mediator for giving individual loans. In other words, instead of lending the cooperatives in order to lend their individual members, ACAD gives loans directly to individual members. This modification was done to avoid cases of members from the cooperatives who need a loan but the cooperative fund is not able to provide loans or when the needed loan is bigger than cooperative capacity or could offer.

ACAD under this type of loans, provided USD 299,000 (equivalent to Euros 249,000). These loans were given directly to projects of cooperatives members or producers in the cooperative communities who expressed their interests to be members and the loans were given upon the cooperative's recommendation.

ACAD did two modifications on its policies toward the percentage of free interest loans for the cooperative and in the loans to be given to cooperatives with interest. The modifications were justified by the following reasons:

First: The slow down of mobilising the saving fund visa vis what was planned due to the political and economical deterioration during the project implementation

Second: Some cooperatives are newly established, others are newly reached a status of sustainability. Such cooperatives need long time, without adopted modifications, in order to be able them to accept loans and paying the cost of capital needs, this time for sure will be beyond the project duration.

Third: The med term evaluation mission's conducted in September 2002 for ACAD, recommended to merge the two projects funded by the Food security (Credit and cooperatives).

Conclusion (1): ACAD was able to build up capital of Euros 730,000 out the of the one million euros the project have planned for. This amount is equal to 73% of the target fund value. The evaluation team believes, that the 73% of the planned could be acceptable within the very hard political and economical environment in Palestine since years 2000 up to now.

Conclusion (2): the modification carried out within the entire period of the project reflects the willingness of ACAD to utilise the available resources and approaches for the ultimate benefit of the cooperatives, but at the same time, these modifications were very useful in functioning the portfolios as in the cooperatives of cooperative for rural women development-Saffa (they provided 65 loans of a total USD64873), while it make no remarkable financial changes at other cooperatives like East Zabouba Cooperative for Herders (they provided 7 loans of a total USD 3948, although they have the financial capacity to give more loans..

2.4.3 Capacity Building

ACAD within the project provided different types of training upon the participatory need assessment conducted for the target groups as well as the assessment available resources for those groups and those available within ACAD and its partner's organizations. Although there was clear indication of the need to raise the capacities of the cooperatives the following obstacles were faced:

- The lack of access to location and the closure policy imposed by the Israeli soldiers limited the progress of the training and forced ACAD to expand the period of the project.
- The old cooperatives together with the new ones lack the experience or resources to be used for success capacity building as well as success of SC fund.
- Lack of clear and definite law or regulation regard the registration of cooperatives and SC funds.

The provided training was done on the following steps:

1. 8 Workshop and training sessions for the project team and coordinators on the project process and procedures.
2. 24 meetings at locations with the target groups (women, farmers) and 96 visits to the locations to introduce the project and the idea of founding new cooperatives and founding the savings and credit portfolio.
3. 4 Central workshops for all the cooperatives and organization representatives. The workshop focused on the following:
 - Institution building through defining goals, internal system, and the saving and credit portfolio.
 - Provide coaching on the administrative and financial procedures and process for the cooperatives and the SCP keepers.
 - Provide training on the use of the credit and saving system manual and how to provide loans.
 - Provide training on planning for credits and saving portfolio.
4. 8 Central workshops for all the stakeholders and cooperatives of the credit and saving portfolio for experience and knowledge exchange and provide recommendations for the future projects and steps.
5. signing partnership MoU with 41 cooperatives (10 women cooperatives and 31 farmer cooperatives) that included information on roles and responsibilities.

The major topics for training and coaching and on job training considered the topics of:

- Simple accounting
- Developing simple financial procedures
- Designing financial planning for fund
- Investment opportunities
- Developing internal bylaws for the fund.
- Loans disbursing, monitoring the loan portfolio.

The training targeted the elected administrative committees of the cooperatives and women groups

Legal services: Most of the farmers, members of the cooperatives are of low educational level as well as the inability to follow up with the competent Ministries and apparatuses. They live in remote agricultural places and they are not conversant of valid official rules and codes. It is for these reasons and for the difficulties the cooperative face to obtain appropriate licenses and fail to manage its internal affairs in accordance with official codes. Therefore, ACAD provided to the cooperatives and groups which are newly founded a legal assistance through connecting them with ACAD's advisor who provided them with legal consultancy for registration procedures and updating the existing bylaws to meet credit and saving activities.

Within the project it was able to register 14 new cooperatives, activating 21 defunct cooperatives.

Follow Up: ACAD coordinator and accountant did follow up activities through regular monthly visits to the cooperatives to monitor, supervise, and coach the process related to SC fund.

- 72 visit and meetings with coordinators of the credit and saving keepers at ACAD main office, to monitor and evaluate the process and application of the system with the Credit and saving system. Then the cooperatives were visited on a monthly base to provide coaching
- 80 inspection visit to the SC fund and to check on the procedures and process used.
- All the cooperatives adopt or on the process to adopt auditing system to be used for their SC Funds.

Conclusion: *Although the project log frame included no quantitative indicators about the training and the evaluation team did not notice any formatted records about training but the implemented activities within the capacity building components is quite remarkable. It is for better evaluation for the future projects, ACAD is recommended to include clearer log-frame with smart indicators and to hold records on training and other capacity building activities.*

2.4.4 Implementation Procedures

The specific management of the Cooperative Saving & Credit Fund CSCF is organized through the Cooperative S&C Fund Board which comprises one representative as observer from ACAD, one elected farmer sharing in the fund and one member from executive committee of the cooperatives. The Field Worker of ACAD is in a permanent relation with the CSCF coordinator, to undertake all training support as well savings and credit activities. Approval credit decisions are taken at central level of ACAD.

The stages for providing loans to cooperatives are described as follows:

- The first stage is to let the cooperative complete its official and legal registration, by laws and administrative system are to be prepared, premises rented, and administrative employee are hired, and administrative panel is elected and a strategic plan is drafted to the cooperative.

- The second stage is in which a policy for loans are to be designed, types of loans and interest rate are determined, loan application forms are prepared, procedures manual is prepared, clarified and explained to farmers and the fund management panel is established. During the first and the second stages, the members of the cooperatives will deposit the monthly saving in the cooperative account for sake of saving fund.
- The third stage included the actual setting up of the credit and saving fund. The stage included the proceeding and receiving of loans applications and distribution of loans and the administrative and financial follow up by ACAD.

Financial agreements between ACAD and cooperatives: After signing MoUs with the cooperatives and when the cooperative full fill the procedure mentioned above for founding their CS fund, ACAD and the applicant cooperative sign a financial agreement which considered to be the regulative platform between ACAD and the cooperative, and after offering the guarantee, ACAD disperse the loan to the cooperative.

