



Administrative Report

2023

Board of Directors

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Chairwoman's Message

Arab Center for Agricultural Development “ACAD” works to strengthen its national civil role and its position as a non-governmental development organization, within a development vision centered on human resilience and access to resources and their effective and sustainable use. ACAD works within a framework of social responsibility and focusing on the most vulnerable groups, including women, youth, farmers and persons with disabilities, using interventions and tools based on confronting the problems and issues present in the Palestinian rural environment and in the agricultural sector.

Like other civil society institutions, Arab Center for Agricultural Development “ACAD” works in an environment crowded with challenges, problems and crucial issues that threaten the process of survival and sustainability and prevent the participation and involvement of women, rural Palestinians and persons with disabilities in the development process, which in turn limits their fruitful contribution to the construction process. And from benefiting from the results of the development process in shaping their livelihood.

ACAD bases its interventions and activities on experiences, knowledge, and best practices, it has accumulated throughout its development journey, and on its strategic work directions. Strategic directions formed the reference for work during previous years and continue to constitute the compass of interventions. The strategic directions are based on the ACAD's vision of: “An effective rural agricultural community that relies on its capabilities, interacts positively with the environment, and determines its own future. Its components live effectively and with dignity in an independent, democratic State of Palestine”. Within the context of its mission: “A civil society development institution that contributes to efforts to develop the agricultural and rural sector by building partnerships based on complementarity, professionalism, and the involvement of target groups”, and within a system of values and principles embodied in belonging to the land and homeland, justice, integrity, participation, and sincerity in work.

Despite the huge challenges and blurry vision, resulting from the ferocious criminal Israeli aggression on the Gaza Strip and the encroachments and tensions in the rest of the regions, ACAD worked to strengthen its position in civil work, the agricultural sector, rural development, and strengthening steadfastness. With the guidance and support of the General Assembly and the Board of Directors; ACAD continued the process of developing and building its institutional capabilities, and with the exception of humanitarian interventions directed to support the steadfastness of our people in the Gaza Strip, ACAD committed itself to implementing its programs through interventions that stem from the strategic business directions of:

- Empowerment and financial inclusion by building the capacities of marginalized groups of small farmers, women, persons with disabilities, and youth, and improving their access to resources.

- Contributing to improving Palestinian food security and preserving the environment, and contributing to providing emergency and relief support and developing the affected areas and Area C.
- Promoting collective work, building, developing and activating cooperatives and social-economic solidarity groups, to improve production and defend individual and collective rights.
- Working to sustain ACAD and develop its institutional capabilities and programs to serve the agricultural and rural sector.

Since its founding in 1988, and during its period of operation as a project under the name of “United Agricultural Company”, ACAD has provided support and assistance to farmers, and through development stages that included institutionalizing the project and registering it as a non-profit civil institution in 1993 in the city of Jerusalem under the name of Arab Center for Agricultural Development, as a center specialized in development and project financing. The center sought, and continues to do so, to be an active participant in strengthening the steadfastness of Palestinian people and an effective contributor in the development process.

Through the efforts of the Board of Directors, ACAD’s management and the staff were able to confront and overcome the difficulties it faced, which required restructuring the organization. ACAD was able to overcome this stage, strengthen its presence, activate its activities, and improve its chances of sustainability.

Accordingly, we extend our sincere thanks to the staff and those in charge of ACAD, hoping to continue this constructive approach.

The continuing Israeli occupation of the Palestinian territories, which is based on racial discrimination, Judaization, confiscation of lands, marginalization of Palestinian national sovereignty, violation of the right of the Palestinian people to self-determination, and assault on their human rights, including the obstacles, restrictions, and infringements that threaten the lives of individuals and Palestinian society as a whole, remains the primary obstacle to the process of development and liberation. And using national capabilities effectively, the issue of building and supporting the Palestinian people’s capabilities for steadfastness and resistance remains the priority.

