

ECONOMIC EMPOWERMENT AS A COMPLEMENTARY APPROACH TO THE SOCIAL PROTECTION PROGRAMS IN POVERTY REDUCTION AND LIVELIHOOD DEVELOPMENT



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Economic Empowerment as a Complementary Approach for the Social Protection Programs in Poverty Reduction and Livelihood Development: Comprehensive Assessment and Lessons Learned from the DEEP Program in Palestine

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Disclaimer:

The views expressed by the authors does not necessarily reflect the views and policies of the Islamic Development Bank)

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TABLE OF CONTENTS

INTRODUCTION	02
01 THE CHALLENGE, THE DESIGN, AND THE MAIN COMPONENTS OF THE DEEP PROGRAM	03
1.1 Drivers for Underdevelopment, Poverty and Vulnerability in Palestine	04
1.2 DEEP's Design and Planning Process: Design Study, Targeting Mechanisms, Capacity Building Assessment, Mentoring and Operations Manuals	05
1.3 The Main Components and Activities of the DEEP Program	08
02 THE COMPREHENSIVE ASSESMENT AND DEVELOPMENTAL IMPACT OF THE DEEP PROGRAM	12
2.1 Internal and External Assessment and Evaluation Studies on DEEP	13
2.2 Results and Developmental Impact of the DEEP Program	14
2.3 From \$30 million Program to \$500 million Impact Investing Fund: The Economic Empowerment Fund for Palestine People (EEFPP) as Scaling Up for the Successes of the DEEP	21
03 THE SUCCES FACTORS AND THE LESONS LEARNED FROM THE DEEP	22
3.1 Economic Empowerment as a New Innovative Complementary Approach for the Cash Transfer & Social Protection Programs	23
3.2 Bring the State back in the Economic Empowerment Discourse: Enabling Ecosystem, Committed and Capable Government as Key Success Factor	24
3.3 Partnership with Competent Intermediary Institutions and Execution Agency and Enhancing their Capacity with Tailored Training	26
3.4 Accurate Targeting Process and Continuous Monitoring & Evaluation	29
04 THE SUCCES FACTORS AND THE LESONS LEARNED FROM THE DEEP	31

INTRODUCTION

The Deprived Families Economic Empowerment Program (DEEP) was one of the first IsDB economic empowerment pilot experiences that was co-designed and co-implemented with the Palestinian Authority (PA), the UNDP/PAPP, and local NGOs to empower the poor and marginalized Palestinians with the aim of uplifting them from being dependent on humanitarian assistance and charity aid to become an active economic actor and a contributing member of society. The program won the Palestine International Award for Excellence and Creativity in 2011 and it made a positive national and international reputation on the impact and efficiency of the economic empowerment approach in fighting poverty and build resilience. Based on this success, the IsDB Economic Empowerment Department (EED) is replicating and mainstreaming the Economic Empowerment model -applied in DEEP- in other member countries, as well as expanding the model in the country through establishing the Economic Empowerment Fund for Palestine, with US\$500 million as an initial capital, to further promote the model nationally.

At this critical moment, it's very crucial to conduct a comprehensive assessment on the DEEP experience to thoroughly highlight the different stages of such program from the inception until the completion, which will help internal and external development practitioners and researchers to fully understand how the economic empowerment approach works on the ground and how you can design similar program that aims to address some of the poverty and vulnerability challenges in developing countries. On the other hand, it's very beneficial for the IsDB EED to revisit this experience since it will highlight some of the important lessons learned that might help in achieving its main mandate of leading, supervising and institutionalizing all of IsDB's Economic Empowerment interventions in IsDB member countries.

This report has main three sections, the second section after this introduction discusses the developmental challenges and the context of the country where DEEP had been implemented (i.e. Palestine), it explains in detail how this program had been designed and what are the targeting mechanisms and the assessment and operations manuals that were followed in such design,

and it also describes the main components of the program. The third section analyses the developmental impact of the DEEP program by focusing on employment, livelihood development and poverty reduction, capacity building, institutional learning, serving as a role model for community development and a case for South-South cooperation. Finally, the fourth section discusses the success factors and the lessons learned from the DEEP program and it highlights the following: understanding the economic empowerment approach as a new innovative complementary for the cash transfer & social protection programs; the importance of bring the state back in the economic empowerment discourse and crucialness of investing in building the state capabilities as a key to success and enabler factor for future economic empowerment interventions; the importance of forging smart partnership with competent intermediary institutions and execution agency and the necessity of enhancing their capacity through tailored training; and the fundamental need to develop accurate targeting process for the expected end beneficiaries and continuous monitoring & evaluation mechanism for the economic empowerment initiatives.

01 THE CHALLENGE, THE DESIGN, AND THE MAIN COMPONENTS OF THE DEEP PROGRAM



1 The Challenge, the Design, and the Main Components of the DEEP Program

1.1 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 level². Gaza Strip contributes more to national poverty than the West Bank, its share of the poor population is 71.2% compared to 28.8% of the West Bank³. 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 and the conflict, however it's very important to consider other socio-economic factors in the Palestine context given that it is still one of the underdeveloped countries in the global South. This comprehensive view will help us to accurately understand the main drivers behind the vulnerability among the Palestinian people⁴.

Focusing on the conflict related sources of vulnerability, 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 cities⁵. Poverty statistics clearly indicate a higher likelihood of being poor for residents of refugee camps. In 2007, the Palestinian Central Bureau of Statistics (PCBS) shows that poverty rates in refugee camps stood at 38.6%, while the national average was 30.8%⁶. On another hand, the de-development mechanism for the occupied Palestinian territories, which refers to "the gradual reduction in the size of productive sectors of the economy compared to commerce and construction", is also one of the main drivers for vulnerability and poverty in Palestine, especially in Gaza⁷. It is no wonder that Gaza Strip contributes more to national poverty than the West Bank as this de-development mechanism has been activated heavily in Gaza, Gaza's share of the poor population is 71.2% compared to 28.8% of the West Bank as previously mentioned.

To contribute to 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 multi-phases program 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 Development (MoSD). DEEP works through intermediary Non-Governmental Organization (NGOs), Microfinance Institution (MFIs), and private sector institutions to provide a comprehensive package of financial and non-financial services to meet the needs of the poor and extremely poor families in Palestine⁸.

Gaza Strip contributes more to national poverty than the West Bank, its share of the poor population is 71.2% compared to 28.8% of the West Bank³. 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 and the conflict, however it's very important to consider other socio-economic factors in the Palestine context given that it is still one of the underdeveloped countries in the global South.

2. The poverty line for a reference household of five individuals (2 adults and 3 children) was NIS 2,470 (New Israeli Shekels), equaling around 686 USD, check the Palestinian Central Bureau of Statistics Poverty Profile in Palestine in 2017.
3. IsDB, Economic Empowerment For Financial Institutions: Economic Empowerment Design Toolkit, August 2021, available at <https://www.isdb.org/publications/economic-empowerment-for-financial-institutions-economic-empowerment-design-toolkit>
4. Michael Sansour and Nedal Zahran, Reducing vulnerability through economic empowerment: a new approach to social protection in Palestine, International Conference on "Social Protection for Social Justice", Institute of Development Studies (UK), April 2011.
5. Anera, What Are Palestinian Refugee Camp Conditions Like?, Published on September 2019, available at <https://www.anera.org/blog/what-are-palestinian-refugee-camp-conditions-like/>
6. Michael Sansour and Nedal Zahran, Ibid.
7. Sarah Roy, The Gaza Strip: A Case of Economic De-Development, 1987, Journal of Palestine Studies.
8. IsDB, Economic Empowerment for Financial Institutions: Economic Empowerment Design Toolkit, Ibid.

1.2 DEEP's Design and Planning Process: Design Study, Targeting Mechanisms, Capacity Building Assessment, Mentoring and Operations Manuals

Since this project was the first of its type, the exact service lines and outputs were not determined in the initial phase of the project, and after several meeting between the key stakeholders (IsDB, UNDP and the PA) it was decided to solicit a specialised development consultancy firm to conduct a study on the situation of poor families which constitute the potential targeted segments for the program. Based on this, UNDP contracted Al-Sahel Research Company to conduct a household survey. The results of this study/survey were expected to later feed into the design of the different outputs and service lines. The study relied on three sources of collecting data, analysing the poverty patterns and identifying the livelihood sources and strategies used by poor households in Palestine. First, two samples were used in the survey: the first was a random sample of 305 families selected from a sampling frame of 1,443 identified families on the Al-Aqsa Fund's list of hard-hit families during the Second Intifada. The sample drawn accounted for 20% of the overall sampling frame, allowing for accurate national analysis of subgroups within surveyed families. The second was a sample of 1,200 low-income families, which were proportionately distributed across six regions in West Bank and Gaza based on poverty levels (north, middle, and south West Bank, and north, middle, and south Gaza). The second source of data for this study was detailed case studies of six poor households. Third, meeting with experts and professionals were also used to provide feedback on the study results and recommendations for the design of the project⁹.

The study identified six types of poor households: (1) Households with members of working age but lacking experience, (2) Households with existing enterprises and other resources, (3) Households with ownership of natural resources (land), (4) Households with plans/ideas for establishing enterprises, (5) Households who operated small enterprises and failed, and (6) Households whose members are outside the labour force.

The design of the program considered the first five categories as the potential targets for economic empowerment interventions such as economic empowerment grants and microfinance interventions. While the sixth category could be the most vulnerable category, however, but since it falls outside the scope of economic empowerment interventions, the program exclude them and direct the PA that these households must benefit from a set of other social services that can ensure their wellbeing such as food security, health insurance, education support and cash assistance¹⁰.

After analysing the poverty patterns and identifying the livelihood sources, and since there wasn't a well-established procedures and practices for such a large-scale poverty reduction program, UNDP/DEEP contracted the Birzeit University Centre for Continuing Education (CCE) to provide consultancy services on developing the program's implementation methodology and to develop the program's monitoring and evaluation plan. The CCE contributed to the development of the Poverty Score Card (PSC) which is a scientific tool for checking the poverty status of a specific household. It re-estimates the household's income based on socio-economic data, and



9. UNDP, IsDB and PA, Project Completion Report for the Deprived Families Economic Empowerment Programme (DEEP), September 2010.