Conclusion: ACAD pre-conditions for dispersing loans to cooperatives is a first step toward the institutional sustainability. The existence of ACAD as an observer within the CSCF committee allowed the supervision and advice when creating loans and credit committees. Also, this provided on job training on running and management of CSCF and provided good information on the capabilities of the cooperatives to run such funds when the project is finished.

2.4.5 Financial Policies

Guarantees

- A. ACAD Guarantee: For free interest cooperative loans, applicant cooperatives provide two personal guarantors (members from the cooperative committee) bank cheques, notary notes from the cooperatives additional to the financial agreement between ACAD and the cooperative. Also, the approval from the Ministry of labour about the loan is provided by the cooperatives.
- B. Cooperative guarantee: for the cooperative members, each cooperative has its own policy toward the required guarantees.
 - Some cooperatives required bank cheques and notary notes and two guarantors from the cooperative members as the minimum guarantee. As an example is Tamoun Cooperative.
 - Some cooperatives limit the guarantees on the two guarantors from the cooperative members.
 - Other cooperatives require more hard guarantees like one guarantor as PA employee with bank cheques.

Conclusion: Each cooperatives developed its own guarantee system based on their realities with cooperation with ACAD. ACAD did not enforce their own policy on the cooperative loan system to raise the ownership feeling of the process within the cooperatives.

Cooperative Credit policies

ACAD adopted a participatory approach in helping each cooperative to formulate its own credit policy based on its context, culture, available fund and level of poverty.

The cooperative interest rate: the cooperatives vary in their policy about interest rate and methods of collecting the interest. Some cooperatives take interest in advance and others split it with the loans' monthly payment. Some of cooperatives estimate a monthly flat interest rate others on reducing balance. Tamoun for protected agriculture gets flat interest, while Palestinian farmers association in Jericho takes a reducing balance interest. Other cooperatives are charging fixed percentage regardless the amount and duration of the loans as in Kobar women cooperative. Other cooperatives take fixed amount as in women

cooperative in Kafr Ni'meh. Therefore, there are cooperatives who are charging interest which could cover the cost in short term future, mean while other cooperative charging loans less than the supposed amount. ACAD is required to work intensively with the second category to increase the interest to ensure the sustainability of those cooperatives. It was witnessed that women cooperatives is looking for less interest rate less than the real cost.

Loan size: The cooperatives' policies regarding the size of the loan were developed based on the size of the portfolio and the nature for the loan to be used for. The size of loans range from USD500 to USD2000. Some cooperative used fixed loan size like Yasouf Cooperative for savings and credits while others using different loan size as in Mintar Cooperative for livestock. Loans are mainly used for productive activities while in few cases loans are used for to cover family immediate needs.

Repayment schedule

ACAD, as a participatory approach, provide cooperatives flexibility in their identification of the schedule of re-payment and the grace period. Their cooperative decision on the payment schedule and the grace period depends on the nature the project financed for example, agricultural cooperative usually are giving two to three months grace period for borrowers as the income from these activities need time before the borrower earns money to pay back. At the same time, when loans are for financial and services projects, there is most of the time, no grace period. This policy fits with ACAD policy for loans.

Pay Back to ACAD from Cooperatives:

Loans released to the funds are repayable and considered as ACAD's assets, but they will be allocated for further credit to the same beneficiaries and for the same objectives. By today ACAD did not require the payback of any of its loan from cooperatives but it seems the unsustainable cooperative have to pay back their loans due to the fact that they are incapable to continue on their CS fund.

Conclusion: *ACAD approach of flexibility and participation in defining policies for credits, loans, interest rate payment schedule as well and grace period is well understood as a tool for capacity building, sustainability and ownership. However, the evaluation team recommends that ACAD to be more involved with cooperatives through designing credit policies (interest rate, loans duration, repayment) to avoid any cash flow problems which could be face by cooperatives. It is recommended that ACAD to produce detailed business plan on annual bases presenting the expected cooperatives loan portfolio increase, available resources, and with expected income and expenses.*

3 RELEVANCE OF THE PROJECT

The project objective is relevant because it contribute to alleviate poverty and chronic compensate the shortfall of food products within isolated areas of WB, where food security is particularly critical, especially with the construction of the wall.

The demand for this type of credit has drastically increased since the second intifada due to the lack of commercial exchanges with Israel. Today ACAD can process one loan out of 6 applicants, which means that the original objective of the project has been more and more appropriate all along the implementation.

The demand driven approach is an appropriate alternative that has been adopted. ACAD did adjust its credit policy according to the daily changes and its capacity to respond to the real credible demand. Problems of beneficiaries to repay the loans, because of the political environment, have been overcome through a sound policy of ACAD which has been able to swap the penalty interest that are usually charged by other institutions, and the result in repayment has been tangible.

Within the local context and upon the recommendations from the line ministry (Ministry of Labour) the project implemented by ACAD is relevant to the Palestinian context and to the cooperative movement based on:

- The saving and credit cooperatives are part of the Palestinian cooperative traditions, the Ministry files contains a file of saving and credit cooperative which was established in 1937 (Biet Imreen Saving and credit Cooperative).
- Based on the acting laws (Civil societies and charitable organization law, the commercial banks law, and the cooperatives law), the cooperative is the only body who can hold and manage savings out side the privet sector commercial banks. This considered by the Ministry as a comparative advantage for the cooperatives.
- The commercial banks complicated procedures and requirements prevents a massive number of people specially in the rural areas to benefit from the commercial banks services, at the time when this people are in a big need for small loans and savings.
- The saving and credit cooperatives have a positive effect on the national economy in term of bringing together very small savings and turn them to capitals for investments at the same time offering the poor and farmers an access to credit.

At the Ministry of Labour more than 800 cooperatives are registered, more half of them are active cooperatives. The cooperative movement in Palestine is managing based on the Jordanian Cooperative Low for 1956 in the West Bank and the Egyptian Law for 1933 in Gaza. The Palestinian Cooperative Law is drafted and waiting for the readings at the Palestinian Legislative Council for more than one year, the draft law is more promises one. It is expected that the law will provide a suitable platform for o modern Palestinian cooperative movement when it will be approved. Special article in the draft law considers the possibility of establishing a cooperatives development bank. The lack of policies regards the cooperative movement and the sluggish process of developing the Cooperatives Law shows that the cooperative issue is not in the top agenda of the PA. In this term the activities carried out by the NGOs sector including ACAD support to the cooperatives movement and the saving and credit funds.

