

# Fair Trade in a military occupation context: an empirical analysis in the West Bank

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## Abstract

By interviewing a sample of 227 randomly selected farmers in villages located in Jenin and Tubas areas, half of which connected to the Fair Trade network, we find that FT coop members benefit from a number of services precluded to independent farmers. Benefits range from free trees and training courses to higher and more stable prices paid for agricultural products. The econometric analysis confirms that, net of other confounding elements, coop members are more satisfied with respect to price level, price stability, seller reliability and punctuality of payments.

**Keywords:** fair trade, Palestine, West Bank.

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## **1. Introduction**

Over the last sixty years the Middle East has been characterized by a situation of constant political instability, the Palestinian issue being one of the main reasons of it. After the second intifada the Palestinians' social and economic situation has become even more dramatic than before. The Israeli occupation is responsible for a number of problems: people dead or injured, damages to houses, working tools and plantations. For long periods curfews and check points have severely limited mobility of people and transportation of goods, thereby affecting the economic development of the area. The separation wall, built over the last decade, has isolated and has the farmers from (some of) their fields. Reduced mobility of people and goods and increased land confiscation are additional consequences of this policy. Finally, water is subject to rationing and its price is a multiple of that paid by Israeli. In short, doing business in the West Bank is extremely difficult. Fair Trade tries to help Palestinians by providing services to the farmers, better prices and working conditions and additional markets where to sell their products.

This paper is organized as follows. The second section provides an economic and political overview necessary to understand the context in which Fair Trade organizations operate. The third focuses on the three main problems faced by Palestinian farmers connected to land, mobility and water. The fourth describes the two cooperatives object of investigation. The fifth describes the data collection and provides summary statistics. The sixth presents the results from the econometric analysis. The seventh concludes.

## **2. Economic and political overview**

The occupied Palestinian territories (oPt) include the West Bank and the Gaza Strip. The West Bank covers about 5,655 km<sup>2</sup> and it has a population of 2.38 million inhabitants. The Gaza Strip is one of the most densely populated areas in the world (some 4,000 inhabitants/km<sup>2</sup>), a narrow land of 365 km<sup>2</sup> along the Mediterranean sea hosting about 1.42 million. While the (oPt) is a small land in terms of area and population and do not contain natural resources such as oil or gas of crucial interest to the world's economy, the Israeli-Palestinian conflict brings about extreme international interest in the media, politics and diplomacy. It is mainly the historical and political context that set the parameters of the current economic and social situation of the population.

The Oslo process (1994-2000) brought for a certain period some peace in the region. It permitted the creation of the Palestinian National Authority (PNA) and established a framework for the creation of a Palestinian state. However, the agreements did not fully materialize and conflicts between Israelis and Palestinians continue to date: the occupation of Palestine does not show any sign of resolution. On the opposite, other signs show a different trend of evolution: the construction of the Barrier is going on, confiscation of land continues, settlements are expanding and the invasive processes in East Jerusalem and Jordan Valley are speeding up. The latest military operation in the Gaza Strip caused impressive damages to the infrastructures and left about 1,450 Palestinians dead. Armed

violence within Palestinians increased as well, especially since 2006 and among partisans of the Fatah and the Hamas.

Between 1999 and 2007 the oPt's GDP per capita dropped by around 30% and investment almost ceased. GDP per capita continued to decrease at an average of 4% per year between 2006 and 2008. According to the World Bank, the GDP per capita was just above US\$ 1,000 in 2008, compared to US\$ 1,610 in 1999. In early 2009 about 21% of West Bank and 42% of Gaza's households were unemployed. Obviously, the economic situation derives from the political one. The agricultural sector in this context is crucial for several reasons: unemployed workers expelled from Israel move back to land, food security is an important issue and agriculture is associated with access to basic resources. It accounts for 11-20% of the Palestinian economy, employs approximately 15% of the formal workforce and up to 39% of the informal workforce and accounts for about 20% of exports. At least three fundamental constraints, related to political situation, affect the growth of agriculture sector: access to land, access to water and mobility.

### **3. The three main obstacles to the Palestinian agricultural economy: land, mobility and water**

#### *3.1. Land*

Since the Israeli-Palestinian Interim Agreement was signed in 1995, the West Bank is divided into 3 areas:

- Area A: comprising all major population centers, under the full control of the PNA;
- Area B: comprising most rural villages, under Palestinian civil control and Israeli military control;
- Area C: approximately 60% of the West Bank, under complete Israeli control for both security and civil administration.

The territorial space of Areas A and B is not contiguous and consists of some 227 separate enclaves surrounded by Area C, the only contiguous area of the West Bank including most of the West Bank's key infrastructure. East Jerusalem was not classified as Area A, B or C in the Oslo interim agreement and its status was to be resolved in final status negotiations. The Palestinian Authority was expected to take control over an increasingly larger share of land but this process has been frozen since 2000. Especially in Area C, confiscation of land by the Israeli government was made possible by using the Ottoman Code that allowed the State to confiscate the land which had been left uncultivated for a three year period. Confiscated land has frequently been allocated to Israeli settlers.

Since the military occupation took place in 1967 numerous settlements have been established in the West Bank. Israeli settlers' population was estimated to be of 461,000 people in 2007, concentrated in and around East Jerusalem and isolating Palestinians living there from the rest of the West Bank. Other settlements are located in various parts of Area C. Even if the number of settlements slowed down after the first 20 years of occupation, by 2005 there

were about 150 and both the total settlers' population and the area controlled by settlements continued growing dramatically. Between 1987 and 2005 the settlers' population grew by over 150% and the land area controlled by settlements by more than 400%. Settlements often include also areas of economic activity. Indeed, there are about 20 Israeli industrial settlements in the West Bank and many settlements also have cultivated agricultural areas in or around the settlements, thereby increasing settlers' control over land and restricting Palestinian access and use of it. This is especially the case in the Jordan Valley. In total, about 5.1% of the West Bank land area has been taken over by the settlers.

Meanwhile, the most recent route of the Separation Barrier, planned to be 709 km long, will enclose approximately 10.2% of the West Bank. In addition, all land within 100m of the wall is off limit to Palestinians. The intrusive Barrier route also affects a far larger number of Palestinians, especially farmers, whose land and water resources are located between the Barrier and the Green Line. Since October 2003, Palestinians in the northern West Bank require visitors a permit in order to reach and cultivate their land in the closed area. Restricted access has severely curtailed agricultural practice and undermined rural livelihoods. The enclosed areas include some of the most valuable agricultural land and access to some of the richest water resources in the West Bank, which has severely impacted Palestinian farmers.