10. Ibid.

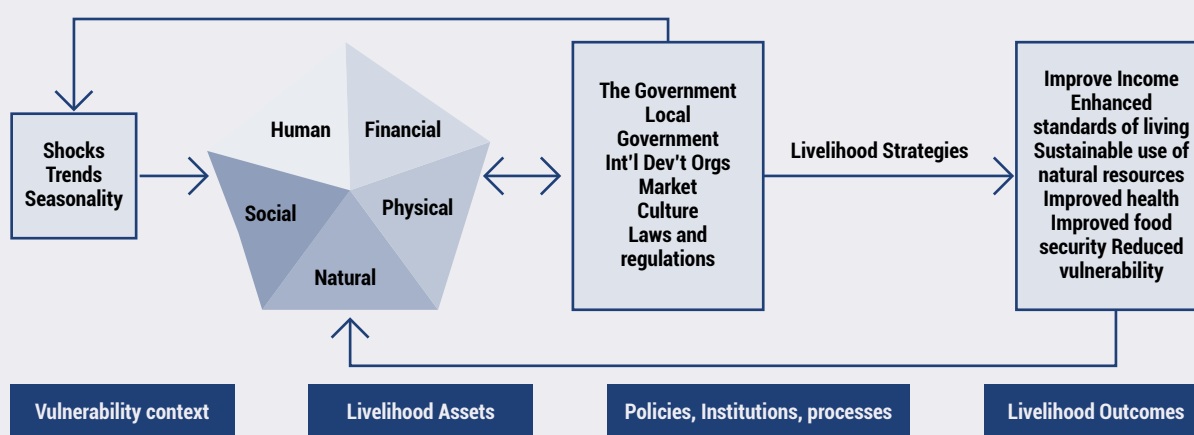
compares the value to the national poverty lines. Field staff will visit the families and filter them according to poverty and vulnerability criteria of the program¹¹. This score card contributed to enhancing the effectiveness of the targeting in the program through limiting leakages.

Third, CCE worked on developing the tools to be used in assessing the capacity and assets of the targeted families

based on the Sustainable Livelihoods Approach (SLA). A questionnaire tackling all aspects of the household's assets, experience, and attitudes was developed and included as a main step in the assessment of the situation of these households and in order to develop a positive sustainable livelihood strategy. This process had also fine tune the targeting process so as to serve the best candidates of the program¹². For more Info on the SLA see Box (1)¹³.

Box (1): Sustainable Livelihoods Approach

The DEEP program methodology relied on the sustainable livelihoods approach (SLA) in assessing the livelihoods of potential beneficiaries of the project. Livelihoods are composed of "people, their capabilities and their means of living", which include tangible and intangible assets. These livelihoods are considered to be sustainable when they are able to cope and recover from stress and shocks without undermining the assets base for future generations.



The analysis starts with the households, who are considered the analysis unit. This analysis focuses on household resources which are categorized into five different capitals: human, social, natural, physical and financial. Households use a combination of these capitals in forming their livelihood strategies. However, these strategies and the capital assets base of households are often susceptible to factors outside their control. These factors are referred to in the "vulnerability context", which includes conflicts, seasonality and other shocks.

The framework allows also for an analysis of the role of institutions, policies and processes in determining and affecting both livelihood strategies and the vulnerability context. The final desired outcomes of livelihood proposed strategies, referred to as livelihood outcomes, are seen to be: increased income, better living standards, reduced vulnerability and sustainable use of natural resources.

The choice of sustainable livelihoods as the main poverty analysis tool in DEEP is based on the understanding of the multi-dimensional nature of poverty which necessitates a multi-dimensional analysis in order to have a better understanding of what constitutes poverty and how it can be fought. Moreover, poverty analysis and eradication require an approach that takes into account people's views of their own poverty, and how they intend to graduate from it. Indeed, the very multi-dimensional nature of poverty means that the collection of sufficient information regarding the livelihoods of the poor is difficult without their participation. Hence, only a participatory approach would be able to deliver the desired outcomes as interventions that are built with the participation of the poor are by default able to meet their needs.

SLA also takes the issue of sustainability into consideration. Sustainability features strongly, not only in the name, but the analysis of this approach. There is constant emphasis throughout the framework on building on existing capitals and pursuing livelihood strategies which will not undermine the asset base of the next generations. The ability of the SLA to capture the dynamism and the constant changes which affect the livelihoods of the poor is a main reason behind its adoption. It allows for a thorough analysis of all the elements in the framework and captures the linkages between these elements.

11. Basim Makhool, DEEP Up Scaling Case Study, submitted to UNDP in January 2013.

12. Ibid.

13. The information in this box and its diagram was taken from the Project Completion Report.

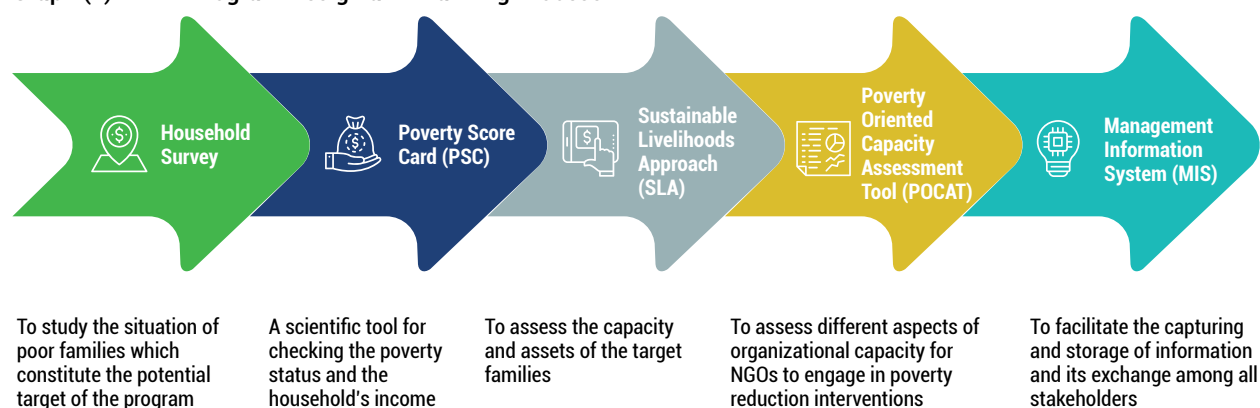


Additionally, CCE also worked on developing the Civil Society Organizations (CSOs) tool which was named Poverty Oriented Capacity Assessment Tool (POCAT). This tool identified the different aspects of organisational capacity and set out the methodology for assessing the CSO's capacity to engage in poverty reduction interventions. In this respect, POCAT identified five elements of organisational capacity: governance and aspirations; programs and strategies; management; human resources; and networks. Finally, CCE also worked on developing a monitoring and evaluation manual for the project and for partners CSOs. It identified the indicators on which data will be collected by the project staff and the tools that will be used in this process. Furthermore, a thorough operations manual was developed outlining the steps of program's implementation and the forms to be used at each stage¹⁴.

A similar capacity assessment tool was developed for the Microfinance institutions (MFIs). This tool also contains a business plan to be submitted by the MFIs to assess the feasibility of engaging with them before selecting them officially. The tool will check the following criteria: Institutional Capacity (governance, management and staff skills, etc.), Track Records for the MFI, Poverty Targeting Approach, Outreach and Growth rate, Innovation, Sustainability & Profitability¹⁵.

Finally, an Interactive Management Information System (MIS) was gradually developed and customized based on the program's needs. The MIS was built in alignment with the different programmatic service lines and related business processes to be able to facilitate the capturing and storage of information and its exchange among all stakeholders. The system is web-based and can be accessed by all partners with different functions and levels of authority¹⁶.

Graph (1): DEEP Program Design and Planning Process¹⁷



14. UNDP, IsDB and PA, Project Completion Report for the Deprived Families Economic Empowerment Programme (DEEP), September 2010.

15. Basim Makhool, DEEP Up Scaling Case Study, Ibid.

16. IsDB, Economic Empowerment for Financial Institutions: Economic Empowerment Design Toolkit, Ibid.

17. While the Graph shows that the program design starts with the household survey giving the impression that the design is at the household level, the reality was that potential economic sectors/areas were identified and the household surveys would aim to map out the beneficiaries with the targeted economic sectors and later to link them with stakeholders that have expertise in these targeted sectors/areas.

1.3 The Main Components and Activities of the DEEP Program

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

In general, there are four types of social protection programs or safety nets including protective, preventive, promotional, and transformational. The protective measures provide relief from deprivation and include social assistance for chronically poor especially people who are unable to work, other measures include free health services and social welfare. Most of the protective measures are usually financed by the government social programs. On the other hand, measures that aim to improve real incomes and capabilities of the poorest and most vulnerable are promotive measures, and they include a range of livelihood – improving programs such as micro-finance. The purpose of promotive measures is to concentrate on instruments that aim to income stabilization, and not to broaden the scope to include all developmental initiatives¹⁸.

On the **protective social safety net activities**, many of the poor and the very poor families that were targeted by the DEEP program were receiving assistance from the Ministry of Social Development and/or other sources. This

assistance comes in different shapes, sometimes it is an amount of cash and other times it is in-kind assistance (food, etc.) or as health insurance. Although the DEEP program was focusing mainly on the Promotional Social Safety Net Activities, keeping these protective measures for the targeted group on-going was a very crucial condition for the success of the program. 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. Additionally, if some of the families who will benefit from the DEEP weren't covered by health insurance, the DEEP had coordinated with the MoSD to have them covered by the governmental health insurance scheme¹⁹.

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 because most MFIs and other financial institutions do not finance start-up businesses because they are considered highly risky or because the applicants don't have an acceptable collateral for that financing, 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 and/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)²⁰.

b- Economic Empowerment Non-Financial Services: Since financial support, whether in form of grants or soft-loans, is not enough to help the targeted families in establishing sustainable economic opportunities that will support them in their journey towards a better life, the 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 program²¹. 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. During these non-financial

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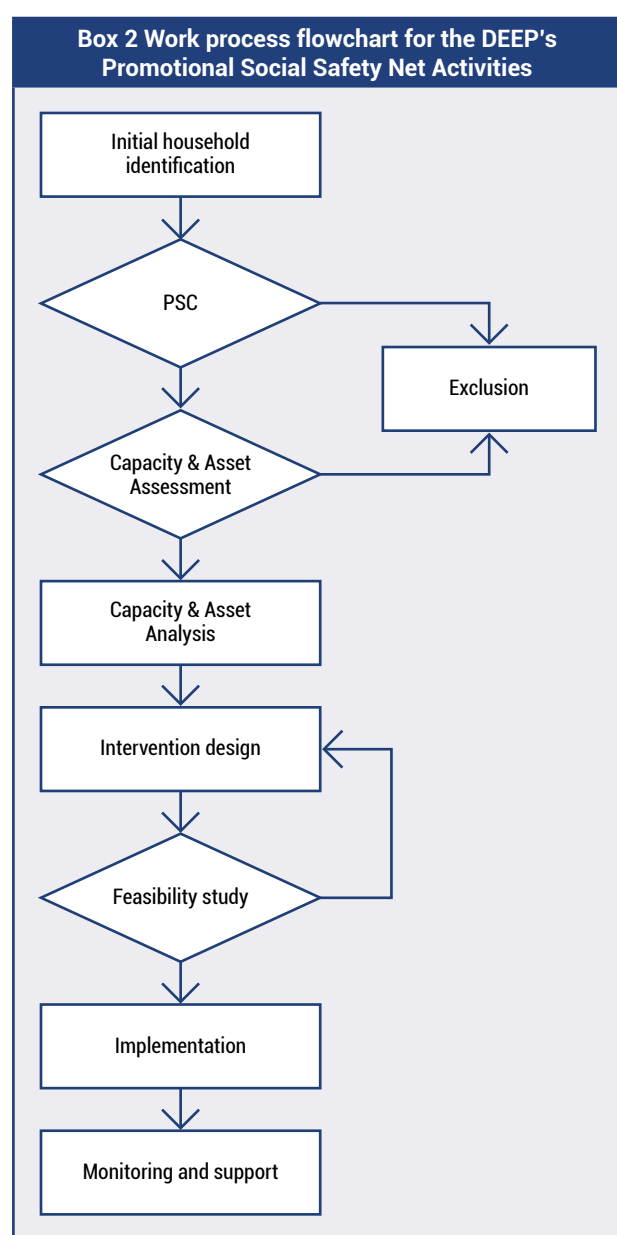
18. Michael Sansour and Nedat Zahran, Ibid.