The key lesson learnt from the sector since September 2000 is that microfinance is a proven, effective tool in the struggle to alleviate poverty and unemployment. The Palestinian microfinance network indicators showed that the demand for micro finance is regularly increase even in conflict environment. Currently, the annual demand is estimated to be USD 50,000,000 while the available resources for microfinance is estimated to be USD 30,000,000. The 20 millions dollar deficit needs to be covered and the best approach to meet the huge demand is to mobilise local resources. The savings at a rural level scale could be very important in this regards. Within this context, cooperative savings is relevant activity.

Conclusion (1): *The project objective is relevant because they contribute to alleviate poverty and chronic compensate the shortfall of food products within isolated areas of WB, where food security is especially critical, particularly with the construction of the wall.*

Conclusion (2): *The demand driven approach is that led to adopt more flexible policies. ACAD did adjust its credit policy according to the changes resulted from the political situation and its consequences and upon ACADS capacity to respond to the real credible demand.*

Conclusion (3): *the activities carried within the project is highly relevant to the Palestinian context and to the cooperative movement as the saving and credit cooperatives are part of the Palestinian cooperative traditions, the cooperative is the only body who can hold and manage savings out side the privet sector commercial banks. And due to the fact that the commercial banks complicated procedures and requirements prevents a massive number of people especially in the rural areas to benefit from the commercial banks services, at the time when this people are in a big need for small loans and savings.*

Conclusion (4): *the saving and credit groups at the rural communities level could be the best way considering the local context to cover the deficit needed within the micro finance.*

4 EFFECTIVENESS

After one year of the delay caused by the hard political situation and lack of access to the locations, ACAD has been able to react and adopt operational strategy so as to speed up the implementation and meet the project objective purpose and results. ACAD with the new start of the project on 2002, it combined the

original proposal with modification on the project period (24 months to 36 months) and enlarge the number of the targeted cooperatives (41 cooperatives instead of 16 ones). The assessment of the ACAD effectiveness in reaching its results the team carried out the following analysis.

4.1 ACAD Achievement of the Cooperatives S&C

ACAD appropriately readjusted the cooperation concept and did not limit its work with active and men cooperatives only. The project worked with different levels of cooperatives in order to coop with the local context. The work of ACAD involved better targeting of 6 existing active cooperatives, focus on activating 21 existing cooperatives and initiated 14 new cooperatives. These 41 cooperatives have a total of 1560 members. The decision to include women groups, considering the Palestinian context, was a courageous and applicable decision because women still the most marginalized groups in particular at this sector and other sectors in general. , ACAD was able to work with 8 women groups and this was done in cooperation and partnership with women working committees which provide a good approach for ACAD within the rural communities and working with women.

Conclusion(1): Although the project start period was hard, the time of implementation was short and the social and culture constraints limited the work, ACAD was able to reach its target of the number of the cooperatives to be activated or newly initiated.

Conclusion (2): targeting women groups through working with women committees is highly appreciated and good achievement of ACAD. Poverty alleviation is highly related to women status at rural area and communities. Working with women is a first step for poverty alleviation.

4.2 Geographical Distribution

The Amendment of the project to include 41 cooperative and women groups allowed the geographical expansion of the project. The project was able to work in most of the districts of the West Bank and target cooperatives at these districts. The project targeted 9 districts in the West Bank as presented in the following Table.

9 areas	Coop No.	No. Women cooperatives	Member No.
North (Nablus Qualqilia, Tulkerem, Jenin, Salfet)	18	0	540
Ramallah	16	8	858
Jericho	3	0	83
South (Hebrom and Bethlehem)	4	0	79

It is clear that the bulk of work was at the north and the middle areas of the West Bank and this is due to the fact that these two areas is more familiar with cooperative works. At the same time, the women groups were created only at the Ramallah district and this is due to the cultural and social constraints faced at other locations about women groups, savings and credits issues.

Conclusion: ACAD was able to work at most of the districts of the West Bank but with unequal distribution of the targeted cooperatives at these districts. For future projects, although ACAD has to consider the social and cultural constraints (when working with women) but at the same time it has to consider the level of poverty at these districts.

4.3 Institutional Strengthening

Cooperatives

The project purpose was originally oriented to the final users: “to develop and sustain the credit and saving groups in the rural areas to allow the Palestinians to produce and secure their basic food requirements”. And this was done in particular by:

- Providing legal services: ACAD provided to the cooperatives and groups which are newly founded (14 new cooperatives see the attached tables for names of the new cooperatives) a legal assistance through connecting them with ACAD’s advisor who provided legal consultancy for registration procedures and updating the existing bylaws to meet credit and saving activities. Also, ACAD was effective in activating the cooperatives which was defunct for long time. The activating included the renewal for their internal system, conducting election for the board and enhance the process of legal work inside these cooperatives.

Conclusion: *For the evaluation team, the registration process itself together with the process of formulation when done in a participatory way, resulted in strengthening the capacities of the legal positions of the cooperatives.*

- Capacity building and training: ACAD was able to conduct 8 Workshop and training sessions for the project team and coordinators on the project process and procedures, 24 meetings at locations with the target groups (women, farmers) and 96 visits to the locations to introduce the project and the idea of founding new cooperatives and founding the savings and credit portfolio, 4 central workshops for all the cooperatives and organization representatives, 8 Central workshops for all the stakeholders and cooperatives of the credit and saving portfolio for experience and knowledge exchange and provide recommendations for the future projects and steps, and signing partnership MoU with 41 cooperatives (10 women cooperatives and 31 farmer cooperatives) that included information on roles and responsibilities. The training took place as on job training as well as discussion groups on the topics of simple accounting, developing simple financial procedures, designing financial planning for fund, investment opportunities, developing internal bylaws for the fund, loans disbursing, monitoring the loan portfolio.

Conclusion(1): *although in the project design there were no indicators on the capacity building components, but within the short term of the project ACAD was able to conduct a remarkable number of workshops, on job training and empowerment issues. The activities implemented in a participatory way within this item is an indicator for ACAD willingness, believe and commitment to use the project for the empowerment and strengthening the capacities of the cooperatives.*

Conclusion (2): *the on job training, the S&C funds now are managed by the members elected committees, who developed their skills in the portfolio management, records and book keeping. The S&C cooperatives developed their own saving and credit policies, working procedures, saving and credit forms, and manuals.*

- Setting up saving and credit funds: within the project it was possible for ACAD to create 41 cooperative saving and credit funds. These funds were used to implement projects, at a cooperative level as in Attara which was used for a village kindergarten or at individual level like the fund used to give loans for members for personal project as the case at all the cooperatives.

