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CONCEPT PAPER:
INSTITUTIONALIZATION
OF CDP TRAINING ACTIVITIES

COOPERATIVE DEVELOPMENT PROJECT
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OF CDP TRAINING ACTIVITIES

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I. BACKGROUND

Cooperatives can demonstrate grass roots development at its very best. They empower individuals through successful group action to achieve a synergistic effect when undertaking economically viable projects, solving shared problems, and developing leadership. The vital role of training in the cooperative enterprise is recognized by its inclusion as one of the cooperative principles applicable to the cooperative movement worldwide.

The goal of the Cooperative Development Project (CDP) is stated in the grant document and in the Implementation Plan as follows:

- to provide technical assistance, training and commodities;
- to strengthen the capability of existing cooperatives; and
- to assist in the development of new cooperatives of the
Palestinians in the West Bank and Gaza.

A major reason for establishing CDP is the fact that no regular program of cooperative training has been available in the West Bank and Gaza since 1967. Filling this gap is perhaps the

most significant role for CDP in achieving its goal. This will require attitude change, curriculum development and delivery, and building a local institution.

In response to the requirement in paragraph C.2(c), page 14 of the USAID Grant Schedule to submit "a proposed plan and time frame for the institutionalization of the training program", this concept paper addresses the current situation of education and training in the West Bank and Gaza and analyzes the requirements for an effective cooperative training institution. It then reviews steps CDP has taken to date toward institutionalization, and proposes the general form such an institution might take. Finally, it outlines further concrete steps CDP proposes to take in order to foster the establishment of a training institution for Palestinian cooperatives and their members.

II. BASIC REQUIREMENTS FOR A COOPERATIVE TRAINING INSTITUTION

Attitude

The single most essential requirement for an effective cooperative training institution is the perception of cooperative members and leaders of an ongoing need for training and education. Second, cooperative leaders must be convinced that commitment to such an institution is in their best interests.

Without commitment to cooperative training and the willingness to allocate cooperative funds to its support, no independent cooperative training institution can survive for long.

Staff

A cost-effective way to begin staffing a cooperative training institution would be to start with one, two, or up to three full-time skilled training managers. The training manager(s) would assess training needs and then act as catalysts, using outside resources, to put together appropriate programs and manage their effective delivery (in much the same way as the CDP Training Manager has been doing).

Instructors, although central to the success of a training institution, do not need to be full-time staff members but rather can be drawn from cooperative leaders and local educators on a volunteer or course contract basis. The willingness of WBG cooperators to contribute their skills and time to the training of others would make it possible to minimize the often staggering personnel costs faced by other West Bank and Gaza educational institutions.

Training manager(s) and instructors require the support of an efficient administrator. An administrator coordinates and plans the entire range of activities, as well as undertaking fund-raising when necessary. The administrator also arranges

logistic support, including media development, as required by the instructors. Training manager(s), instructors and the administrator must have clerical support staff.

A third group is vitally important to effective dissemination of practical information: field educators (extension staff). These technicians follow-up new skills and techniques introduced in semi-formal courses and work with attendees to apply the ideas in their daily work. They also serve to provide valuable feed-back on the relevance of the material presented and help identify new needs. The technical assistance they render would be extremely important to reinforce the training and ensure maximum impact.

Program

Curricula should be developed to address major training needs on a prioritized basis within the limitation of financial and human resources. Courses should emphasize the practical "how-to" approach. They should be modular, linked together in structures to support key positions within the cooperatives. Cooperative principles and practice should be a touchstone in each and every course. Key topics (not in priority order) for all cooperators include :

- cooperative principles
- cooperatives as private sector entities

- cooperative law
- responsibilities of members, directors and management
- understanding financial reports
- effective financial management
- feasibility studies
- effective loan administration (in cooperatives with credit programs)
- holding effective board and membership meetings
- accounting and bookkeeping
- short and long-range planning
- developing effective marketing activities
- management information systems

Topics should be covered in different ways and in different depths depending on the specific audience. A society's bookkeeper, for example, should be aware of management's needs for financial reports on which to base sound decisions. Conversely, management as well as boards of directors and members must have a basic understanding of accounting but need a more thorough understanding of economic and financial reporting.