19. IsDB, UNDP, and Al- Aqsa Fund, The Design Report for the Deprived families Economic Empowerment Program (DEEP), 2007

20. Khalil A. El-Namrouty, Wassem Alhabib, Doaa A. Al-thalathini. Effect of Micro-Grants on Poverty Alleviation of Palestinian Families (Gaza Strip- Palestinian Territories). Journal of World Economic Research. Vol. 2, No. 5, 2013, pp. 82-88.

21. Ibid.

services, participants polish and refine their business ideas through a participatory process between the project owner and the trainers to check for economic and marketing feasibility and identify other gaps at an early stage before implementation. Moreover, in order to ensure that the beneficiaries are running their businesses in an optimum manner, and to ensure the sustainability of the businesses, follow up and business coaching is conducted to help beneficiaries deal with the various issues they might face in marketing, production, finance, etc.²². See Box (2) for more clarification on how Economic Empowerment grants works²³.



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

DEEP microfinance is a customized modality for Economic Empowerment, development and income- generation in compliance with Islamic financial principles. It offers a variety of Islamic microfinance tools that respond to the specific financing needs of the poor. The establishment of this service line relied on the concept of a revolving fund which gave money to the existing Microfinance Institutions (MFIs) which in turn provided financing to micro and small enterprises to increase their incomes through expanding and developing their enterprises. 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 are Muslims, and they 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 manner²⁴. The average value of the loan was around \$ 3,500 per family.

1.3.3 Capacity Building for Intermediaries Institutions

Interventions under this service line were intended to improve the capacity of organisations working on the project (CSOs and MFIs) to ensure their ability to contribute to its implementation.

For the Civil Society Organizations (CSOs), the Capacity development interventions aimed to provide an orientation for the fieldworkers and staff on the methodology used in the project, enhance the project management capacities of the partner CSOs and improve the skills of field workers in small enterprise development. The first training component was focusing on developing the understanding of field workers and staff of poverty as a multidimensional phenomenon. Additionally, this first component included a detailed training on the methodology of the program, the operations manual, and the process by which the sustainable livelihoods approach (SLA) would be applied in assessing household poverty and determining suitable interventions. The Second component in the training was directed mainly to field workers, and it was an introduction on conducting feasibility studies for proposed interventions. The third component of the training was related to project management, it covered the different components of project cycle management and provided the participants, mainly project managers from partner CSOs, with an understanding of the program design, implementation, monitoring and evaluation processes²⁵.

22. IsDB, Economic Empowerment for Financial Institutions: Economic Empowerment Design Toolkit, Ibid

23. The information in this box and its diagram was taken from the Project Completion Report.

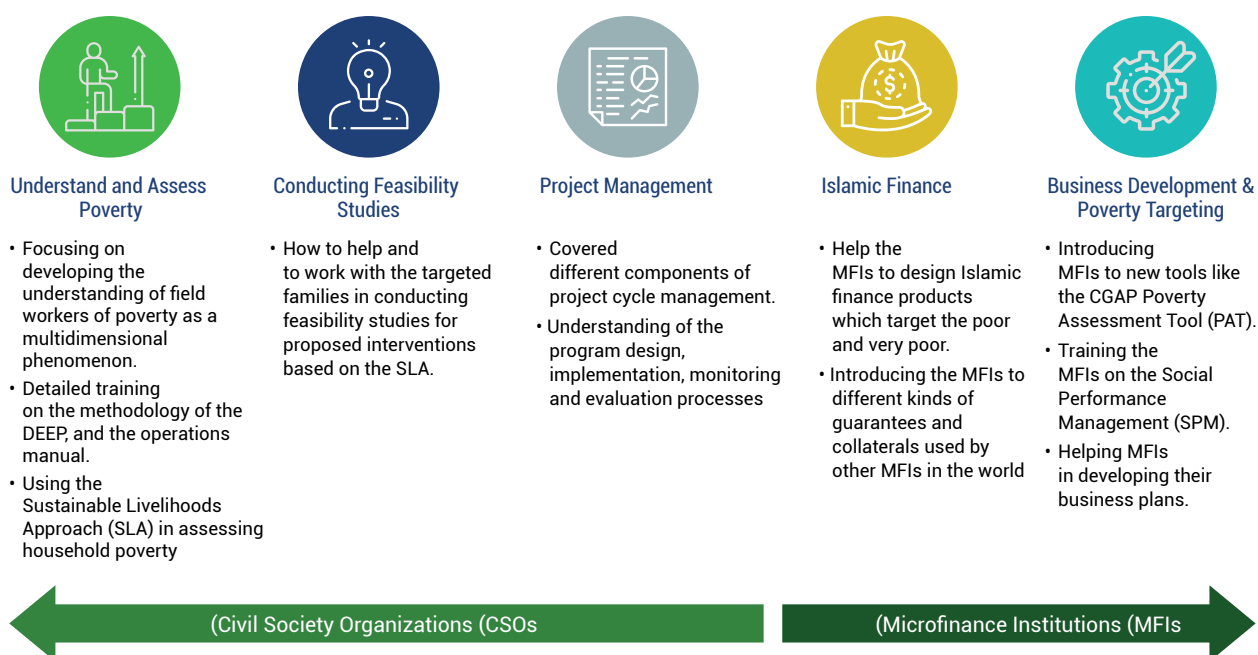
24. IsDB, Economic Empowerment for Financial Institutions: Economic Empowerment Design Toolkit, Ibid

25. UNDP, IsDB and PA, Project Completion Report for the Deprived Families Economic Empowerment Programme (DEEP), September 2010.

For the Microfinance Institutions (MFIs), the DEEP program helped the partner MFIs in build their capacities in areas like Islamic finance, poverty targeting, etc. This was done through several interventions including introducing MFIs to new tools like the CGAP Poverty Assessment Tool (PAT); training the MFIs on the Social Performance Management (SPM); helping those MFIs in developing their business plans; introducing the MFIs to different kinds of guarantees

and collaterals used by other MFIs in the world. Collaterals which can be provided by the poor and the very poor and guarantee the repayment of the loans. In addition, the program had built the capacities of the MFIs in the area of Islamic Lending by help the MFIs to design products which target the poor and very poor and which comply with the Islamic lending principles at the same time. See Box (3) for an important example²⁶.

Graph (2): Capacity Building for Intermediaries Institutions



Graph (3): The main components and activities under the DEEP Program

Protective Social Safety Net Activities

- DEEP coordinated with the providers to continue the cash transfers, at least for 18 months.
- DEEP coordinated with the MoSA to extend the health insurance.

Promotional Social Safety Net Activities: EE Grants

- For families who have potential to engage in income generating activities, but not ready or eligible to access financial services from MFIs.



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

Economic Empowerment Non-Financial Services

- 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

Financing through Islamic microfinance

- DEEP microfinance had provided mainly asset-transfer financing to the beneficiary projects that are already established

26. The information in Box (3) was taken from the Economic Empowerment for Financial Institutions: Economic Empowerment Design Toolkit.

Box (3): Linking the poor to the market systems: trade through Salam

Tremendous efforts have been exerted in DEEP to shift the focus of finance providers from simply providing credit to clients towards offering integrated business-development services that increase the sustainability of projects and prevent low-income families from falling into more debt because of failing businesses. This approach implied working on the local market systems to improve the livelihoods of the poor through partnerships with the private sector in the form of collective group projects.

For example, Maftoul (couscous) is commonly made by Palestinian women and has high demand in Europe. MFIs, supported by DEEP, provide Salam (advance purchase) financing to a women's cooperative, part of which is in the form of raw materials, while the remaining is given in cash. In exchange, the cooperative promises to deliver a certain amount of Maftoul. The cooperative subcontracts this to its members. Once the women deliver the Maftoul to the cooperative, it delivers the Maftoul to the MFI, which packages and exports it to Europe. The MFI ensures that the quality of the Maftoul and its packaging meets the required standards to export to Europe.

- See IsDB, *Economic Empowerment for Financial Institutions: Economic Empowerment Design Toolkit*, Ibid



02 THE COMPREHENSIVE ASSESSMENT AND DEVELOPMENTAL IMPACT OF THE DEEP PROGRAM



2 The Comprehensive Assessment and Developmental Impact of the DEEP Program

2.1 Internal and External Assessment and Evaluation Studies on DEEP

The fact that DEEP's third phase was completed in 2015 (i.e. almost 7 years ago) gives more time for the impact and evaluation studies to fully assess the developmental impact and the sustainability of this pilot experience. According to our internal discussions and the internet desk review we found one internal assessment reports and more than 9 independent and external assessment studies and reports. In general, these evaluation studies have assessed the impact of DEEP by focusing on one or more of the following four key criteria: relevance, efficiency, impact, and sustainability. In the relevance dimension, the concentration was on assessing to what extent the program's components were appropriate in tackling the poverty and vulnerability for the targeted families in Palestine. While on the efficiency the concern was relating to assessing the efficiency of the procedures, technical and management human resources and institutional arrangement in making things happened on the ground. Coming to the impact element the concentration was on assessing the developmental, economic, social, and institutional impacts of the DEEP's interventions on the targeted beneficiaries, the involved NGOs and MFIs and different implementing partners. Finally, the sustainability aspect was assessed mainly for the established income-generating business, as well as the abilities and capacities of the involved implementing institutions in carrying out similar interventions in the future.

The DEEP program was focusing mainly on the Promotional Social Safety Net Activities, keeping these protective measures for the targeted group on-going was a very crucial condition for the success of the program. 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.

For the internal assessment reports, we have the Project Completion Report for the Deprived Families Economic Empowerment Program (DEEP) that was published after the completion of the first phase in September 2010 by the UNDP, IsDB and PA. On the other hand, there are three types of independent and external assessment studies and reports: peer-reviewed and academic articles, master theses, and external evaluation by independent consultants. According to our analysis and search there are three peer-reviewed and academic articles that assess the impact of the DEEP program:

- Michael Sansour and Nedal Zahran paper on **"Reducing vulnerability through economic empowerment: a new approach to social protection in Palestine"** published in the International Conference on "Social Protection for Social Justice" by the Institute of Development Studies IDS in UK in April 2011.
- Khalil A. El-Namrouy, Wassem Alhabib, and Doaa A. Al-thalathini paper on **"Effect of Micro-Grants on Poverty Alleviation of Palestinian Families (Gaza Strip- Palestinian Territories)"** that was published in the Journal of World Economic Research in 2013.
- Jeyda Hammad and Rachel Tribe paper on **"The Impact of a Livelihood Intervention on Psychosocial Wellbeing and Economic Empowerment in an Ongoing Conflict Setting: The Gaza Strip"** that was published in the Journal of Mental Health and Psychosocial Support in Conflict Affected Areas in November 2020.