Conclusion: *the creation of 41 CSCF was the target of the project after being adjusted. The amendment of the target number from 16 to 41 was feasible to achieve.*

- Providing free interest loans to Credit and saving groups: ACAD within the entire period of the project provided loans to 32 cooperative only ((7 women groups and 25 farmers’ cooperatives) while it was supposed to provide loans to 41 cooperatives. The total amount of the loans are 180,000 \$, equivalent to around euros 150,000 and each loan was ranged from USD 1500 – 9000. The fact that some of the CSCF funds were initiated few months from the project end date and its saving was not enough to start taking loans or

giving loans made ACAD not able to give loans to such cooperatives. The variation of the loans from ACAD to cooperatives has been discussed in details at section (2.4.2) of this report.

The distribution of loans from ACAD to cooperatives up to 31/5 took the following distribution

District	Amount of loans	Percentage to total amount
Nablus (Nablus Qualquilia, Tulkerem, Jenin)	53000	36.5
Ramallah	64000	44
Jericho	17000	12
South (Hebron and Bethlehem)	11000	7.5
Total	145000	100

Conclusion (1): ACAD policy for giving free interest loans was flexible and adoptable to the local circumstances and this lead to change its policy toward free interest loans and criteria for eligibility of the cooperatives to get such loans. But, at the same time, ACAD could not reach its target to give loan to all the cooperatives due to reason belong to the cooperatives performance of saving and credits.

Conclusion (2): the women saving groups seems to be very effective in setting up their system and use the project for the benefit of the group and this is clear that around 90% of these groups got loans. ACAD should consider this as high willingness of such group to be active and ACAD should focus on their future work on allocating more activities for them.

- Providing credit for farmers and for saving and credit funds.: ACAD changed its policy of providing loans with interest to cooperatives. The change was mainly through giving loans with interest to cooperatives members rather than using the cooperatives fund as a mediator for giving individual loans. This modification was done to avoid cases of members from the cooperatives who need a loan but the cooperative fund is not able to provide loans or when the needed loan is bigger than cooperative capacity or could offer. ACAD under this type of loans provided USD 299,000 (equivalent to Euros 249,000). These loans were given directly to projects of cooperatives members or producers in the cooperative communities who expressed their interests to be members and the loans were given upon the cooperative's recommendation.

Conclusion: The modification of policy allowed the achievement of the result related to this item. The modification of this policy led to benefit many cooperatives members and reduced logistic load and interest payments on the cooperatives and restricted the interest on the borrowers. But at the same time, this modification increased the load of follow up on ACAD team allocated to the project and increased the cost of ACAD on processing such loans..

- Follow-up: ACAD did the follow up activities through regular monthly visits to the cooperatives to monitor, supervise, and coach the process related to SC fund. ACAD

conducted 72 visits and meetings with coordinators of the credit and saving keepers at ACAD main office, to monitor and evaluate the process and application of the system with the Credit and saving system. Then the cooperatives were visited on a monthly base to provide coaching, 80 inspection visit to the SC fund and to check on the procedures and process used.

***Conclusion:** Upon the follow up conducted by ACAD, all the cooperatives adopt or on the process to adopt auditing system to be used for their SC Funds, they have files and book keeping system and well as systemic follow up for the loans providing and pay back.*

4.4 Community Participation and Contribution

In term of community participation, ACAD strategy starts with the identification of community needs. The objective is to create local initiatives and mobilize the community resources. The Cooperatives targeted by project, showed a high degree of participation which resulted in reinforcement of management and decision capacities. The saving and credit cooperatives are clear example of community participation with tangible results in terms of financial and human mobilization. The increase in the number of members from the registration date as a total of 1157 to 1594 member by the end of 2004 is an indication for willingness to contribute and participate in CSCF and the cooperatives' activities. At the same time, cooperatives have been able to mobilize a total savings amount of US\$ 370,269 from their members by the end of May 2005, which is reinvested in the cooperation revolving fund. The cooperatives were able to release loans to the members with an amount double to their saving, the cooperatives so far provided 606 loans of a total amount of 606945\$. The community participation was also clear in attending intensively in the training workshops and training session.

***Conclusion:** Community participation and contribution in the project activities specially the CSFC and the training was remarkable and highly appreciated, the number of loans and its total amount compared to their saving is an indicator of their willingness as well as the project relevancy to the target group needs.*

4.5 Gender aspects

ACAD has modified its policy regarding the gender distribution of cooperatives. ACAD expanded its target cooperative to include women cooperatives and saving and credit groups, ACAD is working with and supporting 10 of women groups and cooperatives with female members, the total female members these groups or cooperatives are 807 women. Women cooperatives received loans from ACAD in amount of 41500 \$. Women group provided 208 loans of an amount of USD172,354 when the total saving was until the end of May USD108,324. the women members of the cooperatives and groups used the loan mainly for income generating project for their family as the women in Attara who opened a village cafeteria for herself and her family or at Kobar cooperative when they used the loan for opening a village gym to generate income for the cooperative. At the same time, some of the farmers cooperatives by the support of ACAD opened their membership to woman, and women became members of cooperatives.

***Conclusion (1):** Gender aspects were not targeted in the original proposal, but ACAD through its amendments, it expanded its work to target women group. The women groups was keen for such project and this was clear from their effective and efficient way to create their SC fund and utilise them.*

***Conclusion (2):** ACAD in its future project should give more space and focus on working with such groups and to expand the work to target districts rather just the district of Ramallah. The work with Women working committee might be a good approach for ACAD to expand its activities with women groups at other districts.*

5. EFFICIENCY

5.1 project outcomes

ACAD has established a clear policy of creation and development of the cooperation revolving funds which includes major parameters of efficiency as well as institutional sustainability. Since the starting of the project, ACAD has been able to follow the targets and even to achieve more than the project was planned for, in terms of cooperatives number, i.e, 41 S&C funds were created although it was planned to establish 16 funds. In terms of total number of direct beneficiaries, the active members of S&C funds is equal to 1560 women and men, although it was planned to target 500 persons. In terms of building up capital, the total amount of the funds are 730,000 Euros, while it was planned to reach one Million. The failure of ACAD reaching the planned amount of savings is due to the dramatically changes in the political situation which derived the national economy to the age of collapse. This directly resulted in the loss and drop down of the people income and consequently in their savings capacities. The following table demonstrates the main outcomes of the project up to 31/5/2005.