### *3.2. Mobility*

The issue of land is strongly related to the mobility issue and to restrictions on movement of people and goods within the West Bank and to the outside world. Israel controls movement inside and outside each of the 3 areas (A, B, C). A system of checkpoints, road closure and physical restrictions (about 600) constrain movement of people and goods within and out of the West Bank and dramatically limits West Bank/Gaza Strip trade and population movement. The territory is fragmented into ever smaller and more disconnected cantons. While physical impediments are the visible manifestations of closure, the means of curtailing Palestinian movement are actually far more complex and based on a set of administrative practices which limit the freedom of Palestinians to move home, obtain work, invest in businesses or construction and move about outside of their municipal jurisdiction.

To ensure that settlers can travel with relative ease and safety between the West Bank and Israel and between settlements, a system of segregated roads reserved for Israeli use has been developed. This road network adds a few to the West Bank area restricted from Palestinian use, but its impact on citizens' livelihood is relevant since it acts as a further barrier to movement and development. Land access and movement restrictions, especially in Area C, have been extremely harmful to the agricultural sector and to the welfare of farming families. The increasing number of walls, roadblocks and checkpoints has made it increasingly difficult for farmers to access their lands and markets. A consequence of the longer time required for journeys is that the costs of transporting goods has risen significantly.

Moreover, Palestinian farmers with agricultural land close to the settlements sometimes find these properties difficult to cultivate and harvest due to intimidation, violence or property damage by settlers. Furthermore, in some areas near to the settlements considered to be high friction areas, harvesting of olive orchards is limited to specific days designated by the Israelis. As a result, a significant share of the agriculture land is withdrawn from production or shifted to lower value and less perishable crops, while hardly any infrastructure investment is carried out.

### *3.3. Water*

Another factor strongly affecting Palestinian agriculture is the access to water. The average water supply to the Palestinian communities of the Occupied Territories is about 63 liters per capita per day in the West Bank. However, water supply significantly varies throughout the Territories but a second extremely relevant dimension of the water crisis is the low quality of water. This aspect regards particularly Gaza Strip but the situation is also difficult in the West Bank as all of the Palestinian the agricultural sector is characterized by an extensive and inappropriate use of pesticides and fertilizers and by an inadequacy of the sewage infrastructure.

Israel's domestic per capita consumption of water is over three times higher. Two thirds of the water comes from sources 'shared' with the Palestinians. Israelis and Palestinians share two interrelated water systems, but Israel prevents Palestinians from accessing water resources. Palestinians require a permit in order to drill new wells or fix existing ones. Permits go through eighteen stages of approval in various administrative departments. Furthermore, quotas limit the drawing of water from each well.

*De facto*, expropriations are frequently carried out by the establishment of military areas on natural reserves, especially in the Jordan Valley. Due to the physical barriers and restrictions described the price of water supplied by private tankers has increased dramatically. Lastly, all these constraints raise the cost of local food and reduce the competitiveness of the Palestinian agricultural sector. There has been a gradual increase in the wholesale prices index of different locally produced agricultural commodities, which raises the cost of living for all Palestinians and make extremely unfair for farmers competing with far cheaper Israeli imports.

## **4. Making Trade Fair in Northern Palestine**

PARC (Palestinian Agricultural Relief Committees) is a leading Palestinian non-profit, non-governmental organization involved in rural development. PARC provides advice, awareness support, services and special consultancies for individuals, groups and institutions involved in similar domains. During the first Intifada (1987-1993), PARC started to spread the concept of household economies and rural cooperatives. Meanwhile, it began distributing seedlings, seeds and sheep to poor and marginalized rural families who were facing the problems related to the spread of war and violence such as the curfew that strongly limited

the income generation activities.

After this early phase, PARC mainly focused on supporting self-production and production organization. In order to do so it started supporting cooperatives and groups in selling their products in Palestinian urban centers. In 1993, PARC's "Fair Trade Department" was established with the aim to better reach the international Fair Trade markets, to support farmers organized in cooperative and producing different kind of products (ex: such as oil, almonds, dates). Members of those cooperatives were provided with the technical and logistical support needed to produce high quality agricultural products.

In fact, while PARC's commercial branch, called Al Reef, trades goods in the international markets and works on the pure commercial aspects, PARC supports farmers with a large number of services and initiatives. A first important activity is reclaiming land for farmers and building walls on them. Next, PARC is active in assisting rural poor with extremely relevant initiatives, both on private and public goods, such as the construction or renovation of storage capacity and of agricultural roads to reach the fields. Seeds and seedlings are distributed to families to be planted in the reclaimed lands and home gardens, the latter often established and developed by PARC for rural families. Services provided to coop members include financial assistance, training and consultancies by experts to improve quantity and quality or to convert the production to organic. Particular attention is devoted to the involvement of women, the main beneficiaries training activities..

Our study was conducted in Northern Palestine and involved two different farmers' cooperatives working with PARC. The first one, the Akkaba Agricultural Society, is located in the village of Akkaba, between Tubas and Jenin and in 2009 had 85 members. It was founded in 2004 with three main objectives: (i) improve the production and productivity of associated farmers, (ii) improve the quality of products, and (iii) provide services (training, technical support to facilitate water access, etc.). Al Reef buys from this organization only almonds for the international market. The production of almonds was promoted by PARC through the free distribution of almond plants during the '90s in order to diversify farmers' sources of income, since most of them were producing only olives. Every member has to pay an annual fee of around US\$ 10. The requirements to become a member are (i) being aged over 18 and (ii) being a farmer cultivating some land (owned, rented or teneted). There is no upper or lower limit to the size of cultivated land. In 2009 the production of almonds sold to Al Reef was over 9 tons.

The second organization involved in our study is the Co-operative Society For the Farmers Fruitful Trees. This cooperative is based in Seelah, west of Jenin, but involves farmers' communities of different villages located in the area between Jenin and the wall. Even if it was funded in 2005, some groups of farmers were already involved in PARC's activities before the coop was founded. There is no an annual fee but farmers are required to buy a share of capital for the value of US\$ 150. There are no restrictions to affiliation. In 2009 there were 97 members selling to Al Reef almonds (7 tons), olive oil and wheat (40 tons).