Mrs. Haneen Abu Fares
ACAD’s Board Chairwoman

The Palestinian situation in 2023

The year 2023 witnessed unprecedented attacks and destruction by the Israeli occupation that amounts to genocide and ethnic cleansing, supported by official international complicity. The Israeli occupation launched a frenzied military campaign, with direct support from America and a few Western countries (Germany, France, Britain, Canada), in October 2023, through which it reoccupied all areas in the Gaza Strip and caused complete destruction of infrastructure and public facilities. This includes the complete destruction of the health and education system, (84%) forced displacement (nearly 2 million people), destruction of water supply systems, electricity and sanitation services, and destruction of homes and housing. Neighborhoods and residential areas witnessed complete destruction, and places of worship were not spared. Economic facilities were destroyed and disabled, and the economy was pushed to collapse, putting most of the population of the Gaza Strip (2.2 million people) in a state of poverty and unable to provide strategies to deal with the new reality. With the prevention of entry of humanitarian aid, the population of the Strip faces a state of mass starvation, the risk of the spread of epidemics, and a lack of care. Health.

The ongoing massacres and crimes committed by the Israeli occupation have led, and continue to do so, to:

- The Israeli massacres and invasions claimed the lives of 22,349 male and female martyrs, in the West Bank and Gaza, in the year 2023.
- The number of martyrs in the Gaza Strip reached 21,822 male and female martyrs. At least 7,000 are missing and 66,000 are wounded. The number of child martyrs in the Gaza Strip reached 9,000 martyrs. And 6,450 martyrs (women) by the end of the year 2023. The aggression and the process of genocide are continuing until now.¹
- The number of displaced people in Gaza by the end of 2023 reached one million nine hundred thousand displaced people, and the number of new detainees from the Gaza Strip by the end of 2023 was 2,600 detainees.
- The number of destroyed housing units in the sector reached 355 thousand housing units, and 23 hospitals, 53 health centers, 142 health institutions and 104 ambulances were destroyed. Also, 117 mosques were completely destroyed and 208 were partially destroyed.
- In the West Bank, including Jerusalem, the year 2023 witnessed a frenzied campaign of settler attacks, protected by the Israeli occupation army, in conjunction with military invasions of villages, cities and camps, closing roads and entrances to population centers, restrictions on living activities, limiting movement and confiscating more lands. , the evacuation of residential sites, and the resettlement of population groups, including forced transfer, in addition to a system of economic tools. Destructive actions, including the loss of more than two hundred thousand Palestinian workers from their job opportunities in Israel, withholding clearance funds and taxes due to the

¹ <https://www.aljazeera.net/politics/2023/12/31>

Palestinian Authority, disrupting the Palestinian market by flooding or emptying it of some products, further attacks on Palestinian sovereignty and violating what is known as Areas (A) and (for). The Israeli attacks resulted in the martyrdom of 527 male and female martyrs, including 74 children. The year 2023 also witnessed an escalation in the volume of arrests, as the number of detainees reached 10,276, and the number of those in prison reached 7,800. 28 population sites were displaced, and the number of displaced people reached 2,330. The Israeli occupation has announced settlement plans that include approximately ten thousand settlement units in the West Bank and approximately eight thousand settlement units in Jerusalem. Pastoral settlements also seized 150,000 dunams. More than 18,000 trees were uprooted or destroyed, most of them olive trees. The number of checkpoints in their various forms reached 707, and 949 homes and facilities were demolished.

These attacks had a dramatic impact on all aspects of Palestinian life, including political, economic, development, and security, including:

- Creating a situation of difficulty and lack of livelihood in Gaza and a constant threat to life.
- Creating a state of tension, restrictions, pressure, difficulty living, and danger to life in the West Bank.
- The Palestinian economy in the Gaza Strip, with all its sectors and components (banking sector, public services, productive sectors, trade exchange), witnessed a collapse.
- In addition to the loss of salaries and remittances from former workers in the Israeli economy, estimated at four hundred million dollars per month, the public sector witnessed the process of withholding a significant portion of the salaries of workers in the public sector, amounting to half of the salaries, which led to a reduction in the rotation of the wheel of the Palestinian economy in the West Bank to what More than a third.
- With the continuation of Palestinian resistance in its traditional and new forms, such as: peaceful protests, confrontations of a mass nature, individual operations, and armed local groups, the Israeli occupation forces and herds of settlers, armed and protected by the army, escalated their attacks on lands, population centers, and on Palestinians in a blatant and dangerous manner that resulted in: isolation. Populated sites apart from each other, revitalizing previously evacuated settlement outposts, expanding the area of inaccessible lands, and expanding control over the lands. And the annexation of settlements, additional restrictions on movement, demolition of homes and facilities, and restrictions on freedoms and the freedom of work of institutions in general.

