Investment Design Framework

Australia Middle East NGO Cooperation Agreement Program
Phase Three

AMENCA 3:
Palestinian Farmers Connecting to Markets

3 September 2015
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<td><strong>Start date:</strong> February 2016</td>
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**AMENCA 3 – Selection of Implementing Australian NGOs**

DFAT is releasing competitive aid grant guidelines inviting Australian NGOs to submit proposals to implement AMENCA 3. Proposals will consist of a theory of change; a consortium (a suite of partnerships with other organisations which the ANGO will lead); a set of projects; and a budget. The proposals must cover a three-year period with a possible two-year extension and will need to show how they will contribute to the Outcomes of AMENCA 3. Up to four Australian NGOs will be provisionally selected. Subject to DFAT approval of revised proposals after a Synergies and Collaboration workshop in the Palestinian Territories in late November 2015, DFAT will contract the ANGOs for an initial three year period. Mobilisation will take place in February 2016.
Executive Summary

The goal of the third phase of the Australian Middle East NGO Cooperation Agreement program (AMENCA 3) is: Palestinian farmers connecting to markets. Farming is a part of Palestinian cultural identity and agriculture employs more than one in ten men and one in five women in the Palestinian Territories (PTs). Yet the sector is failing to drive economic growth. In order to reinvigorate agriculture in the Palestinian state-building project the Palestinian National Authority is now making it a priority. AMENCA 3 will support the Authority’s efforts to make farming a more important contributor to economic development and a means of strengthening community fabric.

AMENCA 2 achieved sound results across a range of interventions and beneficiary groups. It helped build the capacity of Palestinian NGOs (PNGOs) and community based organisations (CBOs), provided psychosocial support for children in Gaza and established women’s groups to advocate for rights. However, its most significant achievements were to increase the productivity and incomes of farmers and small-scale, women entrepreneurs. It developed several models for farmers and their organisations to engage more dynamically with markets and generated more than a ten-fold return on its investment in the agricultural sector. A new phase of AMENCA will build on this achievement; but it will differ from AMENCA 2. It will not fund a diverse suite of livelihood interventions. Rather, it will focus on increasing the incomes of small farming communities and empowering women and youth in those communities. It will also differ from AMENCA 2 in that it will not be implemented just at household and community level by NGOs and their civil society partners. In order to increase impact, scale and sustainability, it will draw on market development approaches to focus more on agricultural value chains and also work with private sector entities.

The purpose of AMENCA 3 is Farming communities participating more effectively in markets. The program has three Outcomes. The first Outcome is Women and men are more market ready. This means increasing the quantity, quality and reliability of farmers’ production. This will be achieved through: small scale infrastructure to open up land to cultivation and irrigation; market-oriented agricultural training and extension services; the transfer of technology that increases yields and environmental sustainability; and help for farmers to comply with food quality and safety systems. This could be combined with long-term contracts with agribusiness to supply higher quality inputs like seeds and fertilizer. The result will be more and better produce with potential to command higher market prices. This will put many farmers in a position, perhaps for the first time ever, to think beyond the limited price options available locally for their output and orient their business models towards a larger and potentially more profitable market.

The second Outcome is Women and men engage more sustainably and profitably in value chains. This will augment the first Outcome’s focus on the farmers’ production with the establishment of commercially viable business models through which they can sell their production. This means analysis of how the markets for different agricultural products work (value chains) and consumer demand. AMENCA 3 will help farmers negotiate arrangements with agribusinesses that address gaps and blockages in value chains and benefit both farmers and businesses. This should include contracts for farmers and their communities to provide goods and services at different points in value chains such as supplying produce and processing and marketing it.

The third Outcome is Women and youth are more economically empowered. Women’s economic empowerment is a driver of sustainable economic growth, development and stability. AMENCA 2 showed that in the PTs, increasing women’s income is the first step to
broader economic empowerment, which means access to skills, more decision-making authority and higher status within their families and communities. Young people also need productive outlets for their energy and ambitions. Both groups are generally well suited to many of the food sector opportunities like processing and marketing that can come with increased participation in value chains. AMENCA 3 will require that such private sector opportunities include women and youth, while working to reduce barriers to empowerment, such as women’s limited mobility and the exclusion of youth from community leadership roles.

This framework sets out the aspiration of the Program, and provides indicative targets to be achieved with a budget of $40 million by the end of its five-year implementation period. This framework is NOT a full design; it does not detail the ‘what’ and the ‘how’ of implementation under each Outcome. As with the two previous phases of AMENCA, the program will be delivered by fully-accredited Australian NGOs (ANGOs). ANGOs will respond to this framework with a theory of change and a suite of partnerships (including private sector groups) and projects to achieve the AMENCA 3 Outcomes within the communities they will work with. DFAT will coordinate and approve the annual work plans and budgets of the implementing ANGOs to ensure that they are all working together and contributing to the whole-of-program targets of this framework.

Implementing Australian NGOs will lead consortia of Palestinian stakeholders in community development and agriculture, partnering with a range of actors along agricultural value chains - farmer’s unions and cooperatives, research and extension services, and private sector businesses. The private sector will play a much larger role in AMENCA 3 than it did in AMENCA 2. Using market development approaches consortia will be expected to analyse value chains and contribute funding to joint arrangements with agribusiness, including marketing and distribution companies.

It will also be important that implementing ANGOs and their partners do not work in isolation but collaborate in a genuinely programmatic way on agricultural productivity, value chains, gender and youth. All stakeholders in AMENCA 3 will need to generate synergies and learning and commit to making the program much more than the sum of its partners.

A Program Steering Committee, on which DFAT, a representative of the Palestinian Ministry of Agriculture and an ANGO representative will sit, will provide oversight. A Technical and Program Advisory Group, managing an Innovation Fund, will review program implementation and quality. The Innovation Fund will be used to trial projects that help address gaps and open up entry points along value chains; this may include contributing funds to commercial deals as an incentive for agribusinesses to take the risk of investing in AMENCA 3. Advisory expertise, to help ensure program quality and consistency, and build capacity, will be available in the areas of agriculture, private sector, gender and youth, and monitoring and evaluation.

By the end of AMENCA 3, and as a result of its interventions, 50,000 farmers (including 15,000 women and 5,000 young people) will have increased their income and at least $130 million of additional agricultural production will have been generated. Farming communities will be using innovative agricultural practices and working profitably with private sector entities across value chains, at least three of which AMENCA 3 will have helped to function better. Women and youth will have more opportunities to gain income and their contributions and voices will be more recognised within their communities. The program’s contributions to agricultural productivity and value chains will have also affected a larger number of indirect beneficiaries in rural communities as well as the broader agricultural economy of the PTs.
1. Australian Aid to the Palestinian Territories

Australia is a long-standing supporter of a negotiated, two-state solution to the Israel-Palestinian issue, and has provided over $285 million in development and humanitarian assistance to the PTs since 2010-11. Australian aid is helping to strengthen the capacity of Palestinian institutions and individuals to take on the responsibilities of an independent state, while also taking action to enable economic growth, and keep Palestinians out of poverty through social protection.

Australian aid supports:

• the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to help it meet the basic health, education and social protection needs of five million Palestinian refugees;
• the United Nations Children’s Fund (UNICEF) to provide safe drinking water and hygiene facilities to over 200 schools in poor areas and institutionalise good hygiene practices;
• Australian and Palestinian NGOs to:
  − build resilience and livelihoods, especially in the agricultural sector, and
  − empower women and youth;
• the Palestinian National Authority (via the World Bank Palestinian Reform and Development Plan Trust Fund) to strengthen public financial management and governance; and
• scholarships for young leaders to develop skills through study at Australian universities.