Courses in technical areas needed by cooperative employees and members should improve job performance and efficiency.

Areas that have already been identified include:

- Livestock accounting
- Computer applications

- Cooperative bookkeeping and accounting
- Maintenance and operations of olive presses
- Maintenance and operations of well equipment
- Dairy processing
- Credit administration

The overall program should include not only participatory classroom presentation of integrated curricula, but also field demonstrations, field days, familiarization and study visits, and celebrations of cooperative occasions. Research should be encouraged by inviting local experts to offer seminars in their fields. The program should be rounded out with one-time events such as workshops, which respond to current issues or take advantage of visiting specialists.

The program should also have the flexibility to address new needs as they arise from changing economic or financial factors, political changes, or technical innovation. An on-going program of feed-back, such as the Cooperative Evaluation System currently being implemented by CDP, will assist the staff to identify impending changes in a timely manner and improve planning.

Facilities

The program will require a base of operation to house core staff together with program production facilities and a resource center. This facility does not need to be large or elaborate. In fact, minimizing dependence on a central location for classrooms promotes flexibility and cuts down costs. By holding classes throughout the West Bank and Gaza, the program can maximize its emphasis on practical experience in the field. Nonetheless, adequate classrooms must be available on a consistent basis.

The concept of a de-centralized training function makes provision of adequate transportation a key element. This means that each staff member whose work requires him/her to be in the field should be provided a vehicle, or there should be a motor pool. The emphasis on taking the program to the field also implies that more than one of various items of audio-visual equipment will be needed.

Technical equipment both for classroom training and to support the efforts of field educators must also be provided. For example, the dairy processing program and the dairy field educator require at least one portable laboratory kit.

Funding

All the above items, and others, require funding. A cooperative training institution has two primary sources of local income.

1. Charges for courses offered and other services provided.
2. Contributions from indigenous cooperative entities (set-asides). Local cooperative law provides that a profitable society should set aside 5% for training. In addition to cash, cooperative contributions could include staff time and use of facilities and equipment.

The ultimate financial goal of a cooperative training institution is to be self-sufficient, so that it can be independent of any outside influence. However, there is a probable need for external support, especially in the early years, since it will take time for a new institution to develop integrity, credibility, and indigenous support. Should local income not be enough, external funding would have to be sought.

These then are the key factors required for a cooperative training institution. Now we turn to a review of existing education and training institutions in the West Bank and Gaza in the light of these key elements.

In this section, existing opportunities for training and education in the West Bank and Gaza are described in general. A comparative evaluation of the advantages and disadvantages of each group for the institutionalization of a cooperative training program is found in Section IV.

Cooperative Training Institutes

There are two cooperative training centers which offer courses for employees and members of cooperatives in the West Bank: the Hebron Cooperative and Labor Training Institute and the Jordan Cooperative Institute in Amman.

The Hebron Cooperative and Labor Training Institute was established by the Israeli Civil Administration in December, 1985 coincidental with the time of approval for CDP. Up to that time, the Civil Administration had offered no cooperative training whatsoever. The institute primarily emphasizes labor training, with a secondary program for training officers of new cooperatives registered by the Civil Administration as well as a course on the role of the supervisory committee. There is, however, no comprehensive program of cooperative training. It uses classroom facilities throughout the West Bank at Civil Administration vocational training centers. Courses are presented by the Director of the Institute, employees of the Civil Administration, and other specialists on invitation.

Jordan Cooperative Institute (JCI) is one of the four major components which were merged in the early 1970's to form the Jordan Cooperative Organization (JCO). Its primary purpose is to train JCO employees. The Director-General of JCO has encouraged CDP to use JCI facilities, but the Israeli authorities discourage sending Palestinian cooperators to Amman. JCI currently is not being fully utilized by JCO; in fact, its new location has only one large room which is used as both classroom and library.

Neither the Hebron Institute nor the JCI has presented any consistent, regular program of training for boards of directors, staff and members of West Bank cooperatives; neither holds any training programs for Gaza cooperators.