This situation emphasized the importance of mobilizing resources, organizing and implementing humanitarian interventions to support the people in the Gaza Strip, and at the same time, the

necessity of adhering to the development approach based on strengthening steadfastness and resistance, and building the capabilities and capabilities of individuals and groups to withstand and continue their livelihood according to their choices, and to confront the occupation in particular. And confronting infringements on basic rights in general, in addition to the general challenges facing sustainable development.

In addition to the negative effects of the Israeli occupation, Palestinian life continues to be negatively and deeply affected by the continuing political division, the absence of a unified national leadership in this difficult circumstance, the absence of democratic life and the concentration of powers in the hands of the presidency, the deterioration of the rule of law, the weakness of accountability systems and mechanisms, and the weakness of the institutional structure. Together, these factors created a difficult living environment for Palestinians, embodied in harsh economic, social, political, and security conditions.

The above-mentioned factors significantly harmed the relations between the various forces, deepened the feeling of loss of hope, and narrowed the space available for participation, civil action, freedoms, exercising the right to expression, demanding and defending rights, and participating in determining development policies and directions.

Economy:

With some recovery that came to the Palestinian economy in the year 2022, as the growth of the gross domestic product reached 3.9% compared to what it was in 2021, driven by the growth of private and public consumption, and the increasing number of workers in the Israeli economy, and this growth continued in the year 2023. Until the events of the last quarter of the year turned the scales and dealt the Palestinian economy, which was already weak, a strong blow. Its effects were reflected in the economic performance of 2023 and have negative effects on the performance of 2024. Until the war stops and reconstruction begins, the Palestinian economy will remain in a state of severe crisis, and on the verge of collapse after the collapse that befell the economy in the Gaza Strip². A joint study by the World Bank and the United Nations to determine the losses estimates that the size of the losses in the infrastructure of the Gaza Strip, by the end of the year 2023, will reach 18.5 billion US dollars, or the equivalent of 97% of the gross domestic product of both the West Bank and the Gaza Strip combined.

All sectors were affected by the crisis, and no one escaped it, as the banking sector recorded the most significant declines, as it lost approximately 900 million dollars as a lending portfolio in the Gaza Strip. This is in addition to the damage and losses that befell its facilities and assets in the Gaza Strip. The share of small lending institutions was more than 50%. One million dollars, and the share of ACAD Finance and Development Company is close to half a million dollars, with a very conservative exchange policy. The Ministry of Agriculture also estimates the amount of

²<https://www.worldbank.org/en/news/press-release/2024/04/02/joint-world-bank-un-report-assesses-damage-to-gaza-s-infrastructure>

losses in agricultural sector assets at \$2 billion, according to the strategy document for dealing with the situation in the Gaza Strip. World Bank experts believe that the Palestinian economy is experiencing the largest shock recorded in contemporary history. In Gaza, the gross domestic product (GDP) lost 80% of its value in the last quarter of 2023, leading to a decline in the annual index by an average of 24% from what it was in 2022, according to the Palestinian Center for Statistics. In numbers, the Gaza Strip's gross domestic product fell from approximately 670 million US dollars in the third quarter of 2023, to 90 million in the last quarter of 2023. It is noteworthy that the private sector in the Gaza Strip faced product losses amounting to 1.5 billion US dollars in the first two months of the war. It is expected that the size of the losses of the Palestinian economy will exceed in degrees the losses that resulted from the aggressions of 2008, 2014 and 2021.

In addition to the shocks and collapses mentioned above, the high rates of poverty, widespread unemployment, and limited job opportunities call for special attention to be given to economic empowerment programs based on financial inclusion for marginalized groups. The process of climate change and the decline in the state of the environment also call for special attention in the field of enhancing resilience and providing ways to deal with change. Climate and environmental reconstruction.