2. The Development Context of the Palestinian Territories

2.1 Economic Context

The Palestinian National Authority was established in the wake of the 1993 Oslo Peace Accords to administer an independent state of Palestine. While the World Bank assessed in 2011 that Palestinian institutions were ready to govern, the peace process has not been able to deliver a negotiated, independent state. The PTs face formidable constraints to economic development including the physical separation of territory, a lack of control over its territorial borders or key natural resources such as land and water, unpredictable restrictions on movement of goods and people, fragmented Palestinian factions and the ever present threat of violent conflict. The World Bank has determined that restrictions of goods and services alone in the PTs cost the Palestinian economy US$3.4 billion per year or about 35% of its GDP.

The population of the PTs is estimated to be 4.55 million; 2.79 million people live in the West Bank and 1.76 million in Gaza. Population density in Gaza is around 4,822 persons per square kilometre, among the highest in the world. The 2014 UNDP Human Development Index ranks the PTs 107th out of 187 countries. Gross National Income per capita is US$5,168. When gender disaggregated, this figure is US$1,651 for females and US$8,580 for men, highlighting a significant gender divide. Women are under-represented at most levels of governance and workforce participation, despite enjoying similar levels of educational achievement to men. The current unemployment rate of young women is over 60%.

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1 Palestinian Central Bureau of Statistics, Ramallah; Press Release - International Population day; 10 July 2014
According to the World Bank, the Palestinian economy entered into recession in 2014, following a sharp economic contraction in Gaza because of the conflict. The Palestine National Development Plan (2014-16)\(^3\) cites a poverty rate across the PTs of 25.8%, with a substantial discrepancy between the West Bank and Gaza. This represents a net increase in poverty since 1998.\(^4\) In the last quarter of 2014 Gaza had an unemployment rate of 43%, the highest in the world.\(^5\) Youth unemployment in Gaza is over 60%. In 2013, 33% of Palestinian households were food insecure.\(^6\) In Gaza, half the population relies on food assistance from UNRWA. This steady decline in development indicators is the reason why the PTs are described as having undergone “de-development” over the past twenty years.

2.2 Need for private sector-led growth

Central to the PT’s economic malaise is a hesitant foreign investment climate and an over reliance on external financial support to the Palestine National Authority. Restrictions on the movement of goods and people – imposed by Israel because of security concerns – and tensions among the Palestinian political factions, inhibit investment on the scale needed for growth. Despite these inhibitors, private sector growth is the only way forward for the Palestinian economy. The World Bank considers that ‘the current decline could be reversed in an environment where sustainable, private sector-led growth is fostered and coupled with a commitment of ongoing financial support from the international community. A dynamic private sector can generate the sustainable growth needed’.\(^7\) Both the Office of the Quartet and the Portland Trust have published studies that highlight opportunities for private sector growth.\(^8\) The Palestinian National Development Plan (2014-16) has taken up the challenge and gives priority to improving the enabling environment for balanced economic growth, the competitiveness of Palestinian small businesses, and entrepreneurial initiatives among youth and women.

2.3 The Agricultural Sector

The reinvigoration of agriculture, which employs more than 100,000 Palestinians, including more than a fifth of working women, has become a priority for the Palestinian state-building project. As a driver of future growth, the Palestinian National Development Plan (2014-16) allocates to agriculture 42.9% of government expenditure on ‘economic development and employment’. The vision for the sector set out in the National Agriculture Sector Strategy: “Resilience and Development” (2014-2016) is of competitive farmers, with small landholders enjoying better agricultural services and more opportunities for women and youth. The strategic focus on agriculture is echoed in the Palestinian National Export Strategy (2014-2018) which identifies nine products with export potential - five of which are agricultural (olive oil, fresh fruits, vegetables, herbs, and agro-processed meat).

But the agriculture sector is characterized by structural inefficiencies. A major inefficiency is the small size of farms. Around 85% of agriculture in the PTs is semi-subsistence, family based production – of which nearly all (90%) is undertaken on a part time basis to supplement work in commercial agriculture or other economic activities. Over 90% of landholdings are less than four hectares (forty dunams). In the West Bank, which accounts for 90% of all cultivated land in the PTs, the average size is only three dunams. In Gaza, landholdings are typically as small as one dunam (1,000 square meters).\(^9\)

\(^{3}\) State of Palestine, National Development Plan 2014-16, p.32
\(^{4}\) Palestinian Central Bureau of Statistics (2014)
\(^{5}\) Economic Monitoring Report to the Ad Hoc Liaison Committee, May 27 2015, World Bank
\(^{6}\) FAO 2014-16 Programme Framework – West Bank and Gaza, p. 10
\(^{8}\) Beyond Aid; A Palestinian Private Sector Initiative for Investment, Growth and Employment; Portland Trust Nov 2013, p. 1
\(^{9}\) Deputy Minister of Agriculture Lahlouh at a meeting with the AMENCA 3 Design Team in February 2015.
The inability of many communities working small plots to engage effectively with markets locks them into poverty. Around half of all production is for home consumption and another 25% is surplus sold locally in ad hoc forms. Only a quarter of production is thought to be produced expressly for sale in markets. Farmers tend to choose low-risk options because they have relatively little skill, capital or incentive to invest and modernise their farm practices. When so much of their inputs come from unpaid family labour and so much of their outputs they consume themselves or barter locally, they have little reason to take account of market forces and cost calculations. It is not surprising therefore that many small landholders do not have the skills and inputs to produce the variety, quality and volume of products sought by consumers and agribusiness. This means over 80% of food in the PTs is imported and small farmers are missing out on opportunities to sell into the domestic market.

Despite these constraints, there are market opportunities for small farmers. Cooperatives and food processing plants have emerged that are trying to connect farmers to markets. Several leading Palestinian NGOs now have working relationships with private sector actors. These actors range from social enterprises such as the New Farm Company, to for-profit enterprises such as Canaan Fair Trade and agricultural entrepreneurs in the Jordan Valley. Industry groups such as PALTRADE and PADICO are promoting the modernization and expansion of agriculture. Agriculture accounts for more than 20% of exports and Palestinian export growth in 2014 was mainly due to a sharp increase in sales of olive oil and medical herbs.10

3. The AMENCA Program

The Australia Middle East NGO Cooperation Agreement (AMENCA) program started in 2005 and its second phase, AMENCA 2, ended in August 2015. AMENCA has been the vehicle for a decade of collaboration between Australian aid and civil society partners. Because of the constraints the Palestinian National Authority faces in exercising control over Palestinian territory, people and assets, civil society has had to play a prominent role in the delivery of basic services to Palestinians. The two successive phases of AMENCA reflect a progression from building the capacity of Palestinian civil society to helping civil society organisations deliver on their priorities. It has brought together consortia of ANGOs and Palestinian NGOs (PNGOs). The first phase focused on “strengthening the capacity of Palestinian institutions and organisations.” The second worked with PNGOs to operationalise skills developed through the first phase. AMENCA 2’s objective was to “improve livelihoods to reduce the socio-economic vulnerability of Palestinian people with priority focus on women, youth and farmers.”

In November 2014, an independent review of AMENCA 2 found that ‘the AMENCA “brand” is now well known and highly respected ... due to activities having been extensively trialled and allowed time to mature ... in an environment where short term, emergency programming is the norm.’ The review recommended that DFAT initiate a third phase of AMENCA drawing on the best practice and lessons learned from AMENCA 2.

3.1 Lessons from AMENCA 2

- AMENCA 2 started as an assemblage of activities implemented according to different NGOs’ development philosophies. This resulted in too much diversity at too small a scale. While results were tangible, they were difficult to aggregate into a cohesive narrative that justified the cost and relatively high administrative requirements of the investment. This was partly but never completely addressed by introducing indicators and a joint M&E system for the implementing consortia half way through the program.

• Working through ANGOs was **effective but not always efficient**. On the whole, ANGOs were able to deliver results and manage consortia and the risks associated with operating in the PTs environment well. However their added value otherwise was not always fully realised.

• There was little evidence of collaboration on joint projects or joint learning among program partners. This was a **missed opportunity for synergies**.

