

FROM DEPENDENCE TO INDEPENDENCE – THE PALESTINIAN FAMILIES ECONOMIC EMPOWERMENT PROGRAM (DEEP) IN PALESTINE

A transformational poverty
alleviation program that
complement the National Social
Protection Program

Economic Empowerment Department



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|  | Title | From Dependence to independence – the Palestinian Families Economic Empowerment Program (DEEP) in Palestine |
|  | Excerpt about the solution | A transformational poverty alleviation program that complement the National Social Protection Program |
|  | What year was the innovation introduced | 2006-2015 |
|  | #women/youth entrepreneurs served/reached | 43% and 47% of the established projects and jobs created, respectively, are owned by women |
|  | (Potential) Lives Impacted | +52,000 |
|  | Budget | USD 110+ million |
|  | Which institution implemented the solution? | UNDP, Microfinance institutions and Local Palestinian NGOs |
| | Type of institution (financial institution, fintech...) | MDBs, local NGOs, and MFIs |
|  | Topic | Poverty Reduction and Livelihood Development |
|  | Sectors (max 4) | Islamic Finance |
|  | Video URL | |
|  | Location | Palestine - Gaza, West Bank and Jerusalem |



From Dependence to independence – the Palestinian Families Economic Empowerment Program (DEEP) in Palestine



The Challenge:

Addressing the Drivers for Underdevelopment, Poverty and Vulnerability in Palestine

Poverty and unemployment rates in Palestine are imposing a serious challenge; in 2017 about 30% of the individuals were living below the poverty level. In understating the drivers behind poverty and vulnerability in Palestine, the general development discourse has associated this poverty with many factors related to the Israel occupation. In such an environment, we will find that dispossession and de-development as the most striking factors. After the 1948 war, more than 1.5 million Palestinians had lost their assets and sources of livelihoods and became refugees living in camps after they were forcefully removed from their villages and cities.

To contribute in addressing this structural poverty and vulnerability challenge, the Islamic Development Bank (IsDB) initiated the creation and design of an innovative initiative in Palestine called DEEP. The Deprived Families Economic Empowerment Program (DEEP) has emerged in 2006 to empower the poor and marginalized Palestinians with the aim of uplifting them from being dependent on humanitarian assistance and charity aid to be a contributing member of society. DEEP is a multi-phases project funded mainly by Arab Funds through the Islamic Development Bank and executed by (UNDP/PAPP) under the leadership of the Palestinian Authority (PA) represented, mainly, by the Ministry of Social Affairs (MoSA).



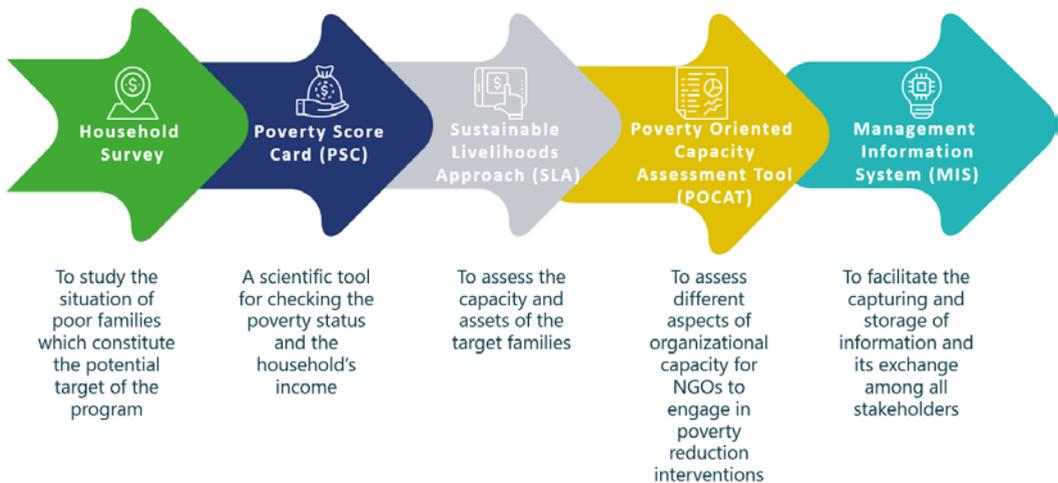


Description:

Promotional Social Safety Net, Microfinance and Capacity Building Program that matured into a National & Transformational Poverty Program

During this design stage, the project team conducted a household survey to study the situation of poor families which constitute the potential target of the program, using the Poverty Score Card (PSC) to check the poverty status and the household's income. Based on the Sustainable Livelihoods Approach (SLA) the capacity and assets of the targeted families were assessed to have a better understanding of the suitable type of income-generating projects for these families. NGOs and MFIs were also assessed as potential stakeholders with the Poverty Oriented Capacity Assessment Tool (POCAT) to partner in poverty reduction interventions. Final step in the designing stage was to develop the Management Information System (MIS) to facilitate the capturing and storage of information and its exchange among all stakeholders.