Executive summary

Until the start of the aggression and the genocide, the year 2023 witnessed the implementation of new projects and agreements at Arab Center for Agricultural Development “ACAD”, where during the year the implementation of new projects that were signed at the end of 2022 began, and the activities of projects whose agreements were signed in the year 2023 began. The number of projects that were implemented reached 7 projects with a total value of 294,185.3 US dollars, and efforts continued to purchase the European Investment Bank’s shares in ACAD Finance and Development Company.

The beginning was with “Ibtkar” project for social change, funded by the Italian Agency for Development Cooperation “AICS”, and implemented with Oxfam, ACAD Finance and Development Company, and Reef Finance Company, in addition to a number of Italian partners. Ibtkar project aims to promote permanent, comprehensive and sustainable economic growth, full and productive employment and decent work for women, men, and persons with disabilities. Reducing the percentage of youth who are not enrolled in employment, education, or training in the West Bank and Gaza Strip, as the project activities will continue to be implemented during the next three years.

An agreement was also signed for the project “Transitioning from Relief to Sustainable Livelihoods- Accelerating Jobs Creation in Agriculture”, in partnership with the Belgian development agency- Enabel and with funding from European Union. The project targets young people and entrepreneurs, including women and persons with disabilities between the ages of 18-29 years, in fifteen locations in the governorates of Nablus (Mashariq area) and Tulkarm (Sha'rawiya area), to work on raising their capabilities in the areas of developing small and micro agricultural projects.

ACAD signed a project agreement to enhance an enabling environment for sustainable projects and decent job opportunities for women and youth in the agricultural sector, which is implemented by the International Labor Organization (ILO) and in partnership with local institutions. ACAD will work to provide training to a group of male and female entrepreneurs from the project areas in the Northern Jordan Valley and Jericho in the fields of “Creating a project idea” and “Developing your own project” are within the models approved by the International Labor Organization.

In the field of supporting the steadfastness of farmers, ACAD began implementing Tarabut project in the area behind the wall in Jayyus- Qalqilya, in partnership with the United Nations Development Program (UNDP) and the Palestinian Agricultural Coalition, which consists of 7 civil society organizations in addition to the Ministry of Agriculture. The project’s activities are limited to land reconstruction, renewing crops, reclaiming and rehabilitating artesian wells and

irrigation networks, protecting and fencing lands, and building farmers' capabilities in the field of marketing and registering agricultural cooperatives.

In the Gaza Strip, project activities have been completed "Supporting emergency food security for the most vulnerable families in the Gaza Strip" that aims to support and ensure food security for these families by providing cash assistance. Despite the war that was started on the Gaza Strip and the inability of colleagues in Gaza to follow up on the implementation of the project, ACAD worked to transfer the cash payments and follow up on the work of the Headquarter to support and assist the beneficiaries considering this crisis and difficult circumstances and situations.

In addition, ACAD continued to submit project proposals, renew partnership relationships with previous donors, and open partnership relationships with new donors, as project proposals were submitted to institutions such as: Enabel, SELTEC, FAO, and MDLF. ACAD was also keen to enter into partnerships and submit proposals with previous and new partners such as presenting several projects in partnership with Oxfam, ACTED, ACAD Company and ILC.

During the year 2023, ACAD became a member at **Palestinian Environmental NGOs Network-Friends of the Earth Palestine**, and maintained its membership in local and international networks such as PNGO, International Land Alliance Network (ILC), Rights Network for Land and Housing, Food Security Sector (FSS), Turkish- Palestinian Youth Forum for Training and Cross- Border Economic Cooperation, PSEA- Protection from Sexual Exploitation and Abuse, Cooperative Action Coalition and Mediterranean Innovation Partnership.

The number of employees at the end of 2023 reached (15) employees (9 females and 6 males), and the employees received several training courses to develop their capabilities and skills.

Programs and projects

IBTKAR Project for Social Change (West Bank and Gaza Strip):

In mid-2023, arranging and coordinating the implementation of the activities of the “IBTKAR”



project for social change “Opportunities Comprehensive development for the resilience of Palestinian rural communities in the post- Covid era,” which is funded by the Italian Agency for Development Cooperation “AICS”, and is being implemented with Oxfam, ACAD Finance and Development Company, and Reef Finance Company, in addition to a number of Italian partners: Banca Etica, COSPE Foundation, Bolzano District, and in partnership with the Palestinian Ministry of Agriculture and the Cooperative Work Agency.