In addition, there are four master theses that analyze and assess the impact of the DEEP interventions. It worth mentioning that all these master theses have been accepted and examined by a panel of three academic experts (the supervisor, internal examiner and external examiner), therefore, in terms of analysis rigorousness they are quite similar to the peer-reviewed articles. These master theses are:

- Michael Sansour's master thesis on **"Grants for micro-enterprise development for extremely poor in Palestine"**, prepared for the master's degree in international cooperation and development (MICAD) program at Bethlehem University in 2010.
- Doaa A. Al-thalathini's master thesis on **"Effectiveness of Microgrants in the Economic Empowerment of Poor Palestinian Families Case Study on Economic Empowerment Programm in Gaza Strip (DEEP)"**, prepared for the master's degree in business administration at Islamic University of Gaza in 2013.
- Nawal Suleiman Ibrahim's master thesis on **"The Evaluation Management the Non-refundable Small Grants Projects that Funded by Deprived Families"**

Economic Empowerment Program (DEEP) in the Gaza Strip", prepared for the master's degree in business administration at Al-Azhar University – Gaza in 2015.

- Nevin Megally Yahya Abu Salim's master thesis on **"The Impact of Strategic Thinking on Economic Empowerment with Strategic Planning as a Mediating Variable. Applied Study on the DEEP Program at the Ministry of Social Development in Gaza"**, prepared for the master's degree in sustainable development at Al-Quds University in 2019.

Finally, there are two external evaluation for the DEEP program that were carried out by independent consultants:

- **"The Evaluation of the Deprived Economic Empowerment Program – DEEP"** that was prepared by Creative Business Solutions consultancy firm and was submitted to UNDP-DEEP in March 2011.
- **"DEEP Up Scaling Case Study"** that was prepared by Dr. Basim Makhool and was submitted to UNDP-DEEP team in January 2013.

Although part of these studies identified some rooms for improvements in the future, yet all these assessment and evaluation Studies agreed on the positive impact of the DEEP on poverty reduction, economic empowerment and creating income-generating business for the poor and how this impact was sustainable even after several years from the completion of the program. In addition to reviewing project documents from the administration of the DEEP program, all these studies have used a quantitative and rigorous methods for assessment and evaluation, and they collect and obtain the primary data from different related stakeholders (program's beneficiaries, NGOs and MFIs that were implementing the project's elements, government officials and donors) and they collect it from different ways (surveys and questionnaire from representative statistical samples, focus groups and personal interviews with the people in charge of implementing the program).

While some of these studies had focused on specific geographic areas or specific age population, the rest of them had made sure that a fair distribution for the samples was put in place at districts level (West bank and Gaza) and residential areas (cities, villages, towns and refugee camps). All data samples were distributed quite fairly

among various level and types of economic activities (agricultural, livestock, commercial, and manufacturing sector), among gender (males and females), among ages and among different level of education (illiterate, literate, basic, secondary, university education). Finally, it worth mentioning that the average number of beneficiaries that had participated in collecting the primary data regarding assessing the impact, efficiency and sustainability of the DEEP program is around 398 beneficiaries per each study²⁷. This sample size is randomly selected and its statistically representative.

In the next part of this section we will provide some results and conclusions from these studies regarding the impact and the assessment of the DEEP program.

2.2 Results and Developmental Impact of the DEEP Program

2.2.1 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, the positive contribution of the DEEP program towards economic sustainability is clearly demonstrated. DEEP had managed to support around 16,000 poor households by establishing income-generating projects for them, around 43% of these projects are owned by women entrepreneurs²⁸. 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%²⁹. More than 85% of the supported businesses are still functioning, creating about US\$22 million of economic value- addition annually³⁰. 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 million³¹.

27. I calculated this number from calculating the average of participated beneficiaries that represent the sample in five studies from the previous mentioned list which are: Michael Sansour and Nedat Zahran paper (380 participants); Khalil A. El-Namrouty, Wassem Alhabib, and Doaa A. Al-thalathini paper (170 participants), Nawal Suleiman Ibrahim's master thesis (230 participants), Nevin Megally Yahya Abu Salim's master thesis (500 participants) and the Creative Business Solutions evaluation study (710 participants).

28. UNDP-Programme of Assistance to the Palestinian People, Deprived Families Economic Empowerment Programme (DEEP), available at: https://www.ps.undp.org/content/papp/en/home/operations/projects/poverty_reduction/deprived-families-economic-empowerment-programme.html

29. Ibid.

30. IsDB, Economic Empowerment for Financial Institutions: Economic Empowerment Design Toolkit, Ibid

31. - UNDP-Programme of Assistance to the Palestinian People, Ibid.

- IsDB, The IDB Innovative Program «DEEP» a Pathfinder of Economic Empowerment in Palestine, Published in June 2018, available at: <https://www.isdb.org/news/the-idb-innovative-program-deep-a-pathfinder-of-economic-empowerment-in-palestine>



According to El-Namrouty et.al (2013) paper on the impact of the Economic Empowerment grants on poverty alleviation which collected data from 170 targeted beneficiaries for the first phase of the DEEP program (i.e. Palestinian families who suffer extreme poverty), 87.07% of the study sample believes that the income-generating projects that were established by the DEEP is the main source of income for these family, and 61.56% of these families had managed to pay their accumulated debts from this income. In addition, even after the completion of the DEEP program, these income-generating projects have increased the number of employees in the targeted families at a rate of 82.28%, 70.06% of families reported that they are feeling more independence after project, and 37.96% of the study sample have used their savings (from the income-generating projects) to further develop and expand their business³². It worth mentioning also that results from the 2013 evaluation study, which is based on survey that covered 400 families that received economic empowerment grants, indicate that 85% of the projects are still operating and that the economic and social benefits will strongly continue in the future³³. This clearly shows that these job opportunities that DEEP had created **are not temporary jobs, but they are paid, decent and sustainable jobs.**

Another assessment study for the DEEP program, with the sample size of 380 beneficiaries, shows that 79.6% of sample said that their income has increased as a result of these income-generating projects. Regarding the percentage of this increase, 45% said that the percent of increase in income was about 25%, and about similar percent of the beneficiaries have increased their income within the range of 25-50%. The rest (about 9%) said that the increase in their income was more than 50%. On average, the monthly income of the beneficiaries, before establishing their business under the DEEP, was 939 Israeli Shekels (ILS) (equivalent to USD 260), this average jumped to 1505 ILS (USD 418) demonstrating an average increase of about 60%³⁴. This means, in terms of income, **DEEP's economic empowerment grants had increased the average income for the Palestinian family by USD 158 monthly and US 1,896 annually.** On the other hand, the projects which benefited from the Islamic financing have achieved an increase in income by 19% after receiving the loan, and **the estimated increase in annual income for these projects is US 2,000**³⁵. Finally, regarding the increase in the projects' assets, the economic empowerment grants intervention supported the families' direct purchases of assets with a total value of \$ 20 million, while Islamic financing had succeeded in increasing the assets significantly for 38% of the projects³⁶.

32. Khalil A. El-Namrouty, Wasseem Alhabil, and Doaa A. Al-thalathini, "Effect of Micro-Grants on Poverty Alleviation of Palestinian Families (Gaza Strip- Palestinian Territories)", Journal of World Economic Research, 2013.

33. Creative Business Solutions, The Evaluation of the Deprived Economic Empowerment Program – DEEP, March 2011.

34. Michael Sansour and Nedal Zahran, Reducing vulnerability through economic empowerment: a new approach to social protection in Palestine, International Conference on "Social Protection for Social Justice", Institute of Development Studies (UK), April 2011

35. Creative Business Solutions, Ibid.











36. Ibid.

On reducing vulnerability and the livelihood development aspects, the percentages of the targeted families who reported that these income-generating projects has improved their expenditure on food, clothes, education, health and housing were 80.72%, 69.94%, 70.18%, 60.60% and 50.90%, respectively³⁷. Secondly, and according to the IDS's study on DEEP, most of the beneficiaries (48.55%) mentioned that DEEP have helped in reducing their reliance on aid by 25%, compared to 28% and 16% who said that their reliance on aid decreased by 25-50%, and 50-75%, respectively, and only 6.65% said that they do not need aid anymore³⁸. In addition, and according to a recent study from the University of East London that was published in late 2020, DEEP's interventions were found to have a positive impact on psychosocial empowerment (e.g. hope, confidence and improved morale) and they increase agency, independence, social mobility, self-sufficiency, decision-making ability and the ability to plan for the future among the targeted beneficiaries, especially youth. These livelihood development impacts of DEEP were maintained for more than 2 years and half after the completion of the program³⁹.

Given such impact and success, it wasn't very surprising the selection of the DEEP Program as the winner for the 2011 Palestine International Award for Excellence and Creativity in the exceptional project category with a financial reward of USD20,000. H.E. the Prime Minister Salam Fayyad announced the winners during a ceremony held at Al Najah University in Nablus on 24 October 2011.

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Graph (4): Impact of DEEP's Economic Empowerment on Employment, Livelihood Development and Poverty Reduction
"Winner for the 2011 Palestine International Award for Excellence and Creativity"

 Income-Generating Projects	+16,000		43% of these projects are owned by women entrepreneurs. These projects are also enabling 37% of the targeted beneficiaries to graduate from poverty, enabling 96 % of beneficiaries to reduce their dependency on others by more than 75%. More than 85% of these businesses are still functioning.
 Job Opportunities Created	+52,000		47% of these jobs for women, 87.07% of the beneficiaries had reported that these jobs are their main source of income, and 61.56% of these families had managed to pay their accumulated debts from this income. Thus, DEEP didn't create temporary jobs, but paid, decent and sustainable jobs.
 Percentage/Amount of the Income Increase	\$158/ Monthly \$1,896/ Annually		On average, the monthly income of the beneficiaries, before establishing their business under the DEEP, was 939 Israeli Shekels (ILS) (equivalent to USD 260), this average jumped to 1505 ILS (USD 418) demonstrating an average increase of about 60% .
 Role Model for Community Development & Case for South-South Cooperation	Officially Adopted in the MoSA's Social Policy		Economic Empowerment approach perceived as the first resort for deprived families in government policies and programs. Also, DEEP team was requested to visit Comoros, Lebanon, Libya, Morocco, Saudi Arabia and Syria to share the lessons learned and to help in setting up similar operations.
 Capacity Building & Institutional Learning	+350 Field Practitioners/ +200 Hours / 6 Tools and Manuals		DEEP had trained more than 320 field practitioners in 16 NGOs on implementing the economic empowerment approach. DEEP staff themselves had received several training courses on poverty, policy and management with an overall no. of 200 training hours

37. Khalil A. El-Namrouty, Wassem Alhabil, and Doaa A. Al-thalathini, Ibid.

38. Michael Sansour and Nedal Zahran, Ibid.

39. Jeyda Hammad and Rachel Tribe, The Impact of a Livelihood Intervention on Psychosocial Wellbeing and Economic Empowerment in an Ongoing Conflict Setting: The Gaza Strip, Journal of Mental Health and Psychosocial Support in Conflict Affected Areas, November 2020.