• The **modality** of working at **community level (through PNGOs and CBOs)** was more efficient than targeting individual beneficiaries. These organisations’ participatory approaches, wide networks and mobilising power were success factors in AMENCA 2.

• The civil society sector in the PTs contains many capable **PNGOs and CBOs** and AMENCA 2 helped build that capacity. These organisations **could assume more responsibilities** within ANGO-led consortia.

• The management arrangement of DFAT and ANGOs agreeing to annual work plans in advance of tranche payments provided **flexibility** and enabled partners to adjust project activities according to changing needs on the ground. This allowed for prompt and well-targeted **humanitarian and early recovery assistance** to AMENCA communities after the conflicts in **Gaza** in 2012 and 2014.

• The five-year implementation period allowed partners to **trial interventions, drop those that did not work and invest in those that did**. For example, small-scale rural infrastructure like road rehabilitation and water systems were not funded at the outset of the program, but were taken up after they were shown to be successful in bringing waste land under cultivation and increasing agricultural output. (In one AMENCA 2 site in the West Bank every dollar invested in the rehabilitation of rural roads is estimated to have generated a return of $7.50).

• **Women’s empowerment is achievable**. Activities that target women have brought about increases in their income and decision-making power. Examples include:
  − 2,700 women entrepreneurs registering their small businesses with chambers of commerce;
  − female heads of households sending their children to university because sales from more productive home gardens make it affordable;
  − women in one area of the West Bank increasing their representation on the boards of CBOs to nearly one third.

• Overall, the **strongest results** from AMENCA 2 **came from agriculture**. Some 8,660 farmers and over 2,500 small-scale, women entrepreneurs (many of whom were helped to commercialise integrated home gardens, greenhouses or process agricultural products) were able to increase their incomes by an average of 47%. AMENCA 2 farmers produced additional food valued at more than $100 million from an initial investment of $8 million and leveraged $1.4 million in private sector investment.

• However, generating more agricultural produce did not automatically result in higher incomes. To sell their produce at a price that rewards effort and provides incentive for innovation farmers need to understand consumer demand and **connect better to markets**.
• In its latter stages, AMENCA 2 demonstrated that farmers will adapt to take advantage of new opportunities to connect to markets. For example:

− the restoration of an artesian well providing reliable access to water prompted 250 farmers in the West Bank to install irrigation networks and switch from unprofitable citrus growing to za’atar (thyme) for which there is a stable demand from local and international markets

− farmers in Gaza changed the crops they planted because of information from extension officers about local market demand and prices. By changing from their regular crops of tomatoes and cucumber to crops in higher demand such as onions, grapes and avocado they increased their income by 40%

− having learnt they could sell freekeh to the Jenin Governorate Farmers Association Seedbank for a price 20% higher than when selling to merchants, local farmers changed their planting habits from wheat to freekeh. In 2015 the Association will export 300 tons of freekeh grain to the UK and Saudi Arabia.

4. AMENCA 3

4.1 Program principles

The lessons from AMENCA 2 present a strong case for a third phase of AMENCA that builds on success and therefore concentrates on the agriculture sector and is implemented by ANGO-led consortia. Helping farmers connect to markets only became a feature of AMENCA 2 in the second half of its implementation. In that time ANGOs showed they can help rural communities develop models for more dynamic engagement with the market which can substantially increase incomes. But the number of business relationships set up with potential to transform the livelihoods of AMENCA 2 farmers was small.

A new, AMENCA 3 program focussing on agriculture needs to embrace a market-based approach as a complement to the community approach of AMENCA 2. Market-based approaches are guided by an awareness of end consumers at every step. They work through profit-based arrangements with private sector entities in order to address gaps and blockages in product value chains. It is only by analysing and then finding market-based solutions to these deficiencies that AMENCA 3 can hope to go to scale, increase impact and be sustainable.

<table>
<thead>
<tr>
<th>Commodity snapshot – value chain opportunities for AMENCA3</th>
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<tr>
<td><strong>Vegetables</strong>: fresh vegetable production accounts for more than half of the volume and value of plant crop production in the PTs. Production is fragmented and small farmers account for around 50% of the total production. However, there are opportunities for farmer organisations to reduce transaction costs and reap economies of scale. AMENCA 2 showed that new varieties with greater economic value and/or water resistance can be successfully introduced. The whole sector needs modernization to develop markets and better connect farmers with increasingly discriminating, urban consumers.</td>
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<td><strong>Dairy</strong>: Industrial-scale dairy production is carried out by 10 processing plants and almost 100 large farmers. But the majority of processors are very small-scale family enterprises which AMENCA 3 could help with technical expertise to meet food and product quality standards such as phyto-sanitary regulations.</td>
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<td><strong>Small Ruminants</strong>: High self-sufficiency and low volumes of exports characterise the sheep and goats sub-sector. Declining availability of grazing land and increasing fodder prices have reduced profitability. Herd quality and productivity are also declining. This value chain provides livelihoods for women. They would be major beneficiaries of investment by AMENCA 3 to raise herd quality.</td>
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<tr>
<td><strong>Olives</strong>: It is estimated that better production techniques could increase production at least 30% without increasing the area planted or existing processing capacity. This would have a positive social impact, as around 70,000 households are partly or mainly dependent on olive oil production. This is a crowded sector, with much donor activity. Firm coordination among donors and stakeholders would be needed in the event of AMENCA 3 engagement.</td>
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<td><strong>Honey</strong>: Honey provides income for many women. This value chain is underdeveloped and lacks donor support. There is scope for AMENCA 3 to provide technical expertise to reduce sugar content in order to meet market preference in Jordan where quality honey is in high demand.</td>
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World Bank analysis shows that growth in the agriculture sector is two to four times more effective in lifting people out of poverty than comparable growth in other sectors. DFAT is working through market-based approaches in agriculture in the Pacific, Indonesia and Pakistan and some international NGOs have been using these approaches for the better part of a decade. ANGO-led consortia implementing AMENCA 3 will need to adapt the experiences and modalities of those programs to the PTs’ environment. They will continue to use AMENCA 2’s ‘direct’ approach of helping farming communities to improve their livelihoods (through more and better agricultural production) while also trialling ‘indirect’ approaches to facilitate market system change through the private sector. Opportunities for interventions exist in a range of agricultural value chains in the PTs (see textbox for examples11), and at different points along the value chain, from farm to fork.

DFAT will make some training available to help pilot interventions along value chains, using different contractual and partnership combinations. Advisors will be engaged to help communities identify commercial opportunities and negotiate mutually beneficial arrangements with agribusinesses. Some additional funding will also be available to incentivise and broker deals.

The Palestinian National Authority’s approach to the sector is holistic and the term ‘farmer’ encompasses whole communities that earn their livelihoods predominantly from agriculture. AMENCA 3 will work through organisations such as farmers’ unions and women’s cooperatives to benefit these communities. The ‘farmers’ who benefit from AMENCA 3 should not be just adult male landholders or rural women who meet vulnerability criteria like female-headed households. All community members who are, or want to be, active in the workforce should be full participants in AMENCA 3 and be counted as direct rather than indirect beneficiaries in its results. This includes married and unmarried women within families, youth (women and men between the ages of 18 and 24) and, where possible, the disabled.

The market focus of AMENCA 3 represents a substantial progression from AMENCA 2. It may be that some market distortions are intractable because of the unique political economy and instability of the PTs. But this will not be the case for every intervention and implementers will need to plan around the factors they cannot change. As in AMENCA 2, AMENCA 3 will invest in approaches that work and discard those that do not. Market development approaches typically take several years of investment to demonstrate results. So the five-year duration of AMENCA 3 will allow time for results to mature. In the meantime, AMENCA 3 can still achieve sustainable benefits from its ‘direct’, grassroots engagement with communities.