In both villages PARC has wisely encouraged the production of almonds which, in the whole Palestine, has witnessed an impressive growth for four main reasons. First, plants survive without watering, even though with a reduced productivity. Second, the production of almonds is relatively stable over time with respect to olives which are subject to huge bi-annual fluctuations in the harvest (one year of high yield-high quality followed by one year of low yield-low quality). Third, almonds have a life cycle of around twenty years and become productive after three-four years, while olives require more than ten years in order to obtain the first (unsatisfactory) harvest. Fourth, the current almond price is high, which allows realizing good profits thanks to the high sale price. However, in the future this rapid increase in the supply might exert a downward pressure on the market price, partly neutralizing these efforts.

## **5. Dataset and summary statistics**

The dataset consists of 227 randomly selected people interviewed in March 2010 in the villages and countryside around Akkaba, in Tubas area (village A) and Seelah and other villages nearby such as Zpobah and Aneem, in Jenin area (village B). People have been submitted an extensive survey with questions ranging from standard socio-demographic controls to property of land, sources of income and sales channels (for the full questionnaire see the Appendix). The target was to analyze the context where the Fair Trade organization works, the standard of living of members, the problems farmers face in carrying out their agricultural activities and the degree of satisfaction for the price and sale conditions of members vs. non members.

Table 1 describes the variables used in the statistical analysis. Table 2 reports summary statistics for the full sample which has been stratified by village and coop membership. The number of interviewed people is roughly the same in the two villages and in the two groups of coop members and independent producers. While almost all members belonging to the two coops have been interviewed, independent producers have been randomly selected in the villages through snow ball and word of mouth techniques. Given that the population of the two villages ranges between 2,000 and 5,000 people and that the average number of people living in the house is 5.75, it turns out that a significant share of the population has been (indirectly) included in the investigation.

The majority of farmers are married men with average age of 52, ten years of schooling, slightly less than six children of whom, on average, almost one attends the university. Although after the second intifada emigrating has become extremely difficult, on average people declare to have 0.38 sons living abroad. Therefore, remittances constitute a small, but non negligible, share of the total family income. Since the context is agricultural, houses are usually built by farmers (79% of cases), inherited (19%), or rented (2%), sales being inexistent. For these reasons, and given the average family size, houses are quite big (131 squared meters) and often get expanded over time (20% of the sample between 1975 and 2009), eventually to host the sons once they get married.

While in some other contexts, like for example Africa, food has been shown to be an issue, this is not the case. On average farmers declare to have fish and meat respectively two and eleven times per month, the lower frequency for the first item being due to the distance from the coast and the frequent and long queues at the check points by the Israeli army. On average every family cultivates 44 dunums of land (1 dunum=0.1 hectare): the majority is inherited, but renting and tenancing are very frequent. Usually rents are based on an annual fee to be paid cash irrespectively of the economic result, while tenancing implies that the farmer has to pay a share of the harvest, usually 50% if the trees have been planted by the owner and 30% otherwise. The average monthly family income is 5,580 shekels, around 1,116 euros, 62% of which from agriculture. A big share of interviewed people had (one of) the following additional sources of income: second job, income of other family members living in the house, remittances, pensions, etc.

The price paid to farmers is an important, although non fundamental nowadays, element of Fair Trade. Table 3 shows means and confidence intervals for the three goods traded by PARC. Due to the scarcity and consequent high cost of water farmers have specialized in the production of goods which do not require watering, like olives, cereals and, especially over the last decade, almonds. These items can be sold to PARC, local (Palestinian), Israeli and foreign buyers. Nobody sells to Israeli importers and only two people sell almonds and olives to foreign buyers. The majority of people declare to sell to PARC or to local buyers, the higher relevance of the latter for olives being due to the fact that in the first village PARC buys only almonds. For all the three goods Fair Trade prices paid by PARC are higher than those paid by local traders, the difference being statistically significant at 5% level.

Table 4 shows means and confidence intervals for selected variables in the subsamples composed by people living in village A and B. The first village is farther away from the wall and has a (relatively) lower population density; this increases the average number of dunums available for cultivation and the agricultural and total income, which in turn has an important effect on the perception of “job stress”, much higher in the second village. As to the consequences of the Israeli occupation, most of people declared one or more types of damages. On average, the second village, which is very close to the wall and subject to severe restrictions, suffered the most, especially with respect to damages to the plantations (17% of people), confiscated land (26%) and scarcity of water (32%). In the first village farmers suffered especially because of damages to the working tools (60%) and check-points which slow down the transportation of people and goods (97%).

Table 5 repeats the exercise by splitting the sample in members and independent producers. Coop members cultivate on average more land, irrespectively of the ownership status (inherited, bought, rented or tenanted). This makes their share of income arising from agricultural activities higher than that of independent producers (61% against 46%). However, it must be noted that the value of sales from agriculture is higher for independent producers even if the number of cultivated dunums is lower. There are two reasons for this unexpected finding. First, many independent farmers have highly productive greenhouses which require watering and are therefore a proxy for higher wealth, which is confirmed by

the higher income from other (non-agricultural) activities. Second, a significant share of members joined the cooperative to participate PARC's almonds program (trees, training and services for free). Thus, some units will become productive in the next years, downward biasing the average values. Workers' salaries are similar in the two subsamples while the number of training days attended last year is much higher among members, thanks to PARC's active support. Finally, sale conditions in terms of price, price stability, seller reliability and punctuality of payments are perceived to be better among members, the difference being statistically significant at 5% level.

## **6. Econometric analysis**

Tables 6 and 7 report econometric results on the determinants of satisfaction with respect to sale conditions in four different domains: price, price stability, seller reliability and punctuality of payments. The purpose is to isolate the effect of FT coop membership from the other confounding elements which affect the judgment. The variable of interest here is the dummy equal to 1 if the respondent is a member: if, everything else being equal, this variable turns out to be positive and significant, this means that Fair Trade affiliation has a positive effect on sale conditions which cannot be ascribed to other elements (e.g. the total income, the number of cultivated dunums or the type of good produced).

For each of the four dependent variables we run, as robustness checks, three different specifications. In the first we include the number of dunums devoted to the cultivation of almonds, olives, wheat and other goods. In the second we replace this variable with the percentage of land devoted to the four items: in order to avoid perfect multicollinearity we dropped the percentage devoted to wheat which is the base for the estimate. In the third we insert the total production of almonds (kg), olive oil (lt) and wheat (kg). In this specification we could not include also the other activities which are of several different types and are impossible to aggregate.