The project lasts 3 years and has a budget of 330,130 euros.

The project activities were as follows:

1. Implementing awareness activities for the target group about the project, where:

- ACAD conducted awareness- raising sessions in 7 governorates, which included meetings with 77 cooperatives, social and economic solidarity groups, and individuals. The sessions were held in the governorates of: Ramallah, Nablus, Salfit, Tulkarm, Tubas, Qalqilya, and Jerusalem.
- In each session, ACAD’s team provided an introduction about the project, its objectives, partners, interventions and the role of partners. The role of ACAD was explained to the participants, along with the opportunities to benefit from the program, followed by open discussions with them.
- In these sessions, ACAD was able to communicate with 77 cooperatives, including 58 cooperatives that confirmed their interest in being part of the project.

2. Starting to implement the training activities for the first package - How to start your production project:

The project training program consists of 9 days, and training was held on the first package (3 days) for 4 groups, one group in Ramallah Governorate, two groups in Nablus Governorate, and a group in Tulkarm Governorate. The training was provided by ACAD’s team.

3. Activities in the Gaza Strip were frozen until the situation stabilized.

Transitioning from Relief to Sustainable Livelihoods- Accelerating Jobs Creation in Agriculture (West Bank and Gaza Strip):

During the year 2023, ACAD signed an agreement for the project “Transitioning from Relief to Sustainable Livelihoods- Accelerating Jobs Creation in Agriculture” in partnership with the Belgian development agency- Enabel and with funding from the European Union. The project seeks to strengthen the resilience of the most marginalized women and youth by supporting them and raising their capabilities in the areas of developing small and micro agricultural projects that are feasible and vital in their communities. The project activities were as follows:

- Completing all documentary requirements for the project, including intervention plans, communication plan, work methodology, selection methodology, information collection forms, benefit requests, application evaluation processes, and formation of local and central coordination committees.
- Implementing project awareness activities in two target areas: Mashariq Nablus, Al-Sha'rawiya in Tulkarm, and middle Governorate in the Gaza Strip.
- Applications for the capacity building program were announced, and more than 150 applications were received from the Mashariq area in East Nablus and Sha'rawiya area in Tulkarm Governorate.
- Two local committees were formed to review applications and select 60 applicants to receive training.
- An introductory session for the project was held in Gaza in September 2023, where the project was announced and introduced. Representatives of the Ministry of Agriculture, members of agricultural cooperatives from the North Gaza Governorate (Beit Lahia and Beit Hanoun), and young entrepreneurs participated in the session. After that, activities in the Gaza Strip were frozen until the situation stabilized.

The duration of the project is 18 months from May 1, 2023, until November 30, 2024, with a budget of 296,308 euros.



Emergency food security support to the most vulnerable households in the Gaza strip:

This project aims to support and ensure food security for the most vulnerable families in Khan Yunis and Rafah governorates, especially families headed by women and persons with disabilities.



ACAD's role was to select field researchers and train them to complete the field research process and verify the beneficiaries' data in order to reach the most deserving families. After that, financial payments were disbursed to the beneficiaries through PalPay exchange points, where they were distributed, 3 batches of aid for 72 beneficiaries in the middle and Khan Yunis regions.

It is noteworthy that this project is implemented in partnership with

ACTED and funded by OCHA has been implementing its activities since 06/15/2023.

The implementation of the project activities was extended until 05/26/2024 with a budget of \$107,642.

Promote an enabling environment for sustainable projects and decent job opportunities for women and youth in the agricultural sector- Jericho and Northern Jordan Valley:

The project agreement was signed in October 2023. This project aims to support the agricultural value chain and enhance the enabling environment for agricultural institutions and cooperatives in providing decent jobs for women and youth in the agricultural sector and to promote inclusive markets and value chains in order to increase productivity and sustainable decent job opportunities for women and youth. With limited incomes in the Jordan Valley and Jericho, the project is implemented by the International Labor Organization (ILO) in partnership with local institutions: Arab Center for Agricultural Development "ACAD", Union of Agricultural Work Committees, Agricultural Development Association (PARC), Land research center and Palestinian Farmers Union, with funding from the Government of Japan.