4.2 Alignment with Australian Aid Policy

The new phase of AMENCA aligns with the first objective of Australia’s strategy for aid to the Palestinian Territories ‘supporting sustainable economic growth including helping rural communities and vulnerable groups overcome poverty’. It supports the strategic targets of the Australian aid program, particularly around reducing poverty, agriculture, empowering women and girls, working with the most effective partners and engaging the private sector.12 Similarly, AMENCA 3 is in line with DFAT strategies13 for aid investments in agriculture, aid for trade, governance, disability and the private sector, as well as a framework in preparation on engagement with NGOs.

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11 This textbox draws on AMENCA 2 experience as well as A Roadmap for Agribusiness Development in the Occupied Palestinian Territories, Palestinian Facility for New Market Development (FNMD) November 2011.  
12 Making Performance Count: Enhancing the accountability and effectiveness of Australian aid  
13 Strategy for Australia’s Aid Investments in Agriculture, Fisheries and Water; Strategy for Australia’s Aid for Trade Investments: supporting developing countries to trade and prosper; Creating Shared Value through Partnership: Ministerial Statement on Engaging the Private Sector in Aid and Development; Development for All 2015-20: strategy for strengthening disability inclusiveness; DFAT Guide to Better Risk Management
4.3 Alignment with Palestinian Agriculture Strategy

AMENCA 3 will bolster the Palestinian National Authority efforts to make agriculture a driver of the economy and a tool for strengthening community fabric. The *Palestinian National Agriculture Sector Strategy* sets out a vision for ‘...a sustainable and feasible agriculture sector that can compete domestically and externally...’. AMENCA 3 results will feed directly into the *Strategy*’s indicators on enhancing food security, improving the role of women and youth in rural development, making agriculture more competitive, increasing investment in the agriculture sector and partnerships between the private and public sectors.

4.4 Program Logic

The following program logic sets out how AMENCA 3 will approach the constraints faced by small, semi-subsistence farming and the need for farmers to connect with markets and value chains.
Table 1: AMENCA 3 Program Logic

<table>
<thead>
<tr>
<th>GOAL</th>
<th>Recurrent conflict in the PTs damages crops, livelihoods and infrastructure</th>
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<tr>
<td>PURPOSE</td>
<td>Farming communities participating more effectively in markets</td>
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<td>END OF PROGRAM OUTCOMES</td>
<td>Palestinian farmers connecting to markets</td>
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<tr>
<td>INTERMEDIATE OUTCOMES</td>
<td>Women and men more market ready</td>
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<td></td>
<td>Women and men engage more sustainably and profitably in selected value chains</td>
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<td></td>
<td>Women and youth more economically empowered</td>
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<tr>
<td>CONSTRAINTS</td>
<td>Quality inputs and technical advice increase quality and quantity of production</td>
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<td></td>
<td>Market information and availability of technical innovation influences decision-making</td>
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<td></td>
<td>Strengthened cooperation among farmers enhances competitiveness and spreads risk</td>
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<td></td>
<td>New value chain entrants and better linkages between value chain participants - particularly with private companies - create opportunities</td>
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<td></td>
<td>Women benefit from economic opportunities and use them to advance their social position</td>
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<td></td>
<td>Youth access employment and can exercise influence in work and community</td>
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<tr>
<th>CONSTRAINTS</th>
<th>Conflict</th>
<th>Access and movement</th>
<th>Fragmentation</th>
<th>Water insecurity</th>
<th>Resistance to change</th>
<th>Market awareness</th>
<th>Weak value chains</th>
<th>Private sector role</th>
<th>Gender inequality</th>
<th>Youth disadvantage</th>
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5. Program Targets and Outcomes

5.1 Overview and Targets

AMENCA 3 will be implemented over five years (six financial years -2015/16-2020/21) with a budget of $40 million. The goal, purpose and outcomes for the program are:

| Goal: Palestinian farmers connecting to markets |
| Purpose: Farming communities participating more effectively in markets |
| Outcome One: Women and men more market ready |
| Outcome Two: Women and men engage more sustainably and profitably in value chains |
| Outcome Three: Women and youth more economically empowered |

The Goal of AMENCA 3, Palestinian farmers connecting to markets, stems directly from the vision of the Palestinian National Agriculture Sector Strategy. The purpose of AMENCA, Farming communities participating more effectively in markets, will help create the conditions that the Strategy sets out as important to attain the vision. AMENCA 3 will: help equip farmers to engage more with markets (Outcome One); help them find long-term and profitable market opportunities (Outcome Two); and address the needs of women and youth for economic empowerment (Outcome Three). Implementers will need to work across all the Outcomes because many interventions will contribute to more than one Outcome. For example, Outcomes One and Two, should increase opportunities for both women and youth and provide a platform for other activities that can increase their economic empowerment (Outcome Three). Outcomes One and Two will need to work in symbiosis because they are calibrating supply with demand. The training and inputs that make up Output One will be determined in good measure by the market opportunities that are identified and pursued in Outcome Two. Finally, in analyzing and reducing structural inefficiencies in value chains, the program should also have flow-on benefits to a range of agriculture stakeholders who are not direct beneficiaries of the program.

AMENCA 3 will enable a minimum of 50,000 farmers (including 15,000 women and 5,000 youth) increase their income and generate at least $130 million of additional agricultural produce (attributable in whole or in part to AMENCA 3 interventions). These whole-of Program and Outcome targets are set out in the table below. They are derived from the achievements of AMENCA 2 which, even though it worked in many areas beyond agriculture, increased the income of some 8,600 farmers by an average of 47% and generated over $100 million in additional agricultural produce. This was nearly a ten-fold return on its investment. Given that AMENCA 3 will be a dedicated agricultural program with more resources to allocate to farming communities and value chains than AMENCA 2, these AMENCA 3 targets are likely to be conservative. They will be adjusted when final results of AMENCA 2 are available and after baseline studies have been undertaken and implementing consortia projects have been approved. Given the complexities of working in the PTs, the program logic and logframe will need to be reviewed regularly to remain an appropriate guide to implement AMENCA 3, monitor its progress and evaluate its impact.
Table 2: Program-level Logframe and Performance Targets for AMENCA 3

<table>
<thead>
<tr>
<th>Narrative</th>
<th>Performance Targets</th>
<th>Means of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose:</strong> Farming communities participating more effectively in markets</td>
<td>• At least 50,000 farmers (including 15,000 women and 5,000 youth) report increased income from AMENCA 3 interventions &lt;br&gt;• $130 million of additional agricultural production is generated from AMENCA 3 interventions</td>
<td>• Measurement against Palestinian MoA data &lt;br&gt;• Measurement against Program baseline &lt;br&gt;• Case studies &lt;br&gt;• Mid Term Review &lt;br&gt;• Final Evaluation</td>
<td>• Farmers are willing and able to take advantage of economic opportunities &lt;br&gt;• Political instability does not crowd out modern farming approaches and economic growth</td>
</tr>
<tr>
<td><strong>Outcome One:</strong> Women and men more market ready</td>
<td>• 50 kms of feeder roads rehabilitated &lt;br&gt;• 20,000 farmers have access to improved water management systems &lt;br&gt;• 15,000 farmers adopt innovative agricultural practices</td>
<td>• Measurement against Palestinian MoA data &lt;br&gt;• Measurement against Program baseline &lt;br&gt;• Case studies &lt;br&gt;• Mid Term Review &lt;br&gt;• Final Evaluation</td>
<td>• Efforts to enhance extension, research and food safety standards meet farmer needs &lt;br&gt;• Restrictions on access to agricultural land and inputs are not tightened</td>
</tr>
<tr>
<td><strong>Outcome Two:</strong> Women and men engage more sustainably and profitably in agricultural value chains</td>
<td>• $20 million of private sector investment leveraged &lt;br&gt;• $100 million of additional domestic sales facilitated &lt;br&gt;• $30 million of additional exports facilitated, including new exports &lt;br&gt;• At least three agricultural value chains functioning better as a result of AMENCA 3 interventions</td>
<td>• Measurement against Palestinian MoA data &lt;br&gt;• Measurement against Program baseline &lt;br&gt;• Case studies &lt;br&gt;• Mid Term Review &lt;br&gt;• Final Evaluation</td>
<td>• Movement and access restrictions on Palestinians can be mitigated &lt;br&gt;• Finance for innovation is available to farmers &lt;br&gt;• Private sector entities find sufficient economic motivation to enter into deals with farmers</td>
</tr>
<tr>
<td><strong>Outcome Three:</strong> Women and youth more economically empowered</td>
<td>• 70% of the value chains developed include new opportunities for women and youth. &lt;br&gt;• 10,000 women and 3,000 youth able to report examples of economic empowerment &lt;br&gt;• 5,000 women and 1,000 youth active in managing businesses or on boards of CBOs</td>
<td>• Measurement against Palestinian MoA data &lt;br&gt;• Measurement against Program baseline &lt;br&gt;• Case studies &lt;br&gt;• Mid Term Review &lt;br&gt;• Final Evaluation</td>
<td>• Barriers to the employment and social advancement of women can be overcome &lt;br&gt;• Youth see value in agriculture-related employment</td>
</tr>
</tbody>
</table>