Cooperatives themselves ought to provide training and education to their members, and search out opportunities for board and staff development. Palestinian cooperatives in the West Bank and Gaza, however, have struggled through two major disruptions, in 1948 and again in 1967, each of which caused years of uncertainty and changes in the legal as well as economic basis on which cooperatives work. For many reasons cooperatives in general are financially weak and tend to allocate their meager resources to production and member equity rather than to training. The legal requirement to set aside 5% of net profit for training is rarely met.

Perhaps more importantly, the cooperatives traditionally have not recognized the importance of training to the success of the cooperative way of doing business. However, the initiation of training activities by the CDP and its clear focus on unmet needs is generating a much more positive attitude toward training among cooperative leaders.

Non-cooperative Educational Institutions

Palestinians place great value on formal degree education and technical certification, so it is no surprise to find a large number of educational and training institutions in the West Bank and Gaza. These fall into three categories: universities, community colleges, and private training institutions.

Degree-granting institutions, that is, the community colleges and universities, serve about 10,000 students a year. Educational and training institutions in the West Bank and Gaza are privately funded and generally allocate at least 50% of their budget to personnel expenses.

Universities

Six independent, privately-funded universities operate in the West Bank and Gaza:

- Najah University (Nablus)
- Hebron University (Hebron)

- Bethlehem University (Bethlehem)
- Bir Zeit University (Bir Zeit, near Ramallah)
- Gaza Islamic University (Gaza)
- Al-Quds University (Jerusalem, with two branches)

These universities offer degree programs at the Bachelor of Arts level to students who have passed the secondary leaving examination, or tawjihi. Most WBG universities offer some programs of interest to cooperatives, such as business and accounting; however, instruction is theoretical rather than practical and does not focus on local experience. Najah and Hebron universities have embryonic agriculture programs, but nowhere is there an agricultural extension program. In response to interest shown in CDP courses, Najah University has recently included a course on cooperatives in its Economics department.

Community Colleges

Community colleges offer two-year Associate of Science degree programs at several locations throughout the West Bank. These include Ar Rawdah and Najah Community College in Nablus, MCC Community College in Ramallah, Ibrahamiyeh College in Jerusalem, an Islamic community college in Beit Hanina, and Hebron Polytechnic in Hebron. Community colleges are for-profit private institutions. They exist primarily to offer certificate training for job entry; their programs are technical and focus on topics such as business, accounting, dental assistant training, and secretarial skills.

Neither community colleges nor universities perceive a public service function, and none offer continuing or adult education that would be of use to cooperative members (although Bir Zeit University formerly had an adult education program that was terminated by the Israeli Civil Administration). Faculty, however, might be a valuable resource as occasional instructors in cooperative topics.

Private Training Institutions

A study currently in process by AMIDEAST catalogues many private WBG training institutions at the secondary and post-secondary level. These institutes, which are primarily funded by and oriented toward the goals of charitable institutions, include practical training in a wide variety of skills such as carpentry, welding, secretarial skills, and sewing or needlework. The YMCA and YWCA, the Lutheran World Federation, the Mennonites, and many others operate institutes in specific areas of training. When their emphases overlap with cooperative needs, CDP (and the subsequent institutionalized training program) can interact constructively with them in the use of equipment and personnel; however, none is comprehensive enough or targeted toward cooperatives sufficiently to form the basis of a training institution for cooperatives.

IV. POSSIBLE STRUCTURES

Four alternatives for institutionalizing the Project have been considered, based on the assumption that the political and economic status of the West Bank and Gaza will not change drastically in the near future. Each is reviewed in turn for both positive and negative aspects and a recommendation is made as to which seems the most viable under existing circumstances. To provide for the possibility of change, however, flexibility has been considered as a key factor in evaluation. Other criteria reviewed in evaluating the four possibilities were: 1) independence, 2) potential training program and facilities, 3) training approach, 4) administrative considerations, 5) funding, 6) legal aspects, and 7) externally imposed constraints. It may seem odd that the JCI has not been included, but it must be remembered that the JCO has no official presence in the West Bank and Gaza. Hence, neither it nor any of its branches could undertake the continuation of Project activities under the present political structure.