Box (4): Personal Success Stories from the DEEP

- **Kamel Abu-Odah – a Fisherman from Rafah who increased his income, created jobs for others and managed to send his children to university**

A part of larger fishermen community in Gaza Strip of 4000 fishermen, the skilled fishermen were facing, for years, a systematic marginalization that makes their lives more difficult. Responding to the needs of such community, the DEEP had targeted 9 households whom identified as poor families that are eligible for Economic Empowerment grants. Among those households is the family of Mr. Kamel Rajab Abu-Odah, fifty years old fisherman, a breadwinner of a family with 8 members. The Agricultural Development Association, DEEP's local partner, had worked closely with Mr. Abu-Odah to establish a micro project based on his needs and his current assets. Mr. Abu-Odah pointed out that several factors contribute to this low income, among which were: fishermen can't sail deeply into the sea due to the Israeli measures, weather, yet most significantly the limitation of tools such as proper fishing nets that can catch different size and types of fish and the ownership of a sailing boat. The DEEP partner has assessed Mr. Abu-Odah livelihood capitals and his vulnerability context, then he has been granted \$ 4,000 in-kind grant of fishing nets that will enable him of fishing different types of fish.

Since Mr. Abu-Odah received the grant on early November 2009, he worked hard with his two sons. DEEP's partners had advised Mr. Abu-Odah and oriented him on how to monitor his income and expenditures. Due to this, Mr. Abu-Odah's business was expanding and he was able to ask his unemployed brother and nephew to work with him, making this business providing income for 3 families. Records were showing a sharp increase in Mr. Abu-Odah's income, an amount of about \$ 1,300 to \$ 1,500 was a total monthly income for Mr. Abu-Odah. In March 2010, Mr. Abu-Odah has decided to buy a boat with Engine with a cost of \$ 8,000. He paid half of the money and committed to pay the rest in seven installments "In one year from today, my daughter will be going to the University, I'm really sorry for my other daughters and sons, I have never been able to send them to universities or pay for their studies" Mr. Abu-Odah.



- **Iman Abd- Al Raoof Mohammad Kanaan- Livelihood Development from Islamic micro-loans**

Iman Abd- Al Raoof Mohammad Kanaan from Jaba, 38 years old, has elementary education. Her husband was working in Israel as cook but is unemployed and they have 9 children. In addition of providing living expenses for a family of 11 members, Iman was also supporting her daughter in her study at the university. Iman owns a grocery to sell food, frozen food, and cleaning material. Iman also works in slaughtering chicken, cleaning it and preparing it for sale. The machines that she owned in the beginning was including refrigerator, gas cooker, falafel pan and a machine for mincing meat.

As eligible person for DEEP support, she received a loan from Assalah for an amount of \$3000 used to buy frozen food, fish, milk and yoghurt so she can increase her sales. The project also benefited from the DEEP technical support for two years. Due to this financial and non-financial support, Iman started to see development in her business and increased in income, then she bought the machine for cleaning chickens, pan for frying falafel, refrigerators for deep freezing. Later She managed to win service-providing contracts for preparing food for the employees of nearby companies in Jaba.

Box (4): Personal Success Stories from the DEEP

• Khalid Al-Shahateet from Hebron- From Unemployment to a Business Owner.

Khalid Al-Shahateet, 40 years old, lives in AlMajad village in Dora, Hebron. A breadwinner of a family with 8 members; used to be for long years a Construction Worker in Israel to manage the increasing demands of his household. Mr. Al-Shahateet has had a chronic poverty level, particularly since the year 2000 when the second Intifada erupted, and he had no access to work. DEEP local partner has identified Al-Shahateet as extremely poor household, yet with high potentials to graduate from poverty. Mr. Al-Shahateet has been trying to sustain the basic demands for his family, he tried to sell vegetables then watermelon, yet his income was very limited to cover his poverty gap. Despite, his ability to do more, Mr. Al-Shahateet lack the financial resources to scale up a private business.

DEEP worked with Mr. Al-Shahateet to identify the best area of economic intervention that will enable him to have a successful business. Mr. Al-Shahateet has decided to open Poultry Selling Shop in addition to frozen meat Products. Mr. Al-Shahateet had a shop that very suitable but needed sufficient investment. Since started his business in February 2010, Mr. Al-Shahateet had a soaring business. His social capital and reputation were very helpful to him to have a net income of \$ 450 to \$ 550 a month. This was a great push for him, to move out of deteriorating livelihood conditions. He has been able to meet new needs of his family, and he managed to have a more sustainable source of income.



Box (5): DEEP as a Multigenerational Source of Employment for Palestinian Families

The Centre for Social Protection, under the Institute of Development Studies (IDS) based at the University of Sussex, has published an evaluation study in 2011 for the impact of DEEP's economic empowerment grants in reducing the vulnerability. The study used a survey of 380 targeted beneficiaries from DEEP program, and within this sample of beneficiaries, the household size varies from less than two (2.7%) to 10 and more (9.8%) members. Compared to 2.3% of beneficiaries who have two or less household-members or less, the highest percent of the beneficiaries (37%) have 7-8 household-members and 61% of the beneficiaries have 7 and above household-members, which is more than the highest average household size in Palestine.

These facts about the nature and characteristics of benefited families draw our attention to a very unique sustainability feature for the DEEP program which is the idea that DEEP has the potential to act as a multigenerational source of employment for Palestinian families, because this income-generating projects is not only the source of income for the current head of household, but it also could continue as a source of income for his/her children when they grew up. Especially when we remember the cultural habits in the Levantine countries, where each family preserve specific handicraft or profession as part of the family legacy and regardless of the level of education (be secondary level or post-graduate level) for the household's members, especially the males, they need to master this handicraft or profession.

See Michael Sansour and Nedal Zahran, *Reducing vulnerability through economic empowerment: a new approach to social protection in Palestine*, International Conference on "Social Protection for Social Justice", Institute of Development Studies (UK), April 2011.

Graph (5): DEEP announced as the Winner of the Palestine International Award for Excellence and Creativity in 2011

2.2.2 Impact of DEEP on Capacity Building, Institutional Learning, Role Model for Community Development and a Case for South-South Cooperation

The developmental impact of the DEEP wasn't only on the economic and social aspects for the targeted families, but it was on increase and expanding the capacities of all stakeholders that involved in this program at an individual/professional level and at the institutional level also. When you combine this later impact with the former one (i.e. the economic, social and livelihood impact that we discussed in the previous section), you can easily understand how DEEP experience has become a role developmental model that has been followed and replicated by different donors and development agencies in Palestine. In fact, this success of the DEEP program has motivated many governments and development agencies to replicate DEEP in other countries through the South-South cooperation tools.

To start with the capacity building, the DEEP program had trained more than 320 field practitioners in 16 civil society and non-profit organizations that were managing the economic empowerment grants on different aspects that related to implementing the economic empowerment approach with the end beneficiaries. Training programs included how to conduct livelihoods assessments, how to work with the beneficiaries to identify the suitable project idea with their skills and then how to develop the feasibility study, the business engineering and finance modalities, the project management and mentoring aspects⁴⁰. This comprehensive capacity building for the

field practitioners had been transferred effectively to the targeted beneficiaries, and they become well equipped regarding managing and running their income-generating projects. This, in turns, had a direct impact in achieving a high rate of success for these established business under the economic empowerment grants intervention, and high rate of sustainability also since 85% of these businesses had continued to operate and generating income 2 years after the completion of the program. This is indeed a very high success rate, especially when we compare this rate with the failure rate of new small businesses worldwide, which is much more. It would very difficult to achieve this rate of success without transferring the knowledge and the know-how to the end beneficiaries through those field practitioners⁴¹.

It worth mentioning that the DEEP staff themselves had received several training courses on different fields related to the nature of the program and their role in manage such a unique poverty reduction program, these fields included: management of partnerships, control and evaluation, Islamic finance, public policies to fight poverty, exposure to the implementation of creative patterns of international experiences, international marketing, solidarity, and comprehensive training on the establishment of small businesses. The overall number of training hours was up to 200 hours of training⁴², which could be equivalent to a higher diploma! This very comprehensive and deep type of training program had played a key role in equipping those staff with the needed skills and knowledge in managing the whole DEEP program with the success that we just explored.

40. UNDP-Programme of Assistance to the Palestinian People, Ibid

41. Creative Business Solutions, Ibid.

42. Ibid.

Box (6): DEEP's Different Models for Knowledge Transfer and Skills Development

DEEP diversified its economic empowerment strategies by adopting knowledge transfer and skills development as tools for economic empowerment, in addition to the main approach of establishing microenterprises. These strategies responded to the high rate of unemployment among youth in general:

- **Incubators and accelerators for entrepreneurs:** to provide the opportunity for youth with business ideas to establish new businesses that would lead to job creation. This approach has been implemented in partnership with Palestinian universities and NGOs under different brand names like SEEDS and JADARA.
- **Skilling leading to employment:** training of youth has taken place based on assessing the market needs of professions and skilled people. This approach concentrates on pinpointing the demand before working on the supply.
- **Electronic distant work and online freelancing (e-work):** this approach aims at opening job opportunities for youth by networking with abroad job market. WAMD is the brand name for such project in Gaza.
- **Matching available human resources with industry needs:** this approach provided the opportunity for youth graduates in fields relevant to the local industry to constructively engage in the production cycles at local industries. Graduates proved that they can add value and enhance the production techniques and save costs related to maintenance and volume of production. This approach has been implemented in partnership with the Palestinian Federation of Industries and has the brand name of MAHARAT.

See IsDB, *The IDB Innovative Program "DEEP" a Pathfinder of Economic Empowerment in Palestine*, Published in June 2018.

Secondly, the DEEP had also contributed to building the institutional capacities for different stakeholders who were involved in it. To start with, as we discussed in the designing phase, the DEEP had developed different tools, manuals, and templates to ensure the proper targeting of the poor families, the assessment of their conditions and skills, and harmonization of the execution throughout the different CSOs and NGOs. Examples of these tools and manuals included: the development of the **Poverty Score Card (PSC)** which is a scientific tool for checking the poverty status of a specific household, the development of the **Sustainable Livelihoods Approach (SLA)** which is the tool that was used in assessing the capacity and assets of the target families, the development of the **Poverty Oriented Capacity Assessment Tool (POCAT)** which is a tool that was used in assessing the CSO's and NGO's capacity to engage in poverty reduction interventions, the development of a similar capacity assessment tool for the Microfinance institutions (MFIs), and the development of a web-based and an interactive **Management Information System (MIS)** that was built to be able to facilitate the capturing and storage of information and its exchange among all stakeholders.

In addition, a special and customized capacity building program was designed to cover the technical needs for staff at the Ministry of Social Development (MoSD) to enable them to manage future economic empowerment

programs that would target the poor. Also, the Economic Empowerment Approach has been institutionalized in MoSD and became an integral part of the National Social Protection Strategy (NSPS) for the MoSD⁴³.

Thirdly, the success of the first phase of the DEEP program in 2010 and the great impact that it made on the lives of the poor families had transformed the perceptions of relevant stakeholders, donors, NGOs and development agencies on DEEP from "just another development project" to consider it as "a role model for poverty reduction and community development". Therefore, many of these stakeholders, especially IsDB and UNDP, started to replicate or reproduce the DEEP's business model and the Economic Empowerment Approach in their different projects and interventions in Palestine. See for example the IsDB "Economic Empowerment Fund for Palestinian People (EEFPP)" and UNDP's "DEEP- Women Entrepreneur- (DEEP- WE)" project.