5.2 Outcomes

**Outcome One: Women and men more market ready**
This Outcome will assist farmers to improve the quantity, quality and reliability of their produce. This will be achieved through small-scale infrastructure such as rural roads to open up land to cultivation and improved water harvesting and irrigation to increase land-use options. Farming communities also need advice and training on better practice all along value chains e.g. cropping systems, use of water and fertiliser, harvesting and storage techniques, food quality and safety standards, processing, packaging, distribution and marketing.

AMENCA 3 will engage advisors, academic institutions and the private sector and partner with the Ministry of Agriculture and the Food and Agriculture Organization of the UN (FAO) to provide advice and training. This will cover market-oriented, extension services, including the transfer of technology that increases yields and environmental sustainability, and help for farmers to comply with phyto-sanitary requirements. Advice and training will be supplemented with practical assistance in small-scale infrastructure and efforts to secure long-term contracts with agribusiness to supply higher
quality inputs like seeds and fertilizer. The result will be more and better produce with potential to command higher market prices. This will put many farmers in a position, perhaps for the first time ever, to think beyond ad hoc trading of excess produce and the limited options available locally, and orient their business models towards a larger and potentially more profitable market.

It is anticipated that this Outcome will take up a substantial portion of program effort and resources in the first two years of AMENCA 3 as communities build on their agricultural skills and knowledge of value chains and market opportunities. Some communities will be starting from a low base and some beneficiaries will have less capacity to take advantage of market opportunities than others. A number of farmers may have little appetite for change and risk. AMENCA 3 will seek to graduate these farmers beyond subsistence production, while also helping more ‘market ready’ farmers to quickly capitalize on opportunities. By the end of implementation AMENCA 3 will achieve the following results:

- 50 kms of rural, feeder roads rehabilitated
- 20,00 farmers have access to improved water management systems
- 15,000 farmers adopt innovative agricultural practices.

**Outcome Two: Women and men engage more sustainably and profitably in value chains**

It is mostly under this Outcome that ANGOs will complement their ‘direct’ delivery of assistance to communities with an ‘indirect’ facilitator role to connect them with the private sector. This Outcome will focus on the demand side by establishing commercially viable business models through which farmers can meet (or generate new) demand and sell their produce. This means bringing different farming communities together to pool resources and eliminate duplication - through cooperatives or other small business start-up arrangements, leading to economies of scale. It also means analysis of how the markets for different agricultural products (value chains) reflect and shape consumer demand. ANGOs will help farmers with market research and analysis as well as business planning and product development. Consortia and the Program private sector advisor will develop projects to help improve the functioning of value chains - building more or stronger connections between suppliers, processors and sellers – to the benefit of AMENCA 3 farmers.

As in DFAT’s Market Development Facility in the Pacific and Asia, CAVAC program in Cambodia, and PRISMA program in Indonesia, AMENCA 3 will provide catalytic funding to agribusiness companies at different points in value chains. ANGOs may contribute funding for purchasing agreements covering: the provision of services like seeds, training, product development or credit; the supply of produce to wholesalers; community employment in processing and marketing; and innovative solutions that help address gaps and blockages in PTs’ markets such as the lack of pricing and grading systems for fresh produce, and poor quality wholesale storage and packing warehouses.

Research shows that results from market system approaches can take several years to emerge. Performance will be measured by the degree to which farmers are able to achieve improved prices, enter new markets and find new employment opportunities for their communities. While difficult to measure attribution, we expect that the work on value chains will make them function better, not only to the benefit of AMENCA 3 participants, but other farmers and businesses as well. By the end of implementation AMENCA 3 will achieve the following results:

- $20 million of private sector investment leveraged
- $100 million of additional domestic sales facilitated
- $30 million of additional exports facilitated, including new exports
- At least three value chains functioning better because of AMENCA 3 interventions.
**Outcome Three: Women and youth more economically empowered**

Outcome Three will ensure that Outcomes One and Two translate into increased participation in the paid workforce by women and youth and not just men. Increased income for women and youth should then translate into increased agency for them in their households and communities.

In the PTs women and young people are often unpaid helpers on the family farm whose work goes unacknowledged and who have limited decision-making power. In aid program terms, this means significant numbers of women and young people can be relegated to the ranks of ‘indirect beneficiaries’. AMENCA 3 will do more to acknowledge and track the work of women and youth so that they directly benefit. It will aim to increase the incomes of 15,000 women and 5,000 youth. (Young women among the 5,000 youth may be counted against the target of 15,000 women).

All advice and training provided under AMENCA 3 will be available to women and youth. Specialised training that enhances skills in predominantly female economic activities, e.g. food processing, will also be available. Value chains that AMENCA 3 develops will include those that engage significant numbers of women, such as small ruminants and honey. At a minimum, 70% of the value chains AMENCA 3 invests in will include opportunities for women and youth.

Consortia and the private sector working together to generate agribusiness opportunities must include jobs that women and young people can take up e.g. in processing, packaging and marketing. It will be a condition of partnerships and Program funding to private sector groups that women and youth are included in business deals and job opportunities.

AMENCA 3 will increase incomes but its real measure of success will be women and young people using that economic behavior change to advocate for social behavior change through, for example, greater representation on the boards of CBO and other committees, meaningful roles in the management of businesses, and increases in women’s mobility.

Results by the end of AMENCA 3 will include:

- 70% of the value chains developed include new opportunities for women and youth
- 10,000 women and 3,000 youth able to report examples of economic empowerment
- 5,000 women and 1,000 young people on boards of CBOs or otherwise active in managing businesses.

### 6. Implementation Arrangements

#### 6.1 ANGO Roles

This framework is not a full design; it does not detail the ‘what’ and the ‘how’ of implementation under each Outcome. As with the two previous phases of AMENCA, fully accredited ANGOs leading consortia will deliver the Program through DFAT competitive aid grants. ANGOs will respond to this framework with a proposal consisting of a theory of change, a proposed consortium (a suite of partnerships with other organisations), a set of projects and a budget to achieve the AMENCA 3 Outcomes. ANGOs will develop annual work plans and budgets consisting of sequenced projects that will contribute to the targets of this framework. These projects will be adapted to the different community, agricultural and developmental contexts across the West Bank and/or Gaza where the each ANGO-led consortium is operating.
6.2 ANGO Responsibilities

ANGO responsibilities will need to clearly define their value add and justify their costs. The consortia they lead should include PNGOs, CBOs, farmer cooperatives and associations, and may also include Palestinian agricultural research agencies, and technical and private sector groups. The consortia will collaborate with the Palestinian Ministry of Agriculture (MoA) and a range of private sector actors along agricultural value chains. Each partner must clearly add value to a consortium’s approach and complement the knowledge and skills that other partners bring. All implementing partners will have to commit to cross program learning and cross-consortia collaboration through an accountability framework.