Results are always consistent and show that, net of other confounding elements, coop membership has a strong, positive and robust effect on farmers' satisfaction with sale conditions. The variable "member" is always positive and significant at 1% level. Years of education have a positive impact on the satisfaction with seller reliability and punctuality of payments, but not on that with price and price stability. Thus, more educated people seem to understand that the advantages of Fair Trade go well beyond the mere price. This aspect should be promoted by Fair Trade organizations to stimulate awareness among their members.

Next, producing olives has a better effect than almonds: given the strong investment in almond plantations in the region and PARC's effort to support the change, this is quite surprising. Finally, damages from the Israeli occupation affect the satisfaction with sales conditions either psychologically or economically. In the first case interviewed people who suffered the loss of relatives or other economic damages might display lower life satisfaction. This, in turn, might negatively affect the declared satisfaction with respect to a number of

other domains, like for example the sales conditions. In the second case farmers could be unsatisfied not because of the unfavorable conditions, but rather because they need to recuperate the previous standard of living. Looking at the regressions, the only variable exerting a strong negative effect is the damages from curfews, while damages with respect to relatives dead have a negative effect only on the satisfaction with the price levels.

## **7. Conclusions**

Our study carried out puts in evidences how farmers involved in Fair Trade production and commercial chain are more satisfied with respect to price level, price stability, seller reliability and punctuality of payments. Moreover being linked to the Fair Trade network had a strong role on setting the conditions for a positive development in living conditions of the families involved in the process through the possibility to start new cultivations, such as almonds, and being trained to elevate productivity and quality.

Most of people have a second source of income and are not “pure” farmers. Consequently the share of income due to Fair Trade is limited and it will be crucial in the future to elevate sells (and relative buying) to obtain greater impact on wealth variables connected to higher income. However, in a context where doing business is extremely difficult due to the political and military situation and where international aid contributes to large part of investment in West Bank, Fair Trade partnerships are a key instrument to promote a more sustainable and self-owned development model for Palestinian people. A model where, even in a hard occupation context, future steps toward a better life is not only linked to external aid but depends on Palestinian working hands and on their products.

**Table 1: Description of the variables used**

| <b>Variable</b>              | <b>Description</b>                                      |
|------------------------------|---|
| Village A                    | DV=1 if the respondent lives in Zababde                 |
| Member                       | DV=1 if the respondent is a coop member                 |
| Female                       | DV=1 if the respondent is female                        |
| Age                          | Age (years)   |
| Education                    | Education (years)                                       |
| Married                      | DV=1 if the respondent is married                       |
| People in the house          | Number of people currently living in the house          |
| Nr. of children              | Number of children                                      |
| Sons at university           | Nr. of sons attending (or attended) university          |
| Nr. of emigrated sons        | Number of emigrated sons                                |
| House built                  | DV=1 if the respondent built his house                  |
| House inherited              | DV=1 if the respondent inherited his house              |
| House rented                 | DV=1 if the respondent is renting his house             |
| Squared meters               | Size of the house in squared meters                     |
| Additional sq.m.             | Additional sq. m. when the house was expanded           |
| House expansion year         | Year of house expansion                                 |
| Meat monthly                 | Meat consumption: number of times per month             |
| Fish monthly                 | Fish consumption: number of times per month             |
| Land inherited               | Number of dunums of inherited land                      |
| Land bought                  | Number of dunums of bought land                         |
| Land rented                  | Number of dunums of rented land                         |
| Land tenanted                | Number of dunums of tenanted land                       |
| Dunum almonds                | Number of dunums cultivated with almonds                |
| Dunums olives                | Number of dunums cultivated with olives                 |
| Dunums wheat                 | Number of dunums cultivated with cereals                |
| Dunums other                 | Number of dunums devoted to other activities            |
| Dunum almonds %              | Percentage of land devoted to almonds                   |
| Dunums olives %              | Percentage of land devoted to olives                    |
| Dunums wheat %               | Percentage of land devoted to cereals                   |
| Dunums other %               | Percentage of land devoted to other activities          |
| Prod: almonds (kg)           | Almonds production in kg                                |
| Prod: olive oil (lt)         | Olive oil production in liters                          |
| Prod: wheat (kg)             | Wheat production in kg                                  |
| Monthly sales                | Monthly sales of agric. products in shekels             |
| Monthly sales to PARC        | Monthly sales of agric. products in shekels to PARC     |
| Total monthly income         | Total monthly income in shekels                         |
| Share of agricultural income | Percentage of total income from agricultural activities |
| Salary: perm. worker         | Daily salary of a permanent worker                      |
| Salary: temp. worker         | Daily salary of a temporary worker                      |

*(cont.)*

*(cont.)*

| <b>Variable</b>                 | <b>Description</b>  |
|---------------------------------|---|
| Job satisfaction                | Job satisfaction from 0 (min) to 10 (Max)                                     |
| Job stress                      | Job stress from 0 (min) to 10 (Max)   |
| Nr. of training days            | Number of training days attended last year                                    |
| Sale cond: price                | Satisfaction with price of agric. products from 0 (min) to 10 (Max)           |
| Sale cond: price stability      | Satisfaction with price stability of agric. products from 0 (min) to 10 (Max) |
| Sale cond: seller reliability   | Satisfaction with seller reliability from 0 (min) to 10 (Max)                 |
| Sale cond: punctuality of paym. | Satisfaction with punctuality of payments from 0 (min) to 10 (Max)            |
| Dam: person dead                | DV=1 if the damage from the occupation included people killed                 |
| Dam: person injured             | DV=1 if the damage from the occupation included people injured                |
| Dam: house                      | DV=1 if the damage from the occupation included the house                     |
| Dam: working tools              | DV=1 if the damage from the occupation included the working tools             |
| Dam: plantation                 | DV=1 if the damage from the occupation included the plantations               |
| Dam: confiscated land           | DV=1 if the damage from the occupation included confiscated land              |
| Dam: scarcity of water          | DV=1 if the damage from the occupation included the scarcity of water         |
| Dam: transportation             | DV=1 if the damage from the occupation included transportation                |
| Dam: curfews                    | DV=1 if the damage from the occupation included curfews                       |