Hebron Cooperative and Labor Training Institute

This institute, sponsored by the Ministry of Labor via the Israeli Civil Administration, is in existence, has a limited administrative staff and thus could expand to incorporate Project activities. The cost of such a move could be relatively low.

Most programs offered by the Institute to date have been related to labor, rather than cooperative subjects. The Institute does not currently offer any technical or field training, nor is it available to residents of Gaza.

The greatest negative aspect of this alternative is its GoI sponsorship. It is not independent. The Civil Administration is in a position to require attendance at their programs. For example, registration certificates for new cooperative societies are not distributed until some founding members have attended the introductory course. Many cooperators dislike attending Israeli-sponsored training programs.

University Umbrella

A second possible structure is to create a semi-autonomous training entity under the umbrella of one of the Palestinian universities. Facilities are available as are many technically qualified instructors who recognize the importance of research. The mechanism for introducing a new curriculum is in place and does not require GoI approval. Two options might be considered; either a post-secondary diploma course or a cooperative specialization within an existing major program such as business administration, economics, or sociology. Using existing facilities and staff would reduce the cost of institutionalization.

On the negative side, the university system tends to force subject matter into a specific mold. Normally, for example, courses must last for a semester of sixteen weeks, and meet one or more times each week. Often, too, cooperative members perceive that the academic approach is too theoretical and didactic. In short, education and training do not always mix.

Further, many universities in the West Bank and Gaza have become embroiled in politics. They are often closed for months at a time due to unrest. Finally, the GoI letter authorizing CDP to function specifically prohibits the Project from establishing a relationship with a university.

Cooperative Organization

A third possibility could take a number of forms within a cooperative structure. The Project could be attached to an existing secondary cooperative, such as the recently formed Union of Agricultural Cooperatives. Another option would be to form a new secondary cooperative union with the specific function of providing training services to cooperatives in the West Bank and Gaza. A third choice might be to encourage existing unions to join together in a training federation. The following analysis does not distinguish between these alternatives.

Continuing Project activities under a cooperative organization would be a valuable demonstration of the flexibility and strength of cooperative structure. The idea of forming cooperative unions is receiving considerable attention in the West Bank and Gaza at present. A union or federation made up of cooperatives would be as independent as its owner-members, and could draw on their financial resources.

Unfortunately some severe limitations might be encountered by this approach. An out-dated cooperative law is in effect in the West Bank; and a different, equally out-dated law obtains in Gaza. The two areas are administered by separate, parallel structures of the Israeli Ministry of Defense. This would make registration of a single secondary or tertiary cooperative organization in both areas difficult. Registration, if possible, under existing cooperative law might impose serious constraints on fulfilling the mission of the proposed entity.

The other registering authority in the West Bank, the Jordan Cooperative Organization, has no official or unofficial presence in the Gaza Strip. Further, there is no legal basis for such a presence, since Gaza was under Egyptian sovereignty rather than Jordanian from 1948 to 1967. Thus, the JCO does not have the authority to register a cooperative organization to function in Gaza.

Non-profit Corporation

A further alternative has been suggested by the fact that several non-profit corporations have been established in the West Bank in the past few years. One is a human rights organization and two others are private credit companies. It is envisioned that such a non-profit, non-governmental corporation would include cooperative principles and practice in its by-laws. Under the supervision of a Board of Directors, it would offer training programs and technical assistance to directors, members and staff of WBG cooperatives. Ultimately its funding would come from fees charged for services and courses and from training reserves of profitable cooperatives. Start-up costs as well as possible subsidy in the early stages of development might require at least partial financial support from outside sources.

The corporate alternative offers maximum independence and flexibility. It would be accountable only to its owners, the cooperatives. Registration for a non-profit corporation could apply to an entity operating in both the West Bank and Gaza. Furthermore, corporate law is much less restrictive than cooperative law.