Different ANGOs may take on the role of AMENCA 3 ‘knowledge manager’ for issues like water management, food processing, marketing, micro-enterprise, supporting women into small business and advocacy for the reduction of barriers to the empowerment of women and youth. They would be expected to share that knowledge across consortia. Different consortia could combine the knowledge of their farming communities and private sector partners to improve one aspect - say packaging or distribution - of a value chain. It is anticipated that consortia will also work closely with the Ministry of Agriculture and FAO which will be involved in a range of activities both in an advisory capacity and as participants in training and technical advice that the program will bring in.

Innovative thinking to drive sustainable change under AMENCA 3 will have to come from the private sector, research institutions and government as well as the ANGOs and their PNGO and CBO partners. The challenge for the ANGOs (along with their partners and the Program’s agriculture and private sector advisors) will be to find incentives to meaningfully engage the private sector. Deals will only be brokered when each party sees a benefit for themselves in it. So in AMENCA 3, ANGOs will have to see themselves as commercial operators looking for advantages in the marketplace. ANGOs (and private sector partners) must be able operate through the concept of ‘shared value’ to create social outcomes and commercial returns.

6.3 Resources

The budget for AMENCA 3 is $40 million for five years spread across six financial years (2015/16 – 2020/21). The following budget breakdown is indicative only until contracts and projects are developed and approved.

Table 3: Indicative Program Budget

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
<th>Total</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing consortia</td>
<td>3,000,000</td>
<td>6,500,000</td>
<td>7,500,000</td>
<td>7,000,000</td>
<td>5,900,000</td>
<td>2,500,000</td>
<td>32,400,000</td>
<td>81.00%</td>
</tr>
<tr>
<td>Innovation Fund</td>
<td>0</td>
<td>650,000</td>
<td>750,000</td>
<td>700,000</td>
<td>400,000</td>
<td>100,000</td>
<td>2,600,000</td>
<td>6.50%</td>
</tr>
<tr>
<td>Program Management, M&amp;E and Advisors</td>
<td>742,902</td>
<td>865,006</td>
<td>850,053</td>
<td>984,402</td>
<td>824,506</td>
<td>733,132</td>
<td>5,000,000</td>
<td>12.50%</td>
</tr>
<tr>
<td>Program total</td>
<td>3,742,902</td>
<td>8,015,006</td>
<td>9,100,053</td>
<td>8,684,402</td>
<td>7,124,506</td>
<td>3,333,132</td>
<td>40,000,000</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
Approximately 26% of the funding under program management, M&E and Advisors will be directed toward M&E. Consortia should expect to allocate around 6% of their individual project budgets to M&E, including for collaborative M&E exercises e.g. along value chains. Overall it is expected that at least 8% of the total AMENCA 3 budget will be used for M&E.

6.4 Innovation Fund

A lever for cross-Program collaboration and outreach to the private sector will be the Innovation Fund. Program partners will be able to apply to this Fund to access money for cross-consortia projects and approaches that encourage learning and innovation. It will promote applied research and the trialling of new ideas to strengthen the agriculture value chain and farmers’ participation in it. The Fund will be available to incentivise private sector partnerships beyond the scope of one ANGO. The Program will develop Fund guidelines during the first year of AMENCA 3 and the Fund will commence in the second year.

6.5 Value for money

AMENCA 3 will ensure that Australian funds are used efficiently in order to maximise results for Palestinian farming communities. In the volatile PTs environment, where the risk of Australian aid funding being diverted to individuals or groups linked to terrorism is ever-present, AMENCA 3 will continue to work through ANGOs, that are bound by Australian anti-terrorism legislation and have proven measures in place to mitigate against diversion of Australian funds. The added layer of administrative cost in an already high cost operating environment is essential for risk management. The program will represent Value for Money because it will avert fraud and terrorist risk and transfer knowledge, skills, assets, business partnerships and opportunities to poor farming communities. It will find economies of scale because implementing ANGOs will collaborate to reach more people more effectively.

ANGOs will only be selected to implement AMENCA 3 if they can demonstrate a clear value add through the strength of their local networks, their international expertise in market approaches, innovative partnership models and a record of collaboration with other ANGOs. ANGO management costs within multi-year contracts and annual work plans and budgets will have to be reasonable and proportional to the work undertaken. The selection criteria for the award of competitive grants to implement AMENCA 3 include a 10% weighting for value for money. The choice of activities to fund will be guided by investments that provided a strong return under AMENCA 2 such as water retention, rural road rehabilitation and seed banks. AMENCA 3 will encourage the trialling of new market approaches – some of which will create efficiencies. If projects do not show evidence of a potential for success, funds will be directed to other activities that have greater potential.

ANGO commitment to a framework for accountability, joint learning and collaboration, reporting against AMENCA 3’s performance targets, and annual, performance-based, tranche payments, should ensure that DFAT and the Program Steering Committee will rapidly identify and act upon any failures to provide value for money. A stop/go point at end of Year Three will provide DFAT with the option to discontinue underperforming ANGOs for the remaining implementation period.
**6.6 Procurement Arrangements**

AMENCA 3 is open to ANGOs that are fully accredited with DFAT through the Australian NGO Cooperation Program (ANCP). Proposals for competitive aid grants will be sought on a ‘three year plus two’, stop/go basis, whereby DFAT may extend, at its sole discretion, an initial three year funding agreement, subject to DFAT budget outcomes and an independent, mid-term review.

To be eligible to apply for grant funding through this program, ANGOs must also:

- ensure their PNGO partners are registered with the Palestinian Ministry of the Interior;
- have a recent history of effective implementation of development activities in the PTs or a comparable environment, preferably the Middle East, in the last five years; and
- be a signatory to the ACFID Code of Conduct.

An evaluation committee chaired by DFAT will assess submissions against the selection criteria detailed below.

**Table 6: Selection Criteria**

<table>
<thead>
<tr>
<th>A. Organisational Effectiveness</th>
<th>Weighting: 25%</th>
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</thead>
<tbody>
<tr>
<td>1. Past performance operating in the Palestinian Territories or a comparable environment, preferably in the Middle East</td>
<td></td>
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<tr>
<td>2. Results and accountability including strength of approach to financial management and risk management</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Key Personnel</th>
<th>Weighting: 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Proposed members of the ANGO-led consortium; names, resumes and qualifications of all personnel in management positions in all partners</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>C. Joint learning, synergies and collaboration with other consortia partners</th>
<th>Weighting: 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Consortia commitment to cross-program learning and collaboration</td>
<td></td>
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</table>

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<thead>
<tr>
<th>D. Project Effectiveness</th>
<th>Weighting: 40%</th>
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<tbody>
<tr>
<td>5. Development strategy, including strength of approaches to community and market development in agriculture</td>
<td></td>
</tr>
<tr>
<td>6. Evidenced-based approach for improving outcomes for women and youth in agricultural value chains.</td>
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</table>

<table>
<thead>
<tr>
<th>E. Value for Money</th>
<th>Weighting: 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Consortia allocation of resources represents value for money</td>
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</table>

Concurrent with the ANGO selection, DFAT will separately procure the services of a company to provide four international technical advisors with expertise in agriculture, private sector development, M&E and gender and youth. DFAT Ramallah will contract a local private sector advisor and other sectoral expertise as required.

**6.7 Synergies and Collaboration workshop**

Prior to program commencement, the provisionally selected ANGOs, their consortia partners, the Palestinian MoA and the advisors will attend a Synergies and Collaboration workshop in the PTs. At this workshop, stakeholders will: identify synergies among ANGO consortia; agree to contribute to Program-wide baselines and M&E (including the use of joint performance indicators and targets at project level wherever practical); and sign a framework for accountability which will confirm a commitment to share learning, collaborate with other consortia and lead on selected themes and value chains.
Following this workshop, DFAT will enter into a process with ANGOs to strengthen and finalise proposals. After the Workshop, and subject to DFAT approval of their revised proposals, DFAT will contract the ANGOs for an initial three year period. Mobilisation will take place in February 2016.