**Table 2: Descriptive statistics: full sample**

| <b>Variable</b>       | <b>Obs</b> | <b>Mean</b> | <b>Std. Dev.</b> | <b>Min</b> | <b>Max</b> |
|-----------------------|------------|-------------|------------------|------------|------------|
| Village A             | 227        | 0.54        | 0.50             | 0          | 1          |
| Member                | 225        | 0.48        | 0.50             | 0          | 1          |
| Female                | 225        | 0.01        | 0.09             | 0          | 1          |
| Age                   | 224        | 52          | 12               | 22         | 78         |
| Education             | 225        | 10          | 4                | 0          | 18         |
| Married               | 225        | 0.97        | 0.16             | 0          | 1          |
| People in the house   | 223        | 5.75        | 2.61             | 2          | 20         |
| Nr. of children       | 225        | 5.77        | 3.04             | 0          | 15         |
| Sons at university    | 227        | 0.96        | 1.40             | 0          | 7          |
| Nr. of emigrated sons | 165        | 0.38        | 0.95             | 0          | 7          |
| House built           | 225        | 0.79        | 0.41             | 0          | 1          |
| House inherited       | 225        | 0.19        | 0.39             | 0          | 1          |
| House rented          | 225        | 0.02        | 0.15             | 0          | 1          |
| Squared meters        | 224        | 131         | 49               | 50         | 350        |
| Additional sq.m.      | 45         | 72          | 37               | 20         | 200        |
| House expansion year  | 47         | 1,999       | 7                | 1,975      | 2,009      |
| Meat monthly          | 227        | 11.38       | 8.48             | 0          | 30         |
| Fish monthly          | 227        | 2.13        | 1.74             | 0          | 12         |
| Land inherited        | 222        | 24          | 29               | 0          | 162        |
| Land bought           | 222        | 3           | 8                | 0          | 50         |
| Land rented           | 222        | 6           | 20               | 0          | 195        |
| Land tenanted         | 222        | 12          | 58               | 0          | 823        |
| Monthly sales         | 225        | 3,456       | 4,451            | 0          | 19,879     |
| Total monthly income  | 225        | 5,580       | 5,258            | 0          | 41,000     |

**Table 3: Price conditions, FT vs. other channels**

| Variable       | Obs | Mean  | [95% Conf. | Interval] |
|----------------|-----|-------|------------|-----------|
| <b>Almonds</b> |     |       |            |           |
| PARC           | 68  | 20.93 | 20.72      | 21.14     |
| Local buyer    | 67  | 18.98 | 18.08      | 19.88     |
| Israeli buyer  | 0   | .     | .          | .         |
| Foreign buyer  | 1   | 20.50 | .          | .         |
| <b>Olives</b>  |     |       |            |           |
| PARC           | 15  | 33.07 | 31.55      | 34.58     |
| Local buyer    | 108 | 30.25 | 29.51      | 31.00     |
| Israeli buyer  | 0   | .     | .          | .         |
| Foreign buyer  | 1   | 30.00 | .          | .         |
| <b>Wheat</b>   |     |       |            |           |
| PARC           | 6   | 2.10  | 1.69       | 2.51      |
| Local buyer    | 50  | 1.31  | 1.26       | 1.36      |
| Israeli buyer  | 0   | .     | .          | .         |
| Foreign buyer  | 0   | .     | .          | .         |

**Table 4: Means and confidence intervals for the two villages**

| Variable               | Village A |       |       |       | Village B |       |       |       |
|------------------------|-----------|-------|-------|-------|-----------|-------|-------|-------|
|                        | Obs       | Mean  | [95%  | C.I.] | Obs       | Mean  | [95%  | C.I.] |
| Member                 | 122       | 0.55  | 0.46  | 0.64  | 103       | 0.39  | 0.29  | 0.48  |
| Nr. of children        | 122       | 6.20  | 5.66  | 6.75  | 103       | 5.26  | 4.67  | 5.85  |
| Sons at university     | 89        | 0.29  | 0.21  | 0.36  | 76        | 0.37  | 0.29  | 0.44  |
| Nr. of emigrated sons  | 88        | 0.26  | 0.12  | 0.40  | 77        | 0.52  | 0.25  | 0.79  |
| Land inherited         | 119       | 33.14 | 27.10 | 39.19 | 103       | 13.65 | 10.43 | 16.87 |
| Land bought            | 119       | 2.44  | 1.05  | 3.83  | 103       | 2.89  | 1.37  | 4.41  |
| Land rented            | 119       | 9.21  | 4.44  | 13.98 | 103       | 1.28  | -0.08 | 2.64  |
| Land tenanted          | 119       | 20.65 | 6.36  | 34.93 | 103       | 1.00  | 0.04  | 1.95  |
| Monthly sales          | 122       | 5,665 | 450   | 4,775 | 103       | 839   | 120   | 601   |
| Monthly sales to PARC  | 122       | 857   | 604   | 1,111 | 103       | 362   | 189   | 535   |
| Total monthly income   | 122       | 7,321 | 6,329 | 8,312 | 103       | 3,517 | 2,724 | 4,311 |
| Job satisfaction       | 121       | 7.20  | 6.83  | 7.56  | 103       | 6.51  | 6.12  | 6.90  |
| Job stress             | 121       | 4.07  | 3.52  | 4.61  | 103       | 6.99  | 6.62  | 7.36  |
| Dam: person dead       | 122       | 0.01  | -0.01 | 0.02  | 103       | 0.01  | -0.01 | 0.03  |
| Dam: person injured    | 122       | 0.09  | 0.04  | 0.14  | 103       | 0.05  | 0.01  | 0.09  |
| Dam: house             | 122       | 0.01  | -0.01 | 0.02  | 103       | 0.10  | 0.04  | 0.16  |
| Dam: working tools     | 122       | 0.60  | 0.51  | 0.69  | 103       | 0.08  | 0.03  | 0.13  |
| Dam: plantation        | 122       | 0.00  | 0.00  | 0.00  | 103       | 0.17  | 0.09  | 0.24  |
| Dam: confiscated land  | 122       | 0.01  | -0.01 | 0.02  | 103       | 0.26  | 0.18  | 0.35  |
| Dam: scarcity of water | 122       | 0.07  | 0.02  | 0.11  | 103       | 0.32  | 0.23  | 0.41  |
| Dam: transportation    | 122       | 0.97  | 0.94  | 1.00  | 103       | 0.86  | 0.80  | 0.93  |
| Dam: curfews           | 122       | 0.98  | 0.95  | 1.00  | 103       | 0.39  | 0.29  | 0.48  |