Item	outcomes
No of cooperative funds created	41
Members of funds	1560
Amount of saving mobilized (euros)	333000
Loans from the project budget to the cooperatives (euros)	150000
Loans from ACAD to the cooperative members (euros)	249000
No of Loans from the cooperatives fund to the members	606
Amount of loans from cooperatives fund to members (euros)	505787
The project budget for operational expenses to Coop &ACAD (euros)	303380

Conclusion: *The total fund managed during the project implementation (saving, loans from ACAD, loans from cooperatives and the operational expenses) is 1,541,167 while the operational expenses is 303,380 therefore the operational expenses ratio to the total budget is 19.7 % which is reasonable for development service delivery projects. ACAD was efficient in delivering the activities and in spending the budget of the project to its optimal use especially when talking about the allocated human resources.*

5.1.1 Credit COOP and utilization of the funds

The cooperative programme started slowly and had to face some difficulties during the inception phase and forced ACAD to readjust the Savings and Credit strategy. The difficulties were:

- The inception phase corresponds to the period where ACAD had to close its main office, due to the military curfew.
- The legal procedures to establish a cooperative has been made difficult with the political situation which limited the possibility of free movement.
- Some cooperatives needed approval from the General Assembly to take decision for creating a credit and savings fund, and the contacts with ACAD were difficult at that time.
- Due to the limited possibility of movement ACAD revised its selection of cooperatives, targeting cooperatives that were accessible and creating new ones so as to compensate the gap. As result 41 cooperatives were selected or created as compared to the 16 original ones.
- ACAD had to face social pressures because women were initially neglected. Therefore the strategy was revised and women cooperatives were included as partner and even priority was given to women cooperatives.

- So as to be in line with its global strategy of diversification ACAD decided to focus on cooperatives located in rural areas but with the possibility to finance agricultural and non agricultural activities.
- Following the requests from beneficiaries and so as to include the poorest, ACAD decided to be more flexible in its savings policy, and modify the original amount of 100\$ which was proposed in the agreement, to leave the responsibility to the cooperatives.

As result of this situation the cooperative programme really started the financial implementation in mid 2003 but the achievements of the cooperatives within the project are described as follows:

- The cumulated savings amount is expected to reach 333000 Euros by the closing date and constitutes the basis of the motivation of coop members. It is also a good liquidity potential for capital build up and potential institutional arrangements with ACAD in the future
- The number of cooperatives who expected to funded by ACAD is 41 with a total disbursed amount from ACAD of euros 150000.
- A total of 1560 cooperative members can potentially benefit from ACAD funding to the cooperatives, and considered to be potential clients for ACAD credit activities.
- 249000 Euros from ACAD loan portfolio were allocated to the cooperatives members as a loans, it was expected to increase this amount in the future
- 606 cooperative members benefited from the cooperatives fund created

The utilization of loans from the S&C portfolio and from ACAD to the members of S&C funds can speed up during the next year, and it is assumed that for six months ACAD will finalize the development of new credit product directed to the members of S&C funds, this product has to be utilize with the cooperation between ACAD and the S&C funds based on mutual sharing of the risks and the benefits.

Conclusion(1): *Although the political situation and the Israeli measures during 2001-2003, made the cooperative programme started slowly and ACAD had to face some difficulties during the inception phase which forced ACAD to readjust the Savings and Credit strategy, the project with the cooperative could achieve its results and outcomes due to the efficient management of the project as well as the efficient and flexible process used both by ACAD and its partner cooperatives.*

Conclusion (2): *The savings activities grew slowly, for that ACAD implement a motivation policy to encourage the cooperatives to do more savings. The cooperative that completed the legal procedures and started to utilize loans became legitimate to apply for loan from ACAD; the loan amount was identified based on the total savings and the utilized loans from the cooperative. This policy has been efficient and motivation for cooperative members, the credit activity of cooperatives accelerated and reached the total of USD USD 606,945 ACAD has received from the EC Euros 150 000 as resource for the revolving fund.*

Conclusion(3):*it might be early for appreciating tangible financial results, but enough to realize the indicators of success and active involvement. Although the implementation of the project had been delayed, the achievement so far is promising and highly probably driving to achieve the objectives towards poverty alleviation and food security*

5.1.2 Repayment performance

The loans of ACAD to the S&C funds will remain part of the S&C portfolio as far as the cooperative s are utilizing those loans in efficient way and their portfolio is in a need for those loans. ACAD can ask cooperatives to pay back these loans when one of the condition or more are changed or disrupted. In all cases the total amount of loans considered as ACAD assets can be integrated to ACAD general credit portfolio. By the end of May 2005 ACAD didn't ask any of the cooperatives to payback the loans.

Conclusion: *The performance of cooperatives in term of repayments is enough satisfying due to good guarantees provided systematically by the borrower through guarantors and to the good follow-up from the S&C funds committees. The actual payback rate by the end of May 2005exceeded 95%. Some delay in repayments could explained as a matter of :lack of commitment or bad follow up.*

Capacity building

The capacity building components, i.e., the legal services, the training and on job training, was an efficient approach that was used by ACAD to achieve the project objectives. The participatory approach in the training and the variation of the tools from on job training, workshops, meetings and focus group proved to be an efficient way to reach different levels and backgrounds of beneficiaries and cooperatives' members. The capacity building component enable ACAD to achieve the following:

- It was possible to found and register 14 new cooperatives, 8 and 6 women and farmer cooperatives respectively.
- It was possible to activate 21 defunct cooperatives which were found before the project but were not functioning or lack systems and procedures of working. The creation of the SC fund was the main motivation for these cooperative to function well.
- The capacity building component revived the cooperative work in the community through the activation of the available human resources as well as all other resources.

Conclusion: *the training and capacity building components carried out by ACAD was efficient through the following indications:*

- *The training and capacity building components lead the cooperative towards better management of the SC funds in a more effective way compared to the status before the project.*
- *The training and the election activate the role of the general assemblies and management boards of the cooperatives. The decisions maker members become more involved in the cooperative work and the community work.*
- *The new adopted systems, procedures and process that supervised and coached by ACAD lead to create documentation systems within these cooperatives that help in keeping all the information and documents and all relevant records.*
- *The capacity building component created a competitive and networking environment between different cooperatives within the same regions or districts.*

5.3 Costs effectiveness

The total fund managed during the project implementation (saving, loans from ACAD, loans from cooperatives and the operational expenses) is 1,541,167. At the same time, the operational expenses is 303,380, which contribute 19.7 % of the total budget. This percentage is reasonable one for development service delivery projects as long as ACAD totally allocated four full time employee for the project.

Conclusion (1): *The result of the activities clearly show that ACAD was enough efficient using the allocated resources to run the project.*

Conclusion (2): *When the project finished ACAD loans will remain to be with the cooperatives portfolio, this means that ACAD has to secure resources in order to cover the capacity building and follow-up components. Consequently, ACAD has to reduce the expenses and generate some income to cover the follow-up and capacity building components. It could be that ACAD will use the new credit product as a sources of income to cover the expenses of the cooperative program. In all cases ACAD has to develop special business plan where the cost of running the cooperative S&C program and the expected income from the new product.*

Conclusion (3) *The evaluation mission believes that the merging of the two food security projects run by ACAD (Credit, cooperatives) has potential for ACAD to manage the cooperative project beyond the project date in an efficient way.*

5.4 Credit Procedures

ACAD had developed clear procedures to regulate the loans to the cooperatives; these procedures (described in a different section) proved to be sufficient in terms of efficiency and low risk of not returning back the loans. Each cooperative developed its own procedures based on the surrounding environment, and the required security for the portfolio, all of the cooperatives procedures contain the minimum requirements to safely run the credit process, this include, the application form, the guarantees, the payment schedule, and the loan documents.