6.8 Implementation Schedule

Table 4 provides an indicative schedule for implementation of AMENCA 3 over five calendar years (six financial years) commencing with the release by DFAT of competitive aid grant guidelines for the Program in August 2015. The table shows indicative timeframes for M&E and learning, governance and the operation of the Innovation Fund. This schedule will be updated as the Program comes on stream.

Table 4: Implementation Schedule

<table>
<thead>
<tr>
<th>Years</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
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<tbody>
<tr>
<td>Quarters</td>
<td>1 2 3 4</td>
<td>1 2 3 4</td>
<td>1 2 3 4</td>
<td>1 2 3 4</td>
<td>1 2 3 4</td>
<td>1 2 3 4</td>
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<tr>
<td>Selection</td>
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<tr>
<td>ANGO selection</td>
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<tr>
<td>Advisers recruited</td>
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<tr>
<td>Workshop</td>
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<tr>
<td>Collaboration plan agreed</td>
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<td>Grants signed</td>
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<tr>
<td>Program mobilisation</td>
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<tr>
<td>M&amp;E and Learning</td>
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<td>Baselines/M&amp;E in place</td>
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<tr>
<td>Program monitoring</td>
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<tr>
<td>Regular learning/reporting</td>
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<tr>
<td>Mid-term review</td>
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<tr>
<td>Stop/go point</td>
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<tr>
<td>Final evaluation</td>
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<tr>
<td>Oversight and Advisory Bodies</td>
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<tr>
<td>Steering committee meets</td>
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<tr>
<td>Advisers contracted</td>
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<tr>
<td>TPAAG meets</td>
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<tr>
<td>TPAAG online consultations</td>
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<tr>
<td>Innovation Fund</td>
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<tr>
<td>Guidelines finalised</td>
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<tr>
<td>Proposals received</td>
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<tr>
<td>Grants awarded</td>
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</table>
7. Management, M&E and Cross-Cutting Issues

7.1 Oversight and Advisory Bodies

7.1.1 Program Steering Committee

AMENCA 3 will be overseen by a Program Steering Committee (PSC) chaired by the DFAT Head of Cooperation, Ramallah and co-chaired by the Palestinian MoA. An ANGO representative will also sit on the Committee. The PSC will sign off on consortia annual work plans and budgets and Innovation Fund grants. It will also make decisions on significant changes to ANGOs’ annual work plans or major projects and the terms or volume of Innovation Fund grants - out-of-session if necessary. All budget decisions need to be approved at least by the chair of the PSC (DFAT).

7.1.2 Technical and Program Advisory Group

The DFAT Program Manager will chair a Technical and Program Advisory Group (TPAG) which will include the AMENCA 3 advisors, an ANGO representative, and draw, as required, on other AMENCA 3 partners and sources of advice. The TPAG will bring technical expertise to program implementation and manage innovation, learning and collaboration. It will meet at least quarterly and international advisor visits will be scheduled whenever possible to coincide with TPAG meetings. Advisors will participate remotely if not in-country at the time. The TPAG will manage the Innovation Fund, bringing in niche expertise from outside the Program (and the private sector particularly) commissioning training and research, and funding agreements that provide incentives for participation by agribusiness in AMENCA 3. The TPAG will also draw up an independent review pipeline to promote accountability and cross-program learning. The TPAG will submit six-monthly progress reports and proposals for Innovation Fund grants to the PSC.

7.1.3 DFAT

AMENCA 3 will be managed by DFAT through the Australian Representative Office in Ramallah. DFAT will monitor ANGO performance and, as part of the PSC, review work plans to ensure they are contributing to overall Program Outcomes. Approval by DFAT of work plans will trigger the release of annual funding tranches.
7.1.4 Program management table

Table 5 below outlines Management Arrangements for AMENCA 3. Indicative terms of reference for the PSC, TPAG and Program international advisors are at Annex 1.

Table 5: Program Management

<table>
<thead>
<tr>
<th>Program Steering Committee</th>
<th>DFAT Head of Cooperation</th>
<th>Palestinian MoA representative</th>
<th>ANGO representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meets biannually to review progress reports against performance targets, consortia annual work plans and budgets, consider change requests, approve Innovation Fund grants</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DFAT Program Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makes decisions on reports, work plans, changes, Innovation Fund grants and advises on efficiency, effectiveness, risk management and value for money</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technical and Program Advisory Group</th>
<th>DFAT program manager, private sector, agriculture, gender and M&amp;E advisors &amp; NGO representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meets quarterly to review progress against work plans and case studies and prepare six monthly reports to the Program Steering Committee which include measures to strengthen program implementation, quality, and value for money, support innovation and share learning and best practice, and monitor risks</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Innovation Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides grants for private sector, research, and learning and collaboration between consortia</td>
</tr>
</tbody>
</table>

| Implementing partners (including private sector) |

7.2 Monitoring and Evaluation

A minimum of 8% of the AMENCA 3 budget will be allocated to M&E. This includes allocations for an independent, mid-term review at the stop-go point in late 2018, other reviews on aspects of the program as agreed by the PSC, conducted either by DFAT, AMENCA 3 advisors or independent reviewers, and a final evaluation in late 2012. AMENCA 3 M&E data will be disaggregated by gender and youth at Program and project levels and will also capture outcomes for people with disabilities. All partner reporting should also be consistent, as far as practicable, with the Donor Committee for Enterprise Development standard for results measurement\textsuperscript{14}.

AMENCA 3 reporting should draw on as much of the existing Palestinian and AMENCA 2 data gathering systems as possible. It should help strengthen the M&E systems of Palestinian NGOs and CBOs and the Palestinian National Authority. AMENCA 3 will contribute data to the following targets from the National Agriculture Strategy:

\textsuperscript{14} http://www.enterprise-development.org/page/measuring-and-reporting-results
• the area of agricultural land through reclamation and rehabilitation;
• irrigation through the rehabilitation of wells, water harvesting and modernization of irrigation systems;
• productivity, particularly for small holder farmers;
• support to marginalized farmers;
• farmers’ incomes;
• marketing services and making markets work for poor and women; and
• farmers’ and rural women’s capacity to implement small income-generating projects.

As well as reporting against AMENCA 3 and Palestinian National Agriculture Strategy targets, monitoring will report against DFAT’s Aggregated Development Results for agriculture and gender:

• kilometers of roads rehabilitated, constructed or maintained
• number of poor women and men with increased incomes
• value of additional agricultural production
• number of poor women and men who adopt innovative agricultural practices
• value of private sector investment leveraged
• value of exports facilitated, including new exports
• number and percentage of management committees in which women and men are equally represented.

The 2015 DFAT Annual Program Performance Report will include the benchmark that all program implementing arrangements are in place, the whole-of-program level baseline completed, and partnerships with private sector are in operation. This will be assessed in 2016.

At the Synergies and Collaboration workshop all consortia will agree on how to conduct baseline assessments, the setting up of a Program-level database and a Program-wide M&E framework. The database will incorporate the collective knowledge of consortia members, government, the private sector and civil society. ANGOs will draw on it to better define the communities and value chains they will work on. Consortia will then revise their own M&E frameworks, in line with what has been agreed at the workshop. As far as is practicable, this process will be supported by members of the TPAG. Throughout the implementation of AMENCA 3, ANGOs will be expected to contribute to a results database, recording progress against whole-of-program indicators. Each ANGO’s performance will be monitored against their contribution to whole-of-program indicators.