Other stakeholders didn't necessary and intentionally replicate or reproduce the DEEP's approach or business model in their projects/interventions in Palestine, however we believe that the success story of the DEEP and its contribution to the collective wisdom about how we can tackle poverty in Palestine had definitely contribute to the design of these projects and interventions. Examples in this category from the MDBs

43. UNDP-Programme of Assistance to the Palestinian People, Ibid

or the international development agencies included (but not limited): the International Labor Organization (ILO) and the Swiss Agency for Development and Cooperation (SDC) project on "Palestinian Women's Economic Empowerment Project" in 2013⁴⁴, DanChurchAid/Norwegian Church Aid (DCA/NCA)'s Economic Empowerment Project in Gaza in 2020⁴⁵. Also, the success of the DEEP has inspired more Palestinian NGOs to focus on the Economic Empowerment approach, such as the Palestinian National Economic Empowerment Institution (PNEEI)⁴⁶ and the Palestinian charity for Youth Economic Empowerment (CYEE)⁴⁷, which were established both after the completion of the DEEP and they have visions and business models that are very similar to DEEP's ones.

Finally, in addition to its well-recognized success in livelihood development and poverty reduction, DEEP had an efficient standardized methodology of capacity-building, and at the same time its business model was remaining flexible and responsive to varied contexts. This combination made its business model easily replicable, and very attractive to many governments and agencies to replicate DEEP in other countries. In fact, the DEEP team was requested to visit Comoros, Lebanon, Libya, Morocco, Saudi Arabia and Syria to share the lessons learned and to help in setting up similar operations. "These efforts to share expertise and experiences through South-South and Triangular Cooperation assisted in establishing a wide network of partnerships at the national and regional levels with technicians, practitioners and policymakers who continuously helped develop the model with their advice and technical expertise"⁴⁸.

2.3 From \$30 million Program to \$500 million Impact Investing Fund: The Economic Empowerment Fund for Palestine People (EEFPP) as Scaling Up for the Successes of the DEEP

To leverage on DEEP's successes in the period between 2006-2015, 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. On 14th of June 2020, Dr. Bandar Hajjar, the previous president of the Islamic Development Bank Group and Chairman of the EEFPP Board of Shareholders, inaugurated the constitutive virtual meeting of the Fund, marking the official starting signal for its activities. In that meeting, the President announced that IsDB decided to contribute by US\$ 100 million to the Fund's capital, while the Islamic Solidarity Fund for Development (ISFD) contributed by US\$ 52 million, and the Al-Aqsa Fund followed suit with a contribution of US\$ 13 million.

Furthermore, the Bank successfully mobilized US\$ 55 million from the Palestinian Investment Fund (US\$30 million) and the Palestine Prosperity Fund (US\$25 million). In addition, the Economic Empowerment Department's team is working hard, under the leadership of H.E. the President, on an ambitious plan to mobilize additional resources and attract other shareholders with a view to mobilizing the authorized capital of US\$ 500 million.

44. ILO, Palestinian Women Economic Empowerment Initiative, available at: https://www.ilo.org/beirut/projects/WCMS_213580/lang--en/index.htm

45. DanChurchAid/Norwegian Church Aid (DCA/NCA), Review for the Economic Empowerment Project in Gaza, Nov 2020, available at: <https://www.norad.no/en/toolspublications/publications/ngo-evaluations/2020/review-for-economic-empowerment-project-in-gaza/>

46. Yan Kulakov, The Palestinian National Economic Empowerment Institution Opens a Marketplace on CS-Cart to Help Micro, Small, and Medium Enterprises During Lockdown, published on Jun 2020, available at: <https://www.cs-cart.com/blog/the-palestinian-national-economic-empowerment-institution-opens-a-marketplace-on-cs-cart-to-help-micro-small-and-medium-enterprises-during-lockdown/>

47. Check their website at: <http://www.cyee.ps/en/1/4>

48. South-South Galaxy, DEEP. Improving the livelihoods of poor and vulnerable households in Palestine through economic empowerment, available at: <https://my.southsouth-galaxy.org/en/solutions/detail/deprived-families-economic-empowerment-programme-deep>

03 THE SUCCESS FACTORS AND THE LESSONS LEARNED FROM THE DEEP



3 The Success Factors and the Lessons learned from the DEEP

3.1 Economic Empowerment as a New Innovative Complementary Approach for the Cash Transfer & Social Protection Programs

The business models that usually mentioned as examples of the efficiency and success of the Economic Empowerment (EE) approach included four main models. First, Linking Beneficiaries to Markets, where EE programs/projects goal is to expand the scope of the markets available to the poor- from village markets to provincial markets or to national markets similar to what

happened in Sudan. Second, Venture Capital Investment through diminishing Musharaka, where the focus of the EE intervention is on developing a company and training youth to take over the company over a period of time such as what happen in Wad Balal cattle fattening project in Sudan. Third, Partnership with a Lead Firm, where EE intervention is helping the poor to develop their capacity to supply to a lead firm which commits to purchase their supply, advises on the quality standards required and supports the capacity building of the poor's microenterprises, like what has happened in Dairy partnership with Danone in Tunisia. Finally, *Development of an Incubator through Partnership*, such as Ard El Khair cattle fattening Incubator in Egypt.⁴⁹

Box (7): IsDB Economic Empowerment Track Records & Successful Interventions

1- Sudan - IRADA Projects (Strong involvement of the banking industry!)

Winners of the "Ethical Finance Innovation Challenge and Awards", 2014

- IsDB's investee's, IRADA, has developed EE programs with \$65 million.
- Started with \$65 million from IRADA, then reached \$189 million: \$104 million from local banks, and \$20 million from Zakat authority.
- Impacting 172,000 poor every year (directly and indirectly).
- Utilizes 13 financing methods whereby Murabaha represents 10% only.

2- Tunisia - Zitouna Tamkeen institution

Winner of the "Best Agricultural and Rural Finance Product", 2017

- Reputable local and international shareholders participated in its capital;
- 14,000 income-generating projects are financed so far;
- 40,000 direct and indirect jobs are so far created.
- 20 value chains projects engineered for poor people

3- Egypt - "Ard El-Kheir Incubator" of the "Youth Employment Support Project"

Selected among 850 projects to be featured in the Paris Peace forum, 2020

- USD 29 million financing provided to support mostly young women (80%).
- 1000 rural youth accessed technical-know how, adequate financing and markets in a sustainable manner and continuing to benefit new 160 rural youth yearly.

One of the very important things in assessing the DEEP experience in Palestine is to look at it as a practical and innovative model that improves and complements the existed Cash Transfer Social Protection Programs that many countries have implemented. We mentioned that there are four types of social protection/safety nets including protective, preventive, promotional, and transformational. The protective measures provide relief from deprivation and include social assistance for chronically poor especially people who are unable to work, other measures include free health services and social welfare. Some scholars criticized this type of social protection as being expensive, directing scarce resources towards consumption activities and leading the individual to rely governments aids. On the other hand, measures

that aim to improve real incomes and capabilities of the poorest and most vulnerable are promotive measures. In addition of keeping the existed protective social safety net activities (cash transfers, food and health insurance) Provided by the Ministry of Social Development, DEEP program was focusing on complementing these activities with another Promotional Social Safety Net Activities, including Economic Empowerment Grants and Economic Empowerment Non-Financial Services (training, entrepreneurship skills development, business development services) to help the poor in establishing sustainable income-generating businesses.

DEEP business model creates pathways to graduate the ultra-poor out of poverty within an integrated model

49. IsDB, Economic Empowerment for Financial Institutions: Economic Empowerment Design Toolkit, Ibid.

of social development. Indeed, DEEP business model replaces the disempowering effects of humanitarian aid, which not only fails to provide solutions to structural problems but also pacifies people and erodes their collective agency; instead, DEEP aims to promote deprived families as potentially active agents and equal participants in economic development. In fact, and according to the IDS's study on DEEP, most of the beneficiaries (48.55%) mentioned that DEEP have helped in reducing their reliance on aid by 25%, compared to 28% and 16% who said that their reliance on aid decreased by 25-50%, and 50-75%, respectively, and 6.65% of those beneficiaries said they do not need aid anymore! This indicator shows how DEEP's promotional activities had reduced the reliance on aid among beneficiaries, which in turns reduces the cost of the government's protective social safety net activities⁵⁰.

Therefore, DEEP was a leading initiative that enhanced the efficiency and effectiveness of the traditional social protection interventions, that are being delivered in Palestine by national and private actors, through introducing economic empowerment interventions to help poor people in escaping poverty and engaging in productive activities. In fact, DEEP has influenced the social protection policy in the State of Palestine by convincing the Ministry

of Social Development (MoSD) to adopt the economic empowerment approach. Economic empowerment is now perceived as the first resort rather than final resort for deprived families in government policies and programs⁵¹.

Shedding lights on this new, innovative and complementary EE business model will open new doors for the IsDB Economic Empowerment Department to work on new EE programs/interventions which would complement the existing social protection programs in the member countries by adding the financial and non-financial EE interventions that would promote new developmental thinking by helping significant part of the cash transfer recipients to change their mindset from relying on aid to self-reliance by becoming economic actors in the mainstream economy. However, policy makers and development actors who want to adopt such a strategy should put in their minds the funding/cost element. DEEP had invested on average about 5,530 U.S. dollars per household for such promotive social safety net activities, providing such amount to a large number of households can exhaust the social protection budget of the government. Thus, alternative sources of funding and innovative implementation modalities must be tested before rolling out such program on a large scale⁵².

3.2 Bring the State back in the Economic Empowerment Discourse: Enabling Ecosystem, Committed and Capable Government as Key Success Factor

It is very important to see the whole picture to know and identify critical factors behind the DEEP success. In this regard, the role of government, the Ministry of Social Development (MoSD), was very curial in creating the enabling ecosystem for the success of DEEP. Specifically, the role of government can be summarizing into three elements: having a clear definition for different types/ degrees of poverty and having a categorized database for the poor people under each type. This MoAS's database was the first and main filter for selecting and targeting poor families that would benefit from the DEEP's economic empowerment grants. It worth mentioning that all different tools that were used by the DEEP's team to enhance the effectiveness of the targeting in the program through limiting leakages (i.e. the poverty scored card, the poverty survey and the sustainable livelihood approach assessment) were all applied to the already established MoAS's database.

Second, as we mentioned before, most of the targeted beneficiaries for the economic empowerment grants were already receiving protective social protection measures



50. Michael Sansour and Nedal Zahran, Ibid.

51. IsDB, The IDB Innovative Program «DEEP» a Pathfinder of Economic Empowerment in Palestine, Published in June 2018, Ibid.

52. Michael Sansour and Nedal Zahran, Ibid.

such as cash transfers, food support, education and health insurance finance by the government or other donors but they were all managed by the MoAS. Although the DEEP program had included Promotional Social Safety Net Activities, these protective measures were very crucial conditions for the success of the program.