Decisions regard the Coop loans to the members are taking in the S&C Committee of the cooperative. ACAD is monitoring the process, receiving data from the cooperatives and submitting regular reports to the cooperative.

Conclusion: *ACAD worked with the cooperatives to develop their own clear procedures to regulate the loans within the cooperatives. These procedures proved to be sufficient in terms of efficiency and low risk of loosing CSCF money.*

5.5 Cooperative efficiency

Some of the cooperatives showed high capacity of managing their SC fund and this is clear from the number size of loans they provided to their members as in Saffa Women Cooperative while others although they have the required capitals and SC fund as happened in the cooperative of Kafr Ni'mah women cooperative. The new established CSCF during the last period of the project got fewer chances to be imposed to enough training and on job training. ACAD has to pay attention to those cooperative which still lack confidence to run their fund efficiently and ACAD need to do assessment to their capacities and the potential to manage such funds.

Conclusion: *Although, there are signs of great interest and demand for improving their capacity, the cooperative management boards and member require more training to manage their savings funds and the credit which is partly provided by ACAD. ACAD has to pay attention to the cooperative which still unable to run their fund efficiently through assessment to their capacities and assess their capabilities to manage such funds.*

6. IMPACT

The project was designed to make a new qualitative development on the lives of farmers, in particular and on the lives of small producers in Palestine in general. The impact of the project was noticed at the following aspects;

- The project participated in raising the awareness of small and poor farmers as well as women on the importance of self dependency and their own resources to sustain their own cooperatives and funds as consequently their livelihoods. This was true from the number of income generating projects conducted within the cooperatives as in Al-Khader cooperative, Tamoun cooperative and Attara women cooperatives. Some of the income generating project has been working for a while and proved to be a source for sustainable income as in the organic oil cooperative and its projects. Other projects are still in its early beginning but its feasibilities have been assessed and it has the potential to generate income as the cafeteria shop project in Attarah.
- The project worked on introducing secure sources of fund for farmers and women, and this is clear from the communal project conducted by the organic oil cooperative where they provide communal services to the oil producer, or as the agricultural input shop opened by the cooperative of Al-Khader. Such project allow the reduction of the cost of agricultural input on the farmers. Also, the project of food processing at Kobar cooperative has the potential to sustain income or food for farmers and women.
- The project is the first of its type that seeks to loan services by using the savings of women and farmers themselves. It is also the first practical step towards the dependency on the local sources to fund development processes, combat of poverty and the

achievement of the food security. The project was the first to institute women saving groups as well as farmers groups like the protected agriculture farmers, or organic oil farmers or herder farmers into a institutionalised groups registered at the ministry of labour.

- The project is a good model for credit institutions for all sectors. Such cooperatives and SC fund. The using of the local savings to fund loan activities will help these institutions to create funds and to have access to loan resources.
- The SC funds inside the cooperatives are a tool to enhance management and capacities and negotiation skills. The capacity building provided together with on job training enhanced the managerial capacities as well as performance of the cooperatives. Most of the targeted cooperatives have elected boards and practice democracy in their decision. One of the major impact of the project that the fact of two farmers; cooperative enhance their internal system to include female members within their membership.
- The saving and credit funds in the cooperatives guarantee income for the cooperatives to relatively sustain themselves and to strength their capacities. Many cooperatives took loans from the CSCF and created projects to generate income for the cooperatives themselves. The Kobar women cooperative got a loan from their own SCSF and establish a Gym with fees as source for income for the cooperative. The project is in its early beginning, but there are indicators of its success like women attendance to the gym in the village, the good environment the gym located at as well as the well equipped location with the needed facilities.

The main impact of the project was the creation of 41 saving and credit fund of a capital of USD370,269 up to May 2005 which will increase regular monthly by USD 25,000. These funds are going to be a tool to encourage farmers and women to build up a capital with small savings and a source of capital to secure the running cost of the business or to enlarge of the small business or just to support families in difficult time by covering some of the immediate needs.

6.1 Impact on Beneficiaries

One of the advantage of ACAD is the fact that their influence is mainly in the remote areas, where they provide local diversified services to meet financial and non financial needs of isolated populations.

The Cooperative savings activity has been significant; the accumulated amount is now about USD 370, 269 for the 41 cooperatives with an average of USD 237 per member. The savings contributes to mobilize people and funds but also provide a tangible social dynamic. Since the implementation of the programme the number of cooperatives, 14 new cooperatives were created, 21 cooperatives reactivated; the membership has also been increased of, the membership either credit and saving or ordinary members increased from 1204 to 2588 (200%). members (details of the cooperative status provided in ANNEX). During the project implementation, the starting members of the fund 960 members increased up to 1560.

The impact on the beneficiaries also provided by the type of projects and small enterprises established using the new SC fund. The most remarkable success story is the one in the village of Qabalan where a loan of an amount USD 200 used to create old metal processing workshop. The project income has a following impact on the member who got the loan:

- The beneficiary had a source for income after a long time of unemployment (three years) which caused the selling of some of the family assets.
- The beneficiary is able to feed his family and to cover part of the old loans he had.

The farmer in the Yatta cooperative who enlarged his chicken farm and consequently his income increased by two times.

6.2 Impact on Gender

ACAD considers within its strategy to give more focus on women development and benefit since the experience has demonstrated that the mobilization of women is strong and efficient. The credit performance

and social impact of activities that are handled by women, shows the concern of women to be integrated as actor of the Palestinian society. Moreover ACAD involved key professional women staff is planning to recruit some women within the next two years

Through the cooperative programme, women have been given priority which is relevant, since women groups show a more efficient participation and an excellent recovery of loans, higher than for men (as it can be observed in the cooperative of Kobar). The female number out of the total cooperative members is about 60% by May 2005 but the share of loans to women does not reflect this percentage for social and cultural reasons. A success story of a cafeteria project in Attara that is being run with a loan taken by a member is an indicator of how project may change lives of women. The same story has occurred in the cooperative of Kobar and the activities carried by women cooperatives loans are used to initiate family project to generate income for the household, or for the cooperative (the cooperative took a loan from the saving portfolio to found a gym for the village) loans to build or continue already started building or loans for purchasing household hardware (electrical devices) and loans for educational fees for students. While in Attara, the cooperative took a loan from the saving portfolio to found a kindergarten for the village) loans to build or continue already started building or loans for purchasing household hardware (electrical devices) and loans for educational fees for students.