Table 7 shows which M&E responsibilities will be undertaken by different levels of program management:

**Table 7: M&E Responsibilities**

<table>
<thead>
<tr>
<th>Parties</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAT</td>
<td>Program overview, ensuring M&amp;E products feed into DFAT global, country and sector frameworks</td>
</tr>
<tr>
<td>PSC</td>
<td>Review program progress against M&amp;E reports</td>
</tr>
<tr>
<td>PNA</td>
<td>Provide guidance as to government needs from M&amp;E. Provide government data as available</td>
</tr>
<tr>
<td>M&amp;E Advisor</td>
<td>Design and oversee program level M&amp;E systems. Monitor and advise on project M&amp;E and progress. Lead learning processes.</td>
</tr>
<tr>
<td>TPAG</td>
<td>Contribute to M&amp;E and facilitate learning</td>
</tr>
<tr>
<td>ANGOs</td>
<td>Design and oversee project M&amp;E systems and ensure they contribute to overall Program M&amp;E</td>
</tr>
<tr>
<td>PNGOs/CBOs</td>
<td>Ongoing monitoring of implementation</td>
</tr>
</tbody>
</table>
7.3 Sustainability

The improvements in productivity, incomes and market engagement that AMENCA 3 will bring, as well as the empowerment of women and youth, should be sustainable because they bring new skills, knowledge and material benefits to farmers and communities. AMENCA 3 will help build civil society capacity in areas that provide economic returns such as agricultural value chains, marketing and private sector engagement. The program will also strengthen social capital through support for cooperatives and other collaborative ventures. All these are investments in sustainability.

At the beginning of Year Three of the program, consortia will be asked to present Exit Strategy and Sustainability Plans, which will then be updated as the projects proceed. These plans should contain at minimum: a description of what beneficiaries will be able to do at project completion, not assuming further external support; project strategies to reach this position; and how to mitigate against risks and constraints. Developing these documents relatively early will help both beneficiaries and consortia partners focus on making sure their outcomes are sustainable.

7.4 Gender and Youth

Outcomes for women and youth are central to the success of AMENCA 3, and considerations of gender equality and youth opportunity will be integrated within all three program Outcomes. Consistent with DFAT’s Gender Equality and Women’s Economic Empowerment Strategy, AMENCA 3 will promote women’s economic empowerment and the enhancement of their agency in decision making and leadership. The program will work with women and men, local and private sector partners, to raise awareness of women’s right to participate, and also the benefits that accrue to enterprises, communities and households from women’s engagement beyond traditional and circumscribed roles.

AMENCA 3 partners will be expected to understand and address, in a practical but sensitive way, restrictions that might affect women’s engagement in the private sector. Work on value chains should include those that have a predominantly female workforce (small ruminants and honey are possible examples). 70% of all value chains developed should include new opportunities for women and youth. All trainings will be made available to women and youth and wherever practical, will be scheduled at times and in formats that mean women are able to take part. Private sector companies bidding for contracts with consortia must articulate strategies that include women and youth.

A foundation, principle-oriented Gender Strategy is attached at Annex 2. Early in Program implementation analytical baselines will be drawn up of women and youth in the communities to be assisted by the Program. Strategies will be then developed on how to target specific projects to women and youth and how to ensure their inclusion in other projects. All consortia will develop gender strategies in order to systematize and measure gender performance. M&E frameworks should include indicators that align with DFAT’s Aggregate Development Results, such as number of women who gain access to agricultural technologies; number of women with increased incomes; and number and percentage of management committees in which women are equally represented. M&E frameworks must also reflect Do No Harm principles by measuring for unintended consequences of women’s economic participation and empowerment.

While AMENCA 2 created training and work opportunities for some young people, at whole-of-program level it did not operate from detailed baseline data on youth unemployment or through an overall strategy for youth engagement. As with the Gender Strategy, the gender and youth advisor will work with consortia to ensure that opportunities for youth are integrated into their project.
designs. All consortia will develop youth strategies in order to guide and measure the participation of youth in AMENCA 3 and the outcomes it is achieving for young people. By the end of AMENCA 3, at least 3,000 youth will be able to report examples of economic empowerment.

7.5 Other cross-cutting issues

Partners should be familiar with the safeguards that underpin Australia’s aid program, some of them legislated compliance requirements and others mandated DFAT policies. Child protection, environment and disability are briefly covered below.

7.5.1 Child Protection

Since the communities AMENCA 3 will work among are made up largely of semi-subsistence farming families, ANGO consortia will have to be alert to child labour and DFAT’s Child Protection policy (with mandatory zero tolerance). All consortia will need to undertake risk assessments to inform their own child protection policies and AMENCA 3 management will vigorously monitor adherence to DFAT’s Child Protection policy, including through spot checks.

7.5.2 Environment

AMENCA 3 will be implemented in a manner consistent with Australia’s commitment to environmental protection and natural resource management (including the legal requirements for environmental impact assessment in program and project designs). Environmental assessments will be undertaken for projects that have a substantial infrastructure component or another element that could threaten the PT environment or heritage. AMENCA 3 partners will comply with all PT environmental laws and regulations. At the same time, AMENCA 3 will introduce and disseminate sustainable approaches like improved water conservation and use, permaculture, and organic farming that will help address major environmental pressures.

7.5.3 Disability

The AMENCA 2 projects that operated in rural areas were not able to reach many people living with a disability (PWD). Disabled people’s organizations and other organizations that work with disabled people have a limited presence outside Palestinian towns. Since AMENCA 3 will operate solely among rural communities it is unlikely to be able to reach large numbers of PWD. Nevertheless, AMENCA 3 will prioritise PWD and their households to the extent possible. Early in Program implementation, consortia will undertake situation analyses of disability and consideration will be given to one consortium becoming a ‘knowledge manager’ for disability inclusion.

In line with DFAT’s disability strategy, consortia will work in consultation with PWD and where possible, their organisations, to give them a voice, help them access services and support them with economic opportunities. AMENCA 3 will disaggregate program evaluation data by disability status (alongside sex disaggregation) using the Washington Group short set of six disability questions. This will enable comparison of Program outcomes for people with disabilities versus those without. Project designs will be expected to include opportunities along value chains that are suitable for people living with a range of disabilities. The focus will not just be on finding jobs for PWD, but on getting all partners to realise that they can gain by making their organisations open to – and inclusive of – PWD by lowering or eliminating barriers. Small infrastructure projects under AMENCA 3 should be accessible for PWD.

15 Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia’s aid program
16 http://www.cdc.gov/nchs/washington_group/wg_questions.htm
17 Cf DFAT’s Accessibility Design Guide: Universal design principles for Australia’s aid program
7.6 Risk Management

An independent Risk Management Review\(^{18}\) of AMENCA 2 found that:

- risk management systems within AMENCA appear to be comprehensive and appropriate for the program; and
- financial management systems of implementing partners appear to be well documented, robust and heavily scrutinised by a variety of authorities;

AMENCA 3 will be high risk because of instability and conflict in the operating environment. Due diligence requirements for AMENCA 3 will build on those of AMENCA 2, covering child protection, compliance with DFAT aid safeguards, fiduciary and anti-fraud measures, as well as terrorism-related risks. A risk assessment matrix (risk register) is attached at Annex 3. Risks are identified for: the operating environment; the achievement of results; and safeguards; and fraud, including the risk of Australian funds being diverted to terrorism.

A description of measures to be undertaken by ANGOs and their consortia partners to minimize the risk of aid funds flowing to terrorism or entities or individuals associated with terrorism is at Annex 4. DFAT expects all development partners at a minimum\(^{19}\):

- to know the persons or organisations that are being directly assisted;
- to make sure that people or organisations being directly assisted are not on Australian counter-terrorism watch lists before assistance is provided;
- to make sure that directly funded persons or organisations are aware of and obliged to comply with these laws; and
- to make sure that directly funded persons or organisations in turn are obliged to make sure that their distribution of the funds or support is made on the same basis.

ANGOs will report annually to DFAT on their compliance with these requirements and DFAT will conduct regular monitoring, including through spot checks.

\(^{18}\) Risk Management Review of the Australia-Middle East NGO Cooperation Agreement, May 2014

\(^{19}\) Guidelines for Strengthening Counter-Terrorism Measures in the Australian Aid Program