**Table 5: Means and confidence intervals for members and non members**

| Variable                        | Member |       |       |       | Non member |       |        |        |
|---------------------------------|--------|-------|-------|-------|------------|-------|--------|--------|
|                                 | Obs    | Mean  | [95%  | C.I.] | Obs        | Mean  | [95%   | C.I.]  |
| Nr. of children                 | 107    | 6.35  | 5.68  | 7.01  | 118        | 5.25  | 4.80   | 5.71   |
| Sons at university              | 78     | 0.35  | 0.27  | 0.44  | 87         | 0.30  | 0.23   | 0.37   |
| Nr. of emigrated sons           | 79     | 0.39  | 0.19  | 0.60  | 86         | 0.37  | 0.16   | 0.58   |
| Land inherited                  | 105    | 27.04 | 21.03 | 33.04 | 117        | 21.46 | 16.72  | 26.20  |
| Land bought                     | 105    | 3.81  | 2.04  | 5.58  | 117        | 1.61  | 0.52   | 2.70   |
| Land rented                     | 105    | 6.72  | 1.96  | 11.49 | 117        | 4.46  | 1.69   | 7.22   |
| Land tenanted                   | 105    | 18.01 | 1.88  | 34.14 | 117        | 5.71  | 3.11   | 8.32   |
| Dunum almonds %                 | 107    | 0.38  | 0.32  | 0.43  | 118        | 0.32  | 0.25   | 0.39   |
| Dumums olives %                 | 107    | 0.48  | 0.42  | 0.54  | 118        | 0.52  | 0.45   | 0.59   |
| Dunums wheat %                  | 107    | 0.11  | 0.08  | 0.15  | 118        | 0.11  | 0.07   | 0.15   |
| Dunums other %                  | 107    | 0.03  | 0.01  | 0.05  | 118        | 0.05  | 0.02   | 0.09   |
| Monthly sales                   | 107    | 3,374 | 2,582 | 4,166 | 118        | 3,530 | 2,666  | 4,394  |
| Monthly sales to PARC           | 107    | 1,269 | 981   | 1,556 | 118        | 51.66 | -11.71 | 115.03 |
| Total monthly income            | 107    | 5,014 | 4,111 | 5,918 | 118        | 6,092 | 5,057  | 7,128  |
| Share of agricultural income    | 105    | 0.61  | 0.53  | 0.68  | 116        | 0.46  | 0.38   | 0.53   |
| Job satisfaction                | 107    | 7.16  | 6.80  | 7.52  | 117        | 6.63  | 6.24   | 7.02   |
| Job stress                      | 107    | 4.97  | 4.34  | 5.60  | 117        | 5.81  | 5.34   | 6.28   |
| Salary: perm. worker            | 1      | 50.00 | .     | .     | 1          | 55.00 | .      | .      |
| Salary: temp. worker            | 36     | 50.28 | 48.56 | 51.99 | 22         | 49.32 | 47.35  | 51.29  |
| Nr. of training days            | 107    | 5.66  | 3.90  | 7.43  | 118        | 1.37  | 0.80   | 1.95   |
| Sale cond: price                | 92     | 7.55  | 7.13  | 7.98  | 94         | 6.46  | 6.07   | 6.85   |
| Sale cond: price stability      | 92     | 6.39  | 5.91  | 6.87  | 94         | 5.02  | 4.70   | 5.34   |
| Sale cond: seller reliability   | 92     | 7.88  | 7.48  | 8.27  | 94         | 6.45  | 6.05   | 6.85   |
| Sale cond: punctuality of paym. | 92     | 7.37  | 6.92  | 7.82  | 94         | 5.81  | 5.28   | 6.34   |

**Table 6: Determinants of price satisfaction**

| Variable                         | Sale cond: price       |                        |                        | Sale cond: price stability |                        |                        |
|----------------------------------|------------------------|------------------------|------------------------|----------------------------|------------------------|------------------------|
|                                  | (i)                    | (ii)                   | (iii)                  | (iv)                       | (v)                    | (vi)                   |
| <b>Member</b>                    | 1.419341<br>(3.75)     | 1.074228<br>(2.80)     | 1.3977925<br>(3.72)    | 1.7336589<br>(4.78)        | 1.3237842<br>(3.74)    | 1.6758188<br>(4.45)    |
| <b>Age</b>                       | 0.0349251<br>(1.80)    | 0.01392099<br>(0.66)   | 0.02799277<br>(1.46)   | 0.00507209<br>(0.24)       | -0.01225183<br>(-0.61) | 0.00175817<br>(0.09)   |
| <b>Education</b>                 | 0.08176185<br>(2.22)   | 0.06240876<br>(1.61)   | 0.05033478<br>(1.36)   | 0.02835463<br>(0.71)       | 0.01405345<br>(0.33)   | 0.0063491<br>(0.16)    |
| <b>Nr. of people in house</b>    | 0.02079683<br>(0.21)   | -0.00426183<br>(-0.04) | 0.0366724<br>(0.35)    | -0.01399207<br>(-0.14)     | -0.01879211<br>(-0.20) | 0.0008019<br>(0.01)    |
| <b>Nr. of sons at university</b> | -0.19119046<br>(-1.36) | -0.14134677<br>(-1.00) | -0.1012086<br>(-0.69)  | -0.04705244<br>(-0.35)     | -0.00404981<br>(-0.03) | 0.01132594<br>(0.08)   |
| <b>Squared meters</b>            | -0.00644573<br>(-1.53) | -0.0008962<br>(-0.25)  | -0.00532187<br>(-1.40) | 0.00081457<br>(0.18)       | 0.00634153<br>(1.61)   | 0.00131554<br>(0.32)   |
| <b>Other income</b>              | 0.00008399<br>(2.56)   | 0.00005896<br>(1.92)   | 0.00007722<br>(2.48)   | 0.00005306<br>(1.44)       | 0.00002276<br>(0.67)   | 0.00004374<br>(1.28)   |
| <b>Share from agriculture</b>    | 0.94820768<br>(1.39)   | 1.210967<br>(1.45)     | 0.58650132<br>(0.77)   | 1.4272891<br>(1.82)        | 1.5068418<br>(1.84)    | 1.0181791<br>(1.16)    |
| <b>Dunums olives</b>             | 0.00649841<br>(2.83)   |                        |                        | 0.00704595<br>(3.11)       |                        |                        |
| <b>Dunums almonds</b>            | -0.0054066<br>(-4.58)  |                        |                        | -0.0114948<br>(-1.92)      |                        |                        |
| <b>Dunums wheat</b>              | -0.0027449<br>(-0.38)  |                        |                        | -0.00900398<br>(-1.04)     |                        |                        |
| <b>Dunums other</b>              | -0.01120111<br>(-3.92) |                        |                        | -0.02846535<br>(-1.56)     |                        |                        |
| <b>Dunums almonds %</b>          |                        | 0.17677719<br>(0.22)   |                        |                            | 0.43621815<br>(0.66)   |                        |
| <b>Dunums olives %</b>           |                        | 1.4183038<br>(1.68)    |                        |                            | 1.8715259<br>(2.39)    |                        |
| <b>Dunums other %</b>            |                        | -3.8459575<br>(-1.97)  |                        |                            | -4.8293075<br>(-3.02)  |                        |
| <b>Prod: almonds (kg)</b>        |                        |                        | 0.000033<br>(0.46)     |                            |                        | 0.00002873<br>(0.32)   |
| <b>Prod: olive oil (lt)</b>      |                        |                        | 0.00027114<br>(3.29)   |                            |                        | 0.00022068<br>(2.83)   |
| <b>Prod: wheat (kg)</b>          |                        |                        | -0.00003722<br>(-1.45) |                            |                        | -0.00006597<br>(-2.91) |