Conclusion (1): *Although the time of implementation was short for appreciating tangible impact (with consideration of reasonable financial results recorded so far), but it is clear enough to realize the indicators of good benefit, success and active involvement within the project. Although the implementation of the project had been delayed, the achievement so far is promising and highly likely will lead to achieve the objectives towards poverty alleviation and food security.*

Conclusion (2): *The project analysis, provided there were clear benefit of the project. The assessment of the loans number and sizes of these loans side by side with the projects and its nature and use is a good indicators of the project impact on the targeted groups.*

Conclusion (3): *The savings and credit processes as well as the training and capacity building components contributed to reinforce the cohesion of the groups, the discipline and the management capacity of the members.*

7 SUSTAINABILITY

7.1 Cooperatives' Financial Sustainability

Within the project ACAD created and set up CSCF for 41 cooperatives of farmers and women groups. It provided loan with free interest with a total of euros 150,000 euros to 32 cooperatives. As an extra support ACAD provided a monthly rate of money for the cooperative to cover administrative costs of the portfolios created. The financial analysis which considered during the evaluation revealed the following:

- Without covering the operation costs, the saving and credit funds will have difficulties to sustain themselves.
- The main indicator of the saving and credit funds and cooperatives sustainability is the coverage of the administrative and running costs of the fund. Based on ACAD calculation the financial sustainability required the following indicators:
 - the minimum capital for SC funds have to reach: USD 20, 000
 - the fund has to disburse loans not less than 40,000 per year.
 - the yearly fixed interest rate is not to be less than 6%
 - the duration of the loan is not to exceed 12 months
 - the loan payback payments have to be regular and on time

The S&C fund sustainability financial indicators

Indicators	First Year	Second Year
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Total amount of disbursed loans	40,000	40,000
S&C portfolio at the end of the year	21,667	21,667
The expected portfolio income	1542	2361
Total investments	20,000	20,000

The above table is the model for the sustainable portfolio, in practical the cooperative can use different options:

- More total investments and decrease the interest rate, or
- higher interest rate with less total investment, or
- can increase the payment period, with increasing the fixed interest rate or the total investments

The main issue is that, the fund revenues are enough to cover the operation cost and the currency devaluation. Taking on consideration the short period of savings (less than 24 months), and the figures available about the cooperatives it is possible to classify the S&C funds form financial sustainability regards the indicators mentioned above as:

- Some of the cooperatives already reached indicators mentioned above in terms of fund building up, and credit policy, which means they are already sustainable.
- Some others based on monthly growth of capital building up and awareness increase regarding sustainability are shown to meet the sustainability requirements, short term after the project closing.
- Other cooperatives or few cooperatives, still remaining far away of meeting sustainability requirement.

Conclusion: *Cooperatives targeted by the project is classified as already sustained ones, other are in the right way to reach sustainability but unfortunately, few of the cooperatives are far away from being sustainable. Therefore it was recommended that ACAD working closely with the first category provide them technical assistance, consultancy, but without direct financial assistance. For the second category, ACAD should provide financial assistance from its own resources for short term to secure their sustainability. Regarding the third group, ACAD should and have to decide either to stop working with them or to merge two or three weak cooperatives in certain locations.*

7.2 Cooperative institutional sustainability

ACAD looks at the cooperatives as their future good client who might use their loan portfolio. The project purpose was originally oriented to the final users: “to develop and sustain the credit and saving groups in the rural areas to allow the Palestinians to produce and secure their basic food requirements”. ACAD in particular worked on providing legal services, capacity building and training, as well as on job follow up. For the evaluation team, the registration itself together with the process of registration when done in a participatory way resulted in strengthening the capacities of the legal positions of the cooperatives. The activities when implemented in a participatory way it is an indicator for ACAD willingness, believe and commitment to use the project for the empowerment and strengthening the capacities of the cooperatives. S&C funds now are managed by the members elected committees, who developed their skills in the portfolio management, records and book keeping. The S&C cooperatives developed their own saving and credit policies, working procedures, saving and credit forms, and manuals. All these factors are the right way to lead to institutional sustainability of the cooperatives as well as ownership.

Conclusion(1): *ACAD pre-conditions for dispersing loans to cooperatives is a first step toward the institutional sustainability. The existence of ACAD as an observer within the CSCF committee allowed the supervision and advice when creating loans and credit committees. Also, this provided on job training on running and management of CSCF and provided good information on the capabilities of the cooperatives to run such funds when the project is finished.*

Conclusion (2): *For the cooperatives, the project provides a significant economy of scale particularly for small loans. However the retailing credit procedure, which involves the permanent control of the Ministry of Labour, is not flexible enough to smooth the progress of the delivery. Therefore the sustainability of the cooperative programme is not fully ensured and the credit mechanism should be reviewed.*

8. CONCLUSION AND RECOMMENDATIONS

ACAD has been working on the CSCF project since three years. The project faced some delay at its starting period due to the political constraints, it was faced with some social and economical constraints but at the same time the flexibility, the efficiency, the and the commitment of ACAD to the project was a successful approaches that directed the project toward it final destination with almost full achievement of the project purpose and outcomes. The evaluation team would like to highlight on the following issues about the project under evaluation:

- Loan policy differs from one cooperative to another and this is due to the fact that ACAD did not impose of enforcing its own policy on those cooperatives. The cooperatives policies were developed in a participatory methodology. The policies differ in terms of loan size, repayment period, grace period, interest rate and its types, as well as loan guarantees. This approach of participatory development of policies highly fit with the project approaches and objectives.
- ACAD has to develop clear policy toward cooperatives who present no indicators or potential to sustain their entity.
- It is clear that the cooperatives are not enough mature to be totally independent. ACAD might be needed to renew its agreement with the cooperatives . It seems the financial monitoring of ACAD provided to the cooperatives will be needed for the cooperatives sustainability side by side with the capacity building activities.
- ACAD will continue to provide supervision and monitoring of the cooperatives as long as these cooperatives use loans from ACAD. This means that ACAD to handle the supervision cost and financial monitoring and highly properly the cost of the capacity building.
- ACAD with the cooperatives should pay more attention and revise the interest percentage of the loans provided by the cooperatives to their members as these interest will be the major component for many cooperatives sustainability.