At the beginning of 2024, ACAD will provide training to a group of male and female entrepreneurs from the project areas in "creating a project idea" and "developing your own project" within the models approved by the International Labor Organization. The training will target 60 entrepreneurs and will be provided by local trainers and under the supervision of an international trainer in this field certified by the International Labor Organization. After completing the training and completing all certification requirements, the local trainers will be qualified to obtain a certificate from the International Labor Organization to become certified trainers in this field.

The project duration is 8 months with a budget of \$50,800.

Tarabut Project- Muruj Jayyus- Qalqilya:

The project is directed to support the steadfastness of farmers in the area behind the wall in Jayyous- Qalqilya, in partnership between the United Nations Development Program (UNDP) and Palestinian Agricultural Coalition, which consists of 7 civil society organizations in addition to the Ministry of Agriculture. The project includes a set of interventions directed at reconstructing lands, renewing crops, reclaiming and rehabilitating artesian wells and irrigation networks, protecting and fencing lands, building farmers' capacities in the field of marketing, and developing a marketing plan for the cooperative.

Agreements were signed to supply fencing to farmers in Mourouj Jayous, and a contract was signed with the company (VndV) to develop a marketing plan for the cooperative in Mourouj Jayous and to create and register a trademark for the cooperative. Work is underway to register the Mourouj Jayous cooperative.

Implementation of the project activities began in May 2023 for a period of 7 months. Due to the conditions and repeated closures, work on the project was extended from 7 months to 19 months, with a budget of \$88,357.

List of projects implemented during 2023

Project name	Donor	Expenses \$
IBTKAR project	AICS- Oxfam	81,469.62
Transitioning from Relief to Sustainable Livelihoods- YEP	EU- Enabel	34,647.26
Tarabut project	UNDP	4,333.09
Promote an enabling environment for sustainable projects and employment opportunities	ILO	2,470.89
Supporting emergency food security for the most vulnerable families in the Gaza Strip	OCHA- ACTED	76,354.37
Urgent assistance to vulnerable families and farmers in Rafah	OCHA- ACTED	24,206
Supporting the most vulnerable families in Khan Yunis and Rafah governorates	OCHA- ACTED	70,704.14
The total value of projects and agreements implemented during 2023		294,185.37\$

Public relations and networking, submitting project proposals, membership

ACAD continued to emphasize its relationships with partners and donors and worked to submit funding proposals for a number of projects, most notably:

- Concept note (project proposal) submitted to Enabel Foundation: “From Marginalization to a Green Future”, Support- Participation- Exploration and Knowledge Transfer, Nablus and Jenin Governorates.
- Women's Fund for Peace and Humanitarian Action: A joint award application with the Rural Women's Development Association to exchange experiences and transfer knowledge.
- A project presented in partnership with Oxfam and ACTED: Rescue and support 500 families from northern Gaza.
- Memorandum of Concept submitted with ACAD Company for SELTEC Foundation: Enhancing access to financing, improving beneficiaries’ abilities to start and manage their own businesses and successfully sustain their enterprise, West Bank.
- FAO: Project proposal to support the implementation of tailored activities to promote inclusive and sustainable private sector engagement in climate-smart agribusiness, with a particular focus on women and youth innovations and climate change, West Bank.
- MDLF: Capacity Development of Municipalities and Local Communities in the Field of Social Inclusion and Citizenship, West Bank.
- A project presented in partnership with ILC: Rescue and support 100 families from northern Gaza.

ACAD also maintained its relations with local institutions and organizations, where it was:

- Significant coordination with partners in the sector.
- Coordinating centrally and locally with the ministries and concerned authorities in all ways and regarding projects, as ACAD participated in the meetings of the Palestinian Ministry of Agriculture with civil society organizations working in the agricultural sector to review the achievements of the agricultural sector in previous years and the priorities and challenges for the year 2023.
- Signing a memorandum of understanding with the Cooperative Work Agency to consolidate and strengthen the relationship within the framework of serving the cooperative sector.
- Participation in all meetings and activities of the network of PNGO in the West Bank and Gaza.