The non-profit corporations which serve as a model for this approach were founded to meet local development needs not being met by existing structures, governmental or private. They represent an alternative solution, legal in the unusual

circumstances obtaining in the west Bank and Gaza, and have gained respect among local residents as well as among private voluntary organizations.

The non-profit corporation alternative has one major drawback. Although local models are well regarded, the non-profit corporation remains an unfamiliar structure and thus subject to uncertainty and misunderstanding.

Recommendation

Independence and flexibility are the two criteria judged to be most important in determining the most appropriate vehicle by which a local cooperative training institution could be established under the prevailing conditions in the West Bank and Gaza. Thus, although the first two alternatives would be less expensive since they would require less initial capitalization, they are ruled out: the Hebron Training Institute, because it is not independent; and the university umbrella, because it lacks flexibility and carries the risk of becoming politicized.

The choice between the cooperative or non-profit corporation rests primarily on the legal environment within which each would function. Both require the commitment of resources by the cooperatives. The non-profit corporate approach appears to offer the most flexibility in serving the needs of both the West Bank and Gaza.

It is therefore recommended that CDP support the establishment of a non-profit corporation operating under cooperative principles to undertake the continuation of Project activities at Project end.

V. CDP STEPS TOWARD INSTITUTIONALIZATION (1986-88)

Since its inception, CDP has accomplished many tasks leading to the institutionalization effort. Although the achievements of the Project are described in detail elsewhere, they will be reviewed briefly below, before turning to specific steps needed to implement the above recommendation.

Changing attitudes of WBG cooperators

One of the key requirements for initiating a cooperative training program is the recognition that training and technical assistance can be beneficial to cooperatives and their members. Neither the Israelis nor the Jordanians nor the other organizations operating in the West Bank and Gaza have provided the scope, type or volume of training offered by the CDP. For the first time in twenty years, key cooperative officials and employees receive training on a regular basis. A total of 41 CDP courses have reached 695 managers, members, employees and directors of over 70 cooperatives as of the end of 1987.

As a result of CDP training, cooperators in the West Bank and Gaza are beginning to express an understanding of its value and of the concrete business benefits they can gain. Increased efficiency and better decision-making have already become evident as a result of board member training. Demand for training by the Palestinian cooperatives has increased. Leaders in WBG cooperatives now identify specific training needs and request CDP assistance. Having participated in training such as management or accounting courses, leaders suggest additional employees or board members for similar training.

Even more encouraging is the sharing of new information learned in CDP courses, such as bookkeeping and accounting practices, with cooperators who have not yet attended courses. Field educators should be able to further this process even more effectively.

Private voluntary organizations working in the West Bank and Gaza recognize and appreciate CDP as the leading technical assistance and training provider. Although some PVOs have many years of experience working with cooperatives in WBG, only CDP is in a position to draw on U.S. cooperative development organizations for technical support. Cooperative development organizations provide expertise in agricultural production and marketing, village electric power, credit, savings, housing and other service cooperatives. By drawing on such expertise and the

training provided through CDP, the other PVOs can ensure that AID funds are more effectively utilized, thereby enhancing the value of their programs in WBG. For example, ANERA has provided computers to the marketing cooperatives and the vendor furnished only elementary training in equipment operation. CDP, however, is capable of training the cooperatives' staffs in applying the software to the unique operations of each type of cooperative.

Building positive attitudes toward sound business practice

CDP's training emphasis on cooperative operations and sound business practice will not only strengthen the cooperatives, but should free funds for training necessary to successful institutionalization. Up to now, many cooperatives have depended for capitalization and even ongoing operations on highly subsidized loans or donations from government or private voluntary organizations. To lessen this dependence, CDP's management development activities continue to emphasize sound cooperative business practice and profitable operations for planning, budgeting, pricing, earnings and controls aimed at increasing the net worth and overall strength of the cooperatives.

Developing qualified personnel

On a limited basis, training provided to several cooperators in the United States as well as local train-the-trainers instruction has prepared a cadre of possible instructors. Other

instructors have been identified among the local cooperative leadership. CDP has worked with all instructors to define training goals, to develop materials and to refine training techniques.