Indeed, without these protective measures, the targeted beneficiaries. wouldn't have the time or the leverage to focus on establishing their business and building their capacities and skills, because they would be very busy securing food or health services for themselves and their families.

Box (8): Targeting Efficiency and MIS Technology for the Palestinian National Cash Transfer Program (PNCTP)

The Ministry of Social Development (MoSD) has designed and implemented the Palestinian National Cash Transfer Program (PNCTP) that provides cash assistance for poor families depending on their size and expenditures ranging from \$70 to \$200 per month (delivered every three months) for about 94,000 families in 2011 in West Bank and Gaza. In 2017, the number of beneficiaries from PNCTP increased to around 120,000 families (out of 200,000 families that were identified by MoSD as eligible households), with 84% of them coming from the lowest income quintile and 70% were among the poorest 10% of the population. Although its only serving 55% of the eligible households, and considering the extraordinary political and economic constraints, "it is significant that many people in the global development community view the Palestinian National Cash Transfer Program (PNCTP) as a success, the PNCTP's targeting mechanisms are incredibly precise and very effective in targeting the hardest to reach in the West Bank and Gaza—the poorest of the poor and most marginalized". We believe the success of the PNCTP is very good indicator of what we mean by committed and capable government entity and how this entity had played a critical role in the success of the DEEP program.

Behind this high targeting efficiency of the PNCTP is a relatively sophisticated management information system, the Portalgate, which is the centralized repository of data collected from poor households and it coordinates the operations of the MoSD's seventeen local offices with the ministry's central Ramallah headquarters. The Portalgate is an essential component of how PNCTP targets recipient households, and it allows the MoSD to precisely identify and track households that are receiving the cash transfer, as well as those that are potentially eligible or ineligible. Currently the Portalgate has data on 200,000 PNCTP-eligible households. In addition, the Portalgate allows program managers to employ a more technocratic approach to eligibility assessment, mitigating corruption and favoritism. Other social-protection programs and international nongovernmental organizations also use the Portalgate to crosscheck their own lists of beneficiaries to minimize overlap in the distribution of cash-transfer programs. Or just like DEEP, they can use this database to identify the starting point regarding the targeted beneficiaries for their development interventions.

See: - Khalil A. El-Namrouty, Wassem Alhabib, and Doaa A. Al-thalathini, *Ibid*.

- Reach Project, *Cash Transfers in Palestine: Building Blocks of Social Protection*, Center of Inclusive Growth-University of Toronto, Published in 2019, available at: <https://reachalliance.org/case-study/cash-transfers-in-palestine-building-blocks-of-social-protection/#report>

Finally, MoAD is very committed to end poverty and enhance livelihood among poor Palestinian families, therefore when the success of the DEEP's business model and the Economic Empowerment approach in reducing the reliance on aid among beneficiaries and in promoting deprived families as potentially active agents and equal participants in economic development was proven its impact, immediately, MoAS has adopted and institutionalized the EE approach in the official social policy. Indeed, DEEP has influenced the National Social Protection Strategy in the State of Palestine and in making Economic Empowerment approach perceived as the first resort rather than final resort for deprived families in government policies and programs, but that wouldn't happened

without the support, the commitment, the flexibility and the openness to learn and develop that was provided by the Ministry of Social Development (MoSD). Adopting new policies that benefit the poor and vulnerable is not new to MoSD, in fact, MoAS has been working actively towards improving the policies that related to social protection and the rights of the of the poor Palestinian families and vulnerable segments. For example, the introduction of Palestinian Labor Law in 2000 was a transformative step that protect and ensure the right to justice, health care, and organization for all workers, as well as prohibiting discrimination. In addition to other laws that protect vulnerable groups such as children, the disabled, and households with imprisoned household heads⁵³.

53. FAO and MAS, Social Protection in the West Bank and Gaza Strip 2006-2007, Working Paper Series, Ramallah: Palestine Economic Policy Research Institute, 2008.

Box (9): Defining the State Capacity and the Need to Invest in Developing Countries' State Capacity

Many emerging economies' governments are unable to properly implement social development policies or national programs aimed at integrating the impoverished into the economic cycle. Many academics claim that the intricacy of interventions in poverty reduction and economic growth, as well as their selectivity, are largely determined by the state's bureaucratic capacities. Furthermore, the creation and execution of empowering policies or national programs necessitates public officials with strong technical and administrative abilities, as well as knowledge of how to best help vulnerable communities and handle pressing issues. This is referred to as "technocratic knowledge" by some researchers. State capacity, according to Altenburg (2011), has four dimensions:

(a) the ability to define strategic goals and effectively implement them. Regarding measure this dimension, the Bertelsmann Transformation Index (BTI), which is published every two years, rates 129 developing and transition nations based on the quality of governance, which is defined as a government's ability to identify strategic goals and effectively implement them;

(b) the ability to establish clear rules of the game for market-based competition. The Global Competitiveness Index can be used to measure this state capacity dimension. The World Economic Forum's Global Competitiveness Index rates countries based on their competitiveness, which is described as the combination of institutions, policies (including government policymaking transparency), and other factors that influence productivity;

(c) the ability to deliver services effectively. The World Bank has compiled a vast collection of government effectiveness indicators. These indicators are based on survey data that assess the "quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies" according to a large number of businesses, citizens, and expert survey respondents. However, one of the issues with survey-based metrics is that public perceptions of government efficacy are pro-cyclical, meaning that respondents are more positive (or negative) during good (or bad) economic times.

(d) the ability to avoid political capture. Transparency International's Corruption Perception Index can be used to approximate this skill. The index evaluates 180 nations based on measures that assess perceptions of governance, such as the government's ability to manage corruption, judicial independence, and government officials' favoritism in their choices.

Constraints such as a lack of state capacity can be overcome, but this can't happen without intentionally and systematically set of actions/interventions that would increase the financial and non-financial investments in building the state capacities. Some academics argue that despite limited initial capacity, the governments of East Asia were able to launch a successful development process. Other academics have also pointed out how certain developing countries have been able to implement true empowerment programs in the areas of health, education, and poverty reduction. Until the 1960s, for example, Pakistani bureaucrats were transferred to the Republic of Korea to be taught in economic policymaking. Long stages of reform and experimentation were used to build state capacity, a tough but not impossible endeavor. In their famous book "Poor Economics" professors Banerjee and Duflo pointed out that several successful development interventions were implemented in developing countries by asking the right questions and focusing on designing well-structured interventions through inducing the local institutions and building the capacity for the people who involved in these local institutions.

See: UNCTAD Virtual Institute, *Industrial policy: a theoretical and practical framework to analyse and apply industrial policy*, Published on 2018.

- Banerjee, Abhijit, and Esther Duflo. 2012. *Poor Economics*. New York, NY: Public Affairs.

3.3 Partnership with Competent Intermediary Institutions and Execution Agency and Enhancing their Capacity with Tailored Training

From the designing stage, DEEP program had adopted very comprehensive assessment process to select the NGOs that will provide the promotional safety net activities (i.e. the economic empowerment grants and the business development advisory services) and to assess

their institutional capacities and identify their capacity building needs. Before the final selection for these NGOs, they were requested to submit their proposals about how they will support and empower the targeted poor families and their innovative business models for such objective. Then, the DEEP officers and the Technical Assurance Committee will evaluate each proposal by assessing five main factors including: the Institutional capacity (governance, management and staff skills,



previous experience in targeting and implementing poverty reduction projects, etc.); the track record (references from other donor agencies, accountability, transparency, etc.); Outreach; the sustainability of their proposed interventions in establishing income-generating businesses; and cost for job created per family/household and cost benefits analysis in general⁵⁴.

It wasn't a surprise when the results of the independent evaluation study indicated that 100% of the NGOs and CSOs, which were implementing the DEEP's grants, described the DEEP's mechanisms and criteria for selecting partner institutions as "Transparent", 91.7% described it as "Professional" and 91.7% described it as "Fair"⁵⁵. Indeed, the outcome of this rigorous and transparent selecting assessment was having 16 capable NGOs and CSOs as direct partners in implementing the promotional safety net activities in the DEEP program.

Second, even after this very rigorous and tough selecting assessment, DEEP had developed specific tools to assess the areas of improvements for these selected NGOs and CSOs, train their fieldworkers the Economic Empowerment approach and develop their practical skills in helping poor families to establish sustainable income generating businesses. For this objective, UNDP/DEEP contracted the Birzeit University Centre for Continuing Education (CCE)

to develop the Civil Society Organizations (CSOs) tool which was named Poverty Oriented Capacity Assessment Tool (POCAT). This tool identified the different aspects of organisational capacity and set out the methodology for assessing the CSO's and NGO's capacity to engage in poverty reduction interventions. In this respect, POCAT identified five elements of organisational capacity: governance and aspirations; programs and strategies; management; human resources; and networks. In addition, CCE also worked on developing a monitoring and evaluation manual for the project and for those partners NGOs and CSOs. It identified the indicators on which data will be collected by the project staff and the tools that will be used in this process⁵⁶.

Based on the results and recommendations of the POCAT which was implemented on all NGOs and CSOs partners, the DEEP program had trained more than 320 field practitioners in 16 selected NGOs and CSOs. Training programs included how to conduct livelihoods assessments, how to work with the beneficiaries to identify the suitable project idea with their skills and then how to develop the feasibility study, the business engineering and finance modalities, the project management and mentoring aspects⁵⁷. According to the independent evaluation study that was carried out one and half year after the completion of the DEEP, all the NGOs and the MFIs that were involved

54. IsDB, UNDP, and Al- Aqsa Fund, The Design Report for the Deprived families Economic Empowerment Program (DEEP), 2007

55. Creative Business Solutions, Ibid.

56. UNDP, IsDB and PA, Project Completion Report for the Deprived Families Economic Empowerment Programme (DEEP), September 2010.

57. UNDP-Programme of Assistance to the Palestinian People, Ibid

in the DEEP program have unanimously agreed on the importance of the training that they received from the DEEP officers⁵⁸. This comprehensive capacity building for the field practitioners had a direct impact in achieving a high rate of success for these established business under the economic empowerment grants intervention, and high rate of sustainability also since 85% of these businesses have continued to operate and generating income 2 years after the completion of the program. It would very difficult to achieve this rate of success without transferring the knowledge and the know-how to the end beneficiaries through those field practitioners.

In fact, the training that these implementing NGOs had received from the DEEP program was transferred to the end beneficiaries through several follow-up site visits for the projects/businesses that were established by the beneficiaries to provide the necessary support and advise on different matters relating to the project management, financial sustainability and marketing. These site visits ranged between weekly, monthly, semi-annually and annually, namely, 47.6% of the projects' owners indicated that the NGOs fieldworkers have visited them once a month, 34.1% indicated that the visits were semi-annual, and only 11.2% and 7.1% indicated that the visits were weekly

and annually, respectively. Overall, These site visits focus on how the success of the project in order to achieve its goal which is the fight against poverty, 83.3% of business owners indicated that the visits focused on how to manage the project, 71.3% focused on the financial aspects and profitability of their projects, and 78.00% indicated that the visits focused on the techniques of production and how to enhance them. Overall, around 70% of the beneficiary business owners indicated that the benefit of these visits from the NGOs' fieldworker were medium to large, which reflect the impact of these visits on the success of established income-generating businesses⁵⁹.