Diagram (1): DEEP Program Design and Planning Process



The main components and activities under the DEEP Program include the following:

1- Promotional and Protective Social Safety Net Activities: Economic Empowerment Grants, Economic Empowerment Non-Financial Services and Social Welfare

Many of the poor families that were targeted by the DEEP program were receiving assistance from the Ministry of Social Affairs and/or other sources. Therefore, DEEP management had coordinated and negotiated with the providers of this protective measures to continue it, at least for 18 months from the date of the participation of the families in the DEEP. Regarding the promotional social safety net activities, the program provided such interventions through partner intermediary NGOs and these activities mainly included:

- a- Economic Empowerment Grants: In cases where families have potential to engage in income generating activities in future but may not yet be ready to access financial services from MFIs, the DEEP had worked with its NGOs intermediaries to provide Economic Empowerment Grants to such families to help them begin an income generating activity. Such assistance may include seed capital grants in form of fixed assets or materials to help such families build their assets base after which they would be in a position to begin a micro-enterprise that would generate income for the household. The average value of the grant provided for each family was about 5,530 U.S. dollars (admin cost included).
- b- Economic Empowerment Non-Financial Services: DEEP had provided an array of non-financial services critical to the entry, survival, productivity, competitiveness, and growth of micro and small scale enterprises run and owned by the poor and very poor, who were the target of this program. These economic empowerment non-financial services included: training, entrepreneurship skills development, business development services, information, technology development and transfer, linking the poor to the market systems.

2- Providing a loan for a business partner: Economic Empowerment through Islamic microfinance

DEEP microfinance had provided mainly asset-transfer financing to the beneficiary projects. This does not only reduce vulnerability; it also allows poor households to move from day-to-day survival to a solid business plan for their future. Most of the Palestinian people prefer to receive Islamic, rather than conventional, financing (according to an IFC study, about 60% of the Palestinian people prefer the Islamic financing approach). Thus, DEEP produced Islamic microfinance tools that fit the needs of the poor and allow them to earn income in a dignified manner. The average value of the loan was around \$ 3,500 per family.

3- Capacity Building for Intermediaries Institutions

Interventions under this service line were intended to improve the capacity of organisations working on the project (CSOs/NGOs and MFIs) to ensure their ability to contribute to its implementation. The next diagram summarizes the different types of capacity building programs that were delivered to NGOs and MFIs partners.

Diagram (1): DEEP Program Design and Planning Process





Impact and Results:

Impact of DEEP's Economic Empowerment Grants and Islamic Microfinance Interventions on Employment, Livelihood Development and Poverty Reduction

Since its inception in 2006 and until the end of 2017, DEEP had managed to support poor households by establishing around 16,000 income-generating projects, around 43% of these projects are owned by women entrepreneurs. These projects are also enabling 37% of the targeted beneficiaries to graduate from poverty, helping 79% of them to close the poverty gap by more than 50% and enabling 96 % of beneficiaries to reduce their dependency on others by more than 75%. More than 85% of the supported businesses are still functioning, creating about US\$22 million of economic value- addition annually. In addition, the program has created over 52,000 job opportunities in the West Bank, East Jerusalem and the Gaza and 47% of these jobs for women. DEEP had also supported 12,773 families through different social services in the fields of education, health and housing. These jobs opportunities provided livelihood support for more than 215,000 citizens, 60% of them are children. DEEP has attracted about US\$80 million of new financing for the MSMEs in its portfolio and the estimated income out of these established businesses is around US\$ 270 million.

Finally, to leverage on DEEP's successes, IsDB has launched the Economic Empowerment Fund for the Palestinian People (EEFPP) in 2018, which is an impact investment fund, with \$500 million capital, that invests its capital in individual and collective economic empowerment projects proposed by its strategic partners that directly target the poor of Palestine. The Fund's aspiration is to empower 300,000 Palestinian families and thus, contributing to lift approximately 1,500,000 poor Palestinians out of poverty. The diagram below shows a summary of the program's results

Diagram (1): DEEP Program Design and Planning Process