Four field educators have recently been hired to offer training and technical assistance within the cooperatives. These field educators will work in the fields of cooperative interaction, computers, dairy operations, and agricultural marketing. Field educators will be given training as needed in their fields and in techniques of technical assistance. Field educators will work with cooperatives and with individuals in application of techniques to the situation of each cooperative.

Designing curricula

A third way that CDP has laid foundations for cooperative training in the West Bank and Gaza is the development of curricula in English and Arabic for basic courses covering a broad range of topics. These curricula were developed through extensive consultation among U.S. experts and WBG counterparts in various fields of cooperative practice.

Beginning field activities

U.S. consultants for CDP have begun field assessments and have worked with individual cooperatives over the period of the first two years. In the near future, field educators will

undertake a program of member education, as well as training with individual cooperatives in their areas of expertise. Field educators will be in a position to demonstrate at the grass-roots level the importance and impact of training and technical assistance.

Providing commodities and equipment

1) Training materials

In developing a series of pilot courses in management, accounting, and basic cooperative practice, CDP has developed course materials in Arabic for use with an ongoing training program. Along with handout materials for participants, overhead transparencies have also been prepared.

In cooperation with the Friedrich Naumann Foundation in Amman, CDP has produced two videotapes for training, a summary of cooperative principles and an overview of cooperatives in the West Bank. These videotapes show examples from WBG cooperatives and are used for training of board members, employees, and members.

2) Library

CDP has also accumulated, catalogued, and cross-referenced a cooperative library of over 300 titles for use by staff, trainers and individual cooperators.

3) Instructional equipment

For current use and for eventual use by an institutionalized training program, CDP has purchased basic office furnishings, as well as two computers and printers, an overhead projector, a photocopier, whiteboards, a portable easel, and other items of instructional equipment.

As CDP's reputation for quality training and effective technical assistance continues to spread, cooperators in the WBG will more readily recognize the value of a commitment to training and will be more likely to assume the responsibility of training after the termination of the project.

VI. PROPOSED INSTITUTIONAL DEVELOPMENT STRATEGY

Phase I - First Six Months

1) Establish and activate an Advisory Board

a. Organization

CDP will establish an Advisory Board composed of well-known Palestinians. The purpose and function of the Advisory Board will be to serve as a transitional group to advise CDP in the institutionalization of a WBG training program and to provide leadership in its initial stages. The creation and input of such an Advisory Board are vitally important to the establishment of

an independent local institution to carry on the work CDP has begun. Nonetheless, its establishment may well meet strong resistance from both the Israeli Civil Administration and the Jordan Cooperative Organization. One important counter to the expected resistance will be the reputation and stature of the individuals attracted to serve on the Board. A second and most important input is to assure all those with whom CDP has coordinated up to this time that this step is not meant to belittle or reduce their input, which will continue to be sought and valued. This in turn should lead toward obtaining consensus that the Advisory Board is a logical outgrowth of CDP's insistence on independence.

b. Purpose and function

In the initial six months, the role of the Advisory Board includes the following:

- Review Project planning
- Assist Project staff in refining and prioritizing goals and objectives
- Promote Project goals and activities to the widest possible audience
- Assist Project staff to identify or develop materials for acquisition by CDP Training Resources and Information Network.

c. Selection criteria

Two criteria will apply to all those invited to serve on the Board: 1) a clear understanding of the

cooperative approach, as well as a commitment to effective training and technical assistance to promote the development of sound and viable cooperatives; and 2) independence from the Israeli Civil Administration and the Jordan Cooperative Organization. Two additional, intersecting sets of criteria will be applied in selecting nominees for the Advisory Board.

First, Geography and Gender. Geographically, all areas of the West Bank and Gaza Territories should be represented if possible. At least one member should be a woman.

Second, Expertise. Members should represent a cross-section of the areas in which CDP is working and which a new local institution must reach. Tentatively, these should include agriculture, business, finance/credit, housing, cooperative law, higher education, and possibly electric and consumer cooperatives.

Clearly, one individual may have qualifications in more than one area. Fitting together a well-qualified Board of community leaders is a challenging task, and one that must be started as soon as possible.