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| Variable                      | Sale cond: price       |                       |                        | Sale cond: price stability |                        |                        |
|-------------------------------|------------------------|-----------------------|------------------------|----------------------------|------------------------|------------------------|
|                               | (i)                    | (ii)                  | (iii)                  | (iv)                       | (v)                    | (vi)                   |
| <b>Dam: person dead</b>       | -4.5005434<br>(-2.92)  | -4.8460804<br>(-3.80) | -3.2428136<br>(-2.42)  | 0.42791776<br>(0.22)       | -0.15624019<br>(-0.09) | 1.0638373<br>(0.66)    |
| <b>Dam: person injured</b>    | -0.85791193<br>(-1.47) | -1.3177622<br>(-1.81) | -1.015569<br>(-1.69)   | -0.80731942<br>(-1.27)     | -1.1997368<br>(-1.73)  | -0.9681209<br>(-1.50)  |
| <b>Dam: house</b>             | -1.6229586<br>(-1.05)  | -1.243132<br>(-0.95)  | -0.67809999<br>(-0.45) | -1.1860236<br>(-0.86)      | -0.83659357<br>(-0.68) | -0.36880282<br>(-0.29) |
| <b>Dam: working tools</b>     | 0.47338803<br>(1.39)   | 0.1203918<br>(0.35)   | 0.37642467<br>(1.11)   | 0.79102778<br>(2.16)       | 0.4513624<br>(1.26)    | 0.65248638<br>(1.71)   |
| <b>Dam: plantations</b>       | 1.2906995<br>(0.88)    | 0.33291603<br>(0.27)  | 0.31021182<br>(0.22)   | 0.41517076<br>(0.31)       | -0.76680276<br>(-0.69) | -0.49335348<br>(-0.40) |
| <b>Dam: confiscated land</b>  | 0.30916421<br>(0.38)   | 0.15658684<br>(0.23)  | 0.32873441<br>(0.41)   | -0.09892423<br>(-0.15)     | -0.19279488<br>(-0.32) | -0.019765<br>(-0.03)   |
| <b>Dam: scarcity of water</b> | 0.52524135<br>(0.58)   | 1.44387<br>(1.74)     | 0.4461116<br>(0.51)    | -0.14037866<br>(-0.16)     | 0.9148085<br>(1.20)    | -0.12875222<br>(-0.17) |
| <b>Dam: transportation</b>    | 1.8272526<br>(1.95)    | 1.4470812<br>(1.64)   | 1.2985191<br>(1.38)    | 1.1450652<br>(1.18)        | 0.82733236<br>(1.04)   | 0.42938174<br>(0.45)   |
| <b>Dam: curfew</b>            | 1.5509496<br>(1.67)    | 1.2551484<br>(1.76)   | 1.4866642<br>(1.75)    | 2.0721369<br>(2.98)        | 1.8447123<br>(2.91)    | 1.8804473<br>(2.78)    |
| <b>Village A</b>              | -0.57267352<br>(-0.70) | 0.18706979<br>(0.27)  | -0.68423048<br>(-0.84) | -2.0605823<br>(-2.97)      | -1.4703089<br>(-2.44)  | -2.0838799<br>(-2.93)  |
| <b>N</b>                      | 182                    | 182                   | 182                    | 182                        | 182                    | 182                    |
| <b>Pseudo R2</b>              | 0.1319                 | 0.1348                | 0.1164                 | 0.1279                     | 0.1301                 | 0.0953                 |

Legend: Results are from Ordered Logit regressions with robust standard errors. T-statistics are in brackets.