As for ACAD’s membership in networks and coalitions, ACAD joined the membership in 2023 at **Palestinian Environmental NGOs Network- Friends of the Earth Palestine**, and maintained its membership in local and international networks such as PNGO, International Land Alliance Network (ILC), Rights Network for Land and Housing, Food Security Sector (FSS), Turkish-Palestinian Youth Forum for Training and Cross-Border Economic Cooperation, PSEA-

Protection from Sexual Exploitation and Abuse, Cooperative Action Coalition and Mediterranean Innovation Partnership.

Human sources

The number of employees at the end of 2023 reached (15) employees, 9 females and 6 males. In order to raise and develop the capabilities and skills of employees, 9 of ACAD's employees participated in training courses held through local and international institutions, namely:

- Training within IBTKAR Project: Financial value chain training in the field of agricultural development- 3 employees.
- Training course with Banca Etica- Online: to transfer the bank's experience and knowledge to partner institutions in IBTKAR project- 2 employees.
- Trainings within the YEP-Enabel project: Three training courses were implemented in the field of: Project Management- 2 employees, purchasing and contracts management- 1 employee, financial management- 1 employee.
- Microsoft Power BI for Data Analysis- 1 Employee.
- Training organized by PNGO- Gaza: Training in project cycle management- 2 employees.

ACAD Finance and Development Company

ACAD Finance and Development Company continued its efforts to activate the company's work and recover from the negative effects that resulted from the Corona epidemic, with full commitment to its social responsibility within the framework of the company's strategic business directions.

The genocidal war waged by Israel on the Gaza Strip and the ongoing attacks on the West Bank have pushed the finance sector towards a severe crisis, which has resulted and will likely result in losses amounting to hundreds of millions of dollars. The total financial facilities in Gaza reach one billion dollars, 90% of which are facilities for individuals and companies, and for the Bank. Palestine receives the largest share of these facilities. The total portfolio of microlending institutions exceeded \$50 million. As for the losses in the West Bank, they have not yet been determined, as most of the loans were restructured based on the instructions of the Monetary Authority.

The year 2023 witnessed growth in the lending portfolio and in the number of loans, as the number of loans reached 3,347 loans by the end of 2023, an increase of 6% over what it was in 2022, when the total number of loans reached 3,138 loans. The size of the lending portfolio by the end of 2023 reached \$14,567,000, and the share of the agricultural sector reached nearly \$5 million, compared to 12,524,000 in 2022, with an increase of up to 14%.

The performance indicators were stable and within the scope of the company's general policy until the end of the third quarter of the year, as the percentage for non-performing loans, for example,

was 4.7%, and this is within the general trend, and with the crisis of the last quarter, the percentage jumped to 6.3% despite the restructuring of the loans.

The company worked in accordance with the approved disbursement plan until the end of the last quarter, when the disbursement process stopped completely, which led to a decline in the implementation of the plan by approximately 25% of the plan. ACAD also maintained its staff with some development, and the Board of Directors held the meetings required of it, as well as Committees and the General Assembly.

To confront the emergency and upon the recommendation of the Board of Directors, the company decided to postpone the effects of the crisis on the lending portfolio for a number of months to be able to manage the crisis by restructuring the loans and postponing the payments due until the end of the year for approximately 70% of the portfolio, and later 74% of the portfolio was rescheduled. Or the equivalent of \$11 million, this included the entire Gaza portfolio, and the West Bank, at the request of the borrower in accordance with the directives of the Palestine Monetary Authority. At the same time, all grant activities were brought together.

The crisis affected ACAD as well as the finance sector, as it led to:

- A tangible lack of liquidity, as the monthly collection rate for loan repayments decreased from \$625,000 to \$120,000 in the last three months of the year.
- A significant increase in the cost of provisions for non-performing loans, reaching \$450,000 for the year.
- The company was not able to achieve 32% growth in the lending portfolio according to plan, and the growth rate was 16%.
- The company's capital decreased to \$4.7 million.
- A plan to deal with emergencies was developed and work was implemented, while maintaining the crew and the minimum level of company activities.