The members of the Advisory Board may require professional development in the theory and practice of cooperatives as well as training in the role and responsibilities of a cooperative Board of Directors. This should be included as a priority item in CDP plans.

2) Develop grass roots support and motivation to establish a non-profit corporate entity. This responsibility would be shared by CDP staff and the Advisory Board.

3) Develop and initiate a phased program of charging fees for services provided

As CDP carries on its program of training and technical assistance, it must introduce the cooperatives to the concept of paying for services rendered. This is the key attitude change needed for the success of the local institution. Cooperatives must perceive enough benefit from Project activities to be willing to pay for them, or else the local institution will wither as soon as external support is withdrawn.

A phased program of partial payments and subsidized benefits will be introduced during the first six months of implementation:

- At present, participants in training programs receive a modest transportation allowance and are provided materials and refreshments. A first step toward generating income will be to no longer give the transportation allowance; a second will be to charge a subsidized training materials fee. These charges should be made to and paid by the cooperative, not the individual participant.

- As the CDP Field Educators become active and prove the value of their interventions, a structure of fees will be introduced, subsidized at first and gradually increasing toward full cost. Alternatively, in specific areas of Field Educator expertise, a cooperative union can be encouraged. One of the main roles of such a union would be to support the costs of the Field Educator. This model is being followed by the JCO, who have recently appointed the Advisor for Electrical Cooperatives as part-time manager of the Union of Electrical Cooperatives in Hebron.
- The Project has purchased 1,000 copies of a new book on the technology of olive oil to be offered to the cooperatives at 25% of cost. If this is successful, other relevant printed materials ought to be made available to cooperatives on a similar basis, but with a decreasing subsidy each time.

In the months currently remaining to CDP, these steps will not begin to generate sufficient income to support an on-going local institution. Over the proposed extended project life, as more cooperatives improve their profitability due to Project interventions, cooperatives should be encouraged to commit the 5% training set-aside required by law to the support

of the local institution. Incentives for cooperatives to take this step toward independence should be recommended by the Advisory Board.

- 4) Develop a plan of transition from CDP to the new cooperative training entity. This plan will be developed jointly with the Advisory Board.

Phase II - Second Six Months

- 1) Develop organization, structure, and method of operation of the proposed training and education entity
The organizational structure should be developed by the Advisory Board working together with the CDP, with the assistance of legal counsel. Consideration of the organizational structure should include the nature of membership, as well as the number and method of election of the board of directors.

- 2) Consider management structure of the proposed entity
The Advisory Board and CDP should propose initial staffing requirements, together with brief job descriptions for full- or part-time staff, including administrator(s), training manager(s), and secretarial staff. They should develop a pro-forma budget including start-up costs and potential sources of funds.

3) Initiate registration process

In cooperation with legal counsel and government authorities, CDP and the Advisory Board should explore and initiate the registration process, both by obtaining requisite approvals and permits from GoI and by obtaining concurrence of JCO (GoJ). The Advisory Board would also draft the Articles of Incorporation and By-Laws to reflect cooperative practice.

Phase III - Third Six Months**1) Pre-operating (registration) activities**

- Develop an operating plan and budget for the first year
- Negotiate and firm up external financial support as needed
- Interview candidates for management and technical positions
- Select central office site

2) Start-up of operations

- Elect directors
- Hire staff
- Rent office space and set-up
- Train directors and staff

3) Commence operations

Phase IV - Fourth Six Months

1) Develop long range plans and budgets

The Board of Directors of the non-profit corporation would now assume the responsibilities previously discharged by the Advisory Board. In addition to ongoing functions, the Board would initiate and implement a long-range (5-year) plan and budget.

VII. SUMMARY AND CONCLUSION

Most institution building projects are, in fact, programs to strengthen or expand an existing institution. The Cooperative Development Project, however, in following the proposal described here must begin de novo to create an effective cooperative training function within the Palestinian cooperative movement. The strategy outlined here is one which has been used with success elsewhere, and is judged to have the greatest potential in the complicated environment of the West Bank and Gaza.