Final note on building the capacity of these intermediary institutions is the paradigm shift from "Management for Output Delivery" towards "Management for Developmental Results". Over the three years implementation, awareness was developed among these CSOs and NGOs on the importance of management for development results rather than only focusing only on output delivery. Although the previous experiences for these intermediary institutions drove them to focus on the latter, the monitoring and supervision that done by the DEEP project officers had contributed to redirecting their orientation to achieve the desired results⁶⁰.

Box (10): How the State and the NGOs was Partnering with the Local Councils and Community Activists and Leaders in Targeting the Beneficiaries for the DEEP and the PNCTP?

The activity of civil society partners in the early stages of identifying the targeted families was focused on strengthening their presence and networks inside the local areas to be targeted. This task was very simple for many of the well-established NGOs, since they were able to harness their previous networks to create leverage for the initiative. Smaller or newer partner organizations focused on building community support networks. Local governance councils and community activists and leaders were frequently incorporated in these networks, whether for well-established or smaller NGOs. These local networks were critical in identifying poor families that could benefit from the program.

On the other hand, while the Palestinian National Cash Transfer Program (PNCTP) has relied mainly on the centralized process of identifying the eligibility of benefiting from the PNCTP through the Proxy Means Test Formula (PMTF), which is a quantitative poverty-assessment tool developed by the World Bank, to foster a standardized technocratic approach, which could minimize corruption, favoritism and clientelism. However, local knowledge and expertise, and thus flexibility, are also critical to effective targeting. The various social-protection networks and committees located within local jurisdictions allow flexibility for local stakeholders, for instance, to identify potentially eligible households. If the PNCTP relied exclusively on technocratic methods of assessment and identification, these deserving families would be overlooked. The PNCTP's effective reach is the result of a balance between a centralized and standardized identification process and more localized and flexible techniques to determining program eligibility.

See: - UNDP, IsDB and PA, *Project Completion Report for the Deprived Families Economic Empowerment Programme (DEEP)*, September 2010.

- *Reach Project, Cash Transfers in Palestine: Building Blocks of Social Protection*, Center of Inclusive Growth-University of Toronto, Published in 2019, available at: <https://reachalliance.org/case-study/cash-transfers-in-palestine-building-blocks-of-social-protection/#report>

58. Creative Business Solutions, Ibid.

59. Ibid.

60. UNDP, IsDB and PA, *Project Completion Report*, Ibid.

On the other hand, choosing the UNDP as the execution agency is, in fact, one of the most critical factors for the innovative design and the successful implementation of the DEEP program. According to the main project concept document for the Deep, and as per the request from IsDB, the UNDP was given the responsibilities of the overall management of the project, achievement of the project objectives, results and outputs, day to day management and financial management⁶¹. UNDP has built its involvement in the DEEP program on the long history and legacy of the UN agencies as the one of the most important international institutions that work on social development in Palestine as well as following the international best practices especially in the design phase of this program.

We strongly argue that this very comprehensive and deep type of training and capacity building had played a key role in equipping those staff with the needed skills and knowledge in managing the whole DEEP program with the success that we had explored in this paper.

Finally, the UNDP-DEEP staff themselves who act as a project officers had received several training courses on different fields related to the nature of the program and their role in manage such a unique poverty reduction program, these fields included: management of partnerships, control and evaluation, Islamic finance, public policies to fight poverty, exposure to the implementation of creative patterns of international experiences, international marketing, solidarity, and comprehensive training on the establishment of small businesses. The overall number of training hours was up to 200 hours of training, which could be equivalent to higher diploma! In fact, 100% of those staff indicated that the training courses were useful and, interestingly, 66.7% of them said that these training courses were not enough. After the completion of the program, 83.3% of the UNDP-DEEP staff indicated that they had gained experience and skills in targeting poor families, 100% indicated that they learned skills in the approaches to help those poor families, and 86% indicated that they gained experience and skills in assessing the situation of poor families and to identify the suitable poverty reduction intervention for them⁶². Therefore, we strongly argue that this very comprehensive and deep type of training and capacity building had played a key role in equipping those staff with the needed skills and knowledge in managing the whole DEEP program with the success that we had explored in this paper.

3.4 Accurate Targeting Process and Continuous Monitoring & Evaluation

The thorough selection for the poor families and their capabilities and skills was the most important thing in such a poverty reduction intervention, and indeed DEEP program had provided a huge success model in this subject through developing and implementing a well-design targeting process with different stages/steps that can't be skipped and complement and verify each other. As discussed, the program benefited from the databases that

were developed by the MoSD and the Palestinian Central Bureau of Statistics, but it didn't rely on this database only. The second layer of selection criteria was the Poverty Score Card (PSC) which is a scientific tool for checking the poverty status of a specific household. PSC re-estimates the household's income based on socio-economic data, and compares the value to the national poverty lines. Field staff will visit the families and filter them according to poverty and vulnerability criteria of the program. Moving to the third layer of selecting the beneficiaries, the program used the Sustainable Livelihoods Approach (SLA) for the purpose of assessing the capacity, different sources of income and assets of the target families. SLA includes a questionnaire tackling all aspects of the household's assets, experience, and attitudes in order to develop a positive sustainable livelihood strategy. This process had also fine tune the targeting process so as to serve the best candidates of the program. The fourth and final layer of selection is the confirmation of selected households with the community leadership, which achieved two goals with one step that is getting the buy-in from the community leaders through given them the chance to participate in decision-making and providing another verification layer for the data that were collected in the previous steps.

According to the independent evaluation study that was carried out one and half year after the completion of the first phase of the DEEP, to ensure the validity of the poverty condition of the end beneficiaries before obtaining the grant, the DEEP fieldworkers have use more than one way including: 100% of the all covered cases in the evaluation survey had used the field visits (i.e. using the poverty score card, the SLA assessment and the consultation with the community leadership), 45.5% verified this with the lists from the MoAS, and 72.7% used the PCBS poverty line figures⁶³. Using these different layers in selecting the end beneficiaries was indeed exhausting and taking large time

61. IsDB, UNDP and PA, Project Document: Deprived Families Empowerment Program, June 2006.

62. Creative Business Solutions, Ibid.

63. Ibid.

from the program's teams, and indeed it created pressure on the NGOs to implement the program component in a short period of time, however it was really necessary to select the right persons in such intervention that aiming to reduce poverty and improve resilience. On the other hand, future's interventions like the IsDB Economic Empowerment Fund for Palestinian People (EEFPP) and other donors' initiatives will definitely use and build on the data infrastructure that the DEEP program had created and as the time, as well as the initiatives continue, the cost and the timing for selecting the end beneficiaries will reduce tremendously.

On the other hand, DEEP had developed and implemented monitoring and evaluation process that included six complementary tools/mechanisms. First, since all the targeted beneficiaries were living below the extreme poverty the program team had established three main performance indicators including performance targets for each indicator to guide the project implementation and the monitoring activities. These are: the percentage of households graduating from absolute poverty; the percentage of targeted households graduating from extreme poverty; and the percentage of households reducing their poverty gap. The performance targets for each indicator were 30% (e.g. after the end of the program 30% of these beneficiaries should graduate from absolute poverty, and so on). Then, the DEED officers had adopted set of tools to monitor the progress in these indicators, which were based on field visits, surveys, coordination meetings and periodic reviews of progress. Second, DEEP M&E officer conducted periodic field visits to examine the beneficiaries' intervention and whether the partner implementing institutions (NGOs and MFIs) had done the assessment of household capacities and assets and the identification of the intervention and assessing its feasibility properly. These field visits were very important in ensuring that implementing partners (NGOs and MFIs)

are adhering to the Economic Empowerment approach advocated by the DEEP, and the information resulted from these visits, subsequently, would guide the DEEP officers in their coaching activities for partners and identifying the rooms for improvements for each side. Also, the M&E officer visited approximately 20% of the interventions on a random basis, these visits were a reliable source of information on the program progress, implementation achievements, developmental impact and assess the quality of the support that provided by NGOs as well as learning and enhancing of the program design and activities.⁶⁴

Third, DEEP management had conducted a monthly coordination meeting with the implementing partners. In these meeting, the partners would present their progress on the ground, the challenges that they faced in the implementation and discuss with DEEP management the possible solutions for these challenges. Fourth, two years after the start date of the program, and in May 2008, the UNDP launched a *Midterm Review* for the program implementation, this review had highlighted the positive achievements and outlined some areas for improvement. Fifth, during the closing phase of the program DEEP management had conducted two *Rapid Assessment Missions* to review the actual progress towards the achievement of the performance indicators. The first assessment was conducted in October-November 2009 and covered 1886 interventions, while the second assessment was conducted in June 2010 and covered 2971 interventions. Both surveys only studied those interventions older than 3 months. Based on the results of these rapid assessment the, remedial actions were advised by the PMU to implementing partners. Finally, at the end of the project UNDP had contracted an *independent consultant to conduct an overall evaluation of the program* and to assess its relevance, impact, effectiveness, efficiency and sustainability⁶⁵.



64. UNDP, IsDB and PA, Project Completion Report, Ibid.

65. Ibid.

04 CONCLUSIONS AND CALLS FOR ACTIONS

This report has highlighted four main lessons learned and success factors that needed to be carefully considered in the future economic empowerment initiatives:

- Understanding the economic empowerment approach as a new innovative complementary for the cash transfer & social protection programs. Shedding lights on this new, innovative and complementary EE business model will open new doors for the IsDB Economic Empowerment Department to work on new EE programs/interventions which would complement the existing social protection programs in the member countries by adding the financial and non-financial EE interventions that would promote new developmental thinking by helping significant part of the cash transfer recipients to change their mindset from relying on aid to self-reliance by becoming economic actors in the mainstream economy;
- The importance of bring the state back in the economic empowerment discourse and crucialness of investing in building the state capabilities as a key to success and enabler factor for future economic empowerment interventions. In this regard, EED, and specifically the SEED program, needs to produce specific toolkits that would guide government entities in IsDB MCs on how to prepare the ecosystem for the economic empowerment and guide them step by step on how to do this and what types of institutions that they need to build and support to have an enabler ecosystem for empowering the MSMEs, Cooperatives and different types of social enterprises. EED also needs to develop a customized capacity building programs for this toolkit that focus on addressing the specific needs and challenges that are facing the concerned member country. Finally, the EED can also utilize the IsDB mechanisms for South-South cooperation, the Reverse Linkages, to identify and mapping the centers of knowledge and excellence in IsDB MCs, then use this innovative mechanism to transfer the know-how on building enabler ecosystem for economic empowerment from these centers to other member countries that are lacking such knowledge and the experiences;
- The importance of forging smart partnership with competent intermediary institutions and execution agency and the necessity of enhancing their capacity through tailored training; and
- The fundamental need to develop accurate targeting process for the expected end beneficiaries and continuous monitoring & evaluation mechanism for the economic empowerment initiatives.
- The importance of utilizing technology, MIS and fintech solutions as key enablers for proper targeting, planning and M&E in Economic Empowerment programs



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