In specific the evaluation team has agreed on the following conclusions:

- The project was designed upon the existing environment prior to Al-Aqsa Intifada. The two amendments proposed by ACAD and approved by the EC were essential for successfully implement the project, and this is because the political constraints and denial of movement of the Palestinian by the Israelis during the starting period of the project allowed no possibility to implement the project and achieve its outputs and results. Also, the deteriorated socio-economic conditions of the target groups and the high demand over the saving and credit portfolio make the expansion of the targeted cooperatives is very feasible.
- The analysis of the log-frame and the proposal document were designed in an appropriate and clear manner. However, the design of the log frame provides no quantitative or qualitative indicators this will make the measurement and comparison between the designed and implemented achievement harder. This is not applicable on the financial information where there is enough information for such comparison.
- ACAD, was able and flexible in its adaptation to the new development of the work-plan and the project activities. The increase of its staff was justified during the project period

but at the same time, ACAD should be careful and aware of how it will cover their expenses in the future.

- The MIS system is an efficient way for ACAD to monitor and predict the progress of the project in particular and ACAD progress in general. However, ACAD might be obliged to work on simplify its MIS system and provide oft copies of it for their future cooperatives who can use them to monitor the S&C portfolio.
- The management process of the cooperatives ACAD developed as part of the project ,was necessary for ACAD as they were the manager of the project. The on job training and the capacity building activities used by ACAD, will be the first step for those cooperatives toward the management of their cooperatives and portfolio after the finishing of the project. ACAD should be aware that many cooperatives might need extra support through training, supervision and logistic directions.
- ACAD steps towards working with women groups, farmers cooperatives with special focus to activate the defunct farmers' cooperatives was an important and essential step toward achieving the project purpose and results as these two groups, i.e, women and farmers are the most marginalised groups and vulnerable groups affected by food insecurity. The two amendments together with the increase of the targeted number of cooperatives reflects ACAD up-date information and knowledge of the needs of farmers and women within the local context. At the same time, there is no indication in the documents on how ACAD selected the cooperatives or women groups they worked with.
- ACAD was able to build up capital of Euros 730,000 out the of the one million euros the project have planned for. This amount is equal to 73% of the target fund value. The evaluation team believes, that could be acceptable within the very hard political and economical environment in Palestine since years 2000 up to now.
- The modification carried out within the entire period of the project reflects the keen will of ACAD to utilise the available resources and approaches for the ultimate benefit of the cooperatives, but at the same time, these modifications were very useful in functioning the portfolios as in the cooperatives of cooperative for rural women development-Saffa (they provided 65 loans of a total USD64873), while it make no remarkable financial changes at other cooperatives like East Zabouba Cooperative for Herders (they provided 7 loans of a total USD 3948, although they have the financial capacity to give more loans.
- Although the project log frame included no quantitative indicators about the training but the implemented activities within the capacity building components is quite remarkable. It for better evaluation for the future projects, ACAD is recommended to include clearer log-frame with smart indicators.
- ACAD pre-conditions for dispersing loans to cooperatives is a first step toward the institutional sustainability. The existence of ACAD as an observer within the CSCF committee allowed the supervision and advice when creating loans and credit committees. Also, this provided on job training on running and management of CSCF and provided good information on the capabilities of the cooperatives to run such funds when the project is finished.
- Each cooperatives developed its own guarantee system based on their realities with cooperation with ACAD. ACAD did not enforce their own policy on the cooperative loan system to raise the ownership feeling of the process within the cooperatives.
- ACAD approach of flexibility and participation in defining policies for credits, loans, interest rate payment schedule as well and grace period is well understood as a tool for capacity building, sustainability and ownership. However, the evaluation team recommends that ACAD to be more involved with cooperatives through designing credit

policies (interest rate, loans duration, repayment) to avoid any cash flow problems which could be face by cooperatives. It is recommended that ACAD to produce detailed business plan on annual bases presenting the expected cooperatives loan portfolio increase, available resources, and with expected income and expenses.

- The project objective is relevant because they contribute to alleviate poverty and chronic compensate the shortfall of food products within isolated areas of WB, where food security is particularly critical, particularly with the construction of the wall.
- The demand driven approach is that led to adopt more flexible policies. ACAD did adjust its credit policy according to the changes resulted from the political situation and its consequences and upon ACADS capacity to respond to the real credible demand.
- The activities carried within the project is highly relevant to the Palestinian context and to the cooperative movement as the saving and credit cooperatives are part of the Palestinian cooperative traditions, the cooperative is the only body who can hold and manage savings out side the privet sector commercial banks. And due to the fact that the commercial banks complicated procedures and requirements prevents a massive number of people especially in the rural areas to benefit from the commercial banks services, at the time when this people are in a big need for small loans and savings.
- The saving and credit groups at the rural communities level could be the best way considering the local context to cover the deficit needed within the micro finance.
- Although the project start period was hard, the time of implementation was short and the social and culture constraints limited the work, ACAD was able to reach its target of the number of the cooperatives to be activated or newly initiated.
- Targeting women groups through working with women committees is highly appreciated and good achievement of ACAD. Poverty alleviation is highly related to women status at rural area and communities. Working with women is a first step for poverty alleviation.
- ACAD was able to work at most of the districts of the West Bank but with unequal distribution of the targeted cooperatives at these districts. For future projects, although ACAD has to consider the social and cultural constraints (when working with women) but at the same time the it has to consider the level of poverty at these districts.
- For the evaluation team, the registration itself together with the process of registration when done in a participatory way will result in strengthening the capacities of the legal positions of the cooperatives.
- Although in the project design there were no indicators on the capacity building components, but within the short term of the project ACAD was able to conduct a remarkable number of workshops, on job training and empowerment issues. The activities implemented in a participatory way within this item is an indicator for ACAD willingness, believe and commitment to use the project for the empowerment and strengthening the capacities of the cooperatives.
- The on job training, the S&C funds now are managed by the members elected committees, who developed their skills in the portfolio management, records and book keeping. The S&C cooperatives developed their own saving and credit policies, working procedures, saving and credit forms, and manuals.

The Exit plan

ACAD is planning to cover its supervision and operation cost of the CS cooperatives through the expansion of its credit activity to the cooperatives members. The return of these loans through the interest will be used by ACAD to cover these costs. The interest to be taken is upon ACAD interest policy but this will require a mini –business plan development.

ACAD to give cooperatives loans for their members with 6% interest. This interest is divided between the cooperative and ACAD. The added value of these loans will be that cooperatives will do all the administration and financial follow up of the loans and on return; they will get 3% interest. Also this will minimise the risk. It is assumed that the interest will cover the loan operation cost of ACAD staff.

Another option is that cooperatives provide part of their deposit into ACAD fund which will merge all the deposits from all cooperatives into one fund for loans. This will reduce the loan operation cost and increase the chances for more loans to cooperatives. This fund might reach a fund of USD 1000000. This fund is to be operated with lower cost as long as the cooperatives are doing some administrative and financial follow up in turn of getting part of the interest of these loans. It is assumed that the interest will cover the loan operation cost of ACAD staff.