**Table 7: Determinants of satisfaction with the seller's behavior**

| Variable                         | Sale cond: seller reliability |                        |                        | Sale cond: punctuality of payments |                        |                        |
|----------------------------------|-------------------------------|------------------------|------------------------|------------------------------------|------------------------|------------------------|
|                                  | (vii)                         | (viii)                 | (ix)                   | (x)                                | (xi)                   | (xii)                  |
| <b>Member</b>                    | 1.1774<br>(3.25)              | 1.2105049<br>(3.25)    | 1.228852<br>(3.35)     | 1.3607226<br>(3.51)                | 1.339585<br>(3.52)     | 1.4081682<br>(3.72)    |
| <b>Age</b>                       | 0.01170607<br>(0.63)          | 0.00559743<br>(0.29)   | 0.01291188<br>(0.62)   | 0.027108<br>(1.39)                 | 0.02178145<br>(1.09)   | 0.0306052<br>(1.64)    |
| <b>Education</b>                 | 0.08916402<br>(2.62)          | 0.0596647<br>(1.71)    | 0.08154368<br>(1.93)   | 0.11599484<br>(3.25)               | 0.09329125<br>(2.38)   | 0.10334461<br>(2.54)   |
| <b>Nr. of people in house</b>    | -0.01343062<br>(-0.15)        | -0.00239448<br>(-0.03) | -0.01247084<br>(-0.14) | 0.04960295<br>(0.42)               | 0.05547629<br>(0.51)   | 0.05500503<br>(0.50)   |
| <b>Nr. of sons at university</b> | -0.12355392<br>(-0.97)        | -0.09825025<br>(-0.76) | -0.10583166<br>(-0.83) | -0.22700805<br>(-1.72)             | -0.20712454<br>(-1.45) | -0.20805768<br>(-1.45) |
| <b>Squared meters</b>            | 0.00584321<br>(1.20)          | 0.00569228<br>(1.19)   | 0.004585<br>(0.92)     | -0.00197686<br>(-0.37)             | -0.00310874<br>(-0.61) | -0.00352172<br>(-0.63) |
| <b>Other income</b>              | -0.00002302<br>(-0.71)        | -0.00003888<br>(-1.09) | -0.00001715<br>(-0.45) | 0.00003523<br>(1.22)               | 0.00001955<br>(0.57)   | 0.0000363<br>(1.23)    |
| <b>Share from agriculture</b>    | 1.1746315<br>(1.76)           | 0.37681587<br>(0.57)   | 0.89516042<br>(1.17)   | 1.2481779<br>(1.89)                | 0.59814322<br>(0.83)   | 0.78256909<br>(1.08)   |
| <b>Dunums olives</b>             | -0.00816261<br>(-3.29)        |                        |                        | -0.00330845<br>(-1.83)             |                        |                        |
| <b>Dunums almonds</b>            | 0.00428734<br>(2.23)          |                        |                        | 0.00295866<br>(1.40)               |                        |                        |
| <b>Dunums wheat</b>              | -0.00698717<br>(-1.04)        |                        |                        | 0.0010247<br>(0.13)                |                        |                        |
| <b>Dunums other</b>              | -0.00633895<br>(-2.24)        |                        |                        | -0.0415672<br>(-2.23)              |                        |                        |
| <b>Dunums almonds %</b>          |                               | 1.6495038<br>(2.09)    |                        |                                    | 0.27811554<br>(0.34)   |                        |
| <b>Dunums olives %</b>           |                               | 2.2138736<br>(2.60)    |                        |                                    | 1.2281319<br>(1.42)    |                        |
| <b>Dunums other %</b>            |                               | 0.70465512<br>(0.29)   |                        |                                    | -1.1687947<br>(-0.65)  |                        |
| <b>Prod: almonds (kg)</b>        |                               |                        | -0.00003399<br>(-0.41) |                                    |                        | -0.00002269<br>(-0.29) |
| <b>Prod: olive oil (lt)</b>      |                               |                        | -0.00012541<br>(-0.63) |                                    |                        | -6.34E-06<br>(-0.06)   |
| <b>Prod: wheat (kg)</b>          |                               |                        | -0.00004843<br>(-1.58) |                                    |                        | -0.00003598<br>(-0.85) |

(cont.)

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| Variable                      | Sale cond: seller reliability |                        |                        | Sale cond: punctuality of payments |                        |                        |
|-------------------------------|-------------------------------|------------------------|------------------------|------------------------------------|------------------------|------------------------|
|                               | (vii)                         | (viii)                 | (ix)                   | (x)                                | (xi)                   | (xii)                  |
| <b>Dam: person dead</b>       | -5.5925901<br>(-1.53)         | -4.8235678<br>(-1.52)  | -4.7284261<br>(-1.36)  | -1.8175401<br>(-0.41)              | -1.3999501<br>(-0.37)  | -0.97159323<br>(-0.27) |
| <b>Dam: person injured</b>    | -0.21397308<br>(-0.36)        | -0.52345385<br>(-0.83) | -0.52146762<br>(-0.78) | -0.82958932<br>(-1.25)             | -1.1058769<br>(-1.51)  | -1.072812<br>(-1.49)   |
| <b>Dam: house</b>             | -0.47390139<br>(-0.39)        | 0.26589471<br>(0.24)   | 0.17445944<br>(0.13)   | -1.1493805<br>(-1.12)              | -0.65801627<br>(-0.70) | -0.58262871<br>(-0.54) |
| <b>Dam: working tools</b>     | 0.52604272<br>(1.43)          | 0.48934191<br>(1.30)   | 0.44321049<br>(1.20)   | 0.82973014<br>(2.15)               | 0.69421089<br>(1.84)   | 0.73888961<br>(1.77)   |
| <b>Dam: plantations</b>       | 0.47328656<br>(0.28)          | -0.26728804<br>(-0.18) | -0.0086752<br>(0.01)   | 0.49730703<br>(0.42)               | -0.24732267<br>(-0.22) | 0.06244255<br>(0.05)   |
| <b>Dam: confiscated land</b>  | -0.33430505<br>(-0.48)        | -0.47429429<br>(-0.74) | -0.2732488<br>(-0.39)  | -0.46435878<br>(-0.73)             | -0.59198523<br>(-1.01) | -0.40867943<br>(-0.66) |
| <b>Dam: scarcity of water</b> | 1.359578<br>(1.33)            | 1.4572899<br>(1.39)    | 1.0416555<br>(0.99)    | 1.0183283<br>(1.19)                | 1.2107866<br>(1.28)    | 0.70698714<br>(0.86)   |
| <b>Dam: transportation</b>    | 0.38606242<br>(0.39)          | 0.40855243<br>(0.41)   | 0.25618644<br>(0.26)   | 0.72609245<br>(0.99)               | 0.86646618<br>(1.11)   | 0.63525224<br>(0.81)   |
| <b>Dam: curfew</b>            | 1.4596046<br>(2.23)           | 1.7175435<br>(2.58)    | 1.5285253<br>(2.27)    | 2.0612474<br>(3.52)                | 2.0550462<br>(3.43)    | 2.0105824<br>(3.38)    |
| <b>Village A</b>              | 0.32453977<br>(0.47)          | 0.47308739<br>(0.63)   | 0.45056421<br>(0.61)   | -0.70765238<br>(-1.07)             | -0.53475103<br>(-0.80) | -0.64235888<br>(-0.94) |
| <b>N</b>                      | 182                           | 182                    | 182                    | 182                                | 182                    | 182                    |
| <b>Pseudo R2</b>              | 0.1312                        | 0.1234                 | 0.1159                 | 0.1325                             | 0.1145                 | 0.1059                 |

Legend: Results are from Ordered Logit regressions with robust standard errors. T-statistics are in brackets.