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Cooperative Development Project West Bank and Gaza

Concept Papers

**CDP Extension for Institutionalization
Community-Based Jobs and Home Improvement
Union of Electric Cooperatives: Nablus
Private Sector Women's Enterprises**



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U.S. Agency for International Development
Washington, D.C.

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In collaboration with:
The Overseas Cooperative Development Committee

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January 31, 1991

Ms. Kris Loken
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Dear Ms. Loken:

In response to your letter of December 5, 1990, I take pleasure in remitting four concept papers which are the result of a careful re-evaluation of CDP efforts in the West Bank and Gaza by both our own staff and that of our Palestinian colleagues.

The papers focus on employment generation, expanding export markets of agricultural products, stimulation of financial mechanisms, small business development and village electrification. The main proposal extends the existing CDP work in training, technical assistance, marketing, electrification, WID, credit, and other sectors. The three-year extension will complete the institutionalization of CDP's efforts and result in CDP's transition from an implementing to an advisory role in support of a Palestinian cooperative development and management agency. The other concept papers describe a program to create jobs in the construction sector, the expansion of the successful rural electric program to the Nablus region, and an innovative women's enterprise initiative.

We feel the proposals address the priorities set forth in the draft strategy statement of December 1987.

The organizational structure proposed for the expanded program ensures sound management and fiscal control. Please note that because of the reduced activity level caused by the intifada, some CDP pipeline funds could be used to support these new activities.

We will be pleased to answer any questions you may have regarding the attached concept papers.

Sincerely,

Ron Gollehon
President

Chairman of the Board
■ Dixie L. Riddle
CENEX

Vice Chairman
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ABBREVIATIONS

ACDI	Agricultural Cooperative Development International
CDI	Palestinian Cooperative Development Institute
CDP	Cooperative Development Project
CHF	Cooperative Housing Foundation
EC	European Community
JDs	Jordanian Dinars
kV	Kilovolt
NCBA	National Cooperative Business Association
NIS	New Israeli Shekels
LOP	Life of Project
NRECA	National Rural Electric Cooperative Association
OCDC	Overseas Cooperative Development Committee
P/M	Person months
UN	United Nations
USAID	U.S. Agency for International Development
VOCA	Volunteers in Overseas Cooperative Assistance
WID	Women in Development
WBG	West Bank and Gaza

Budget Overview

Duration March 1, 1992 - February 28, 1995

PROJECT TITLE	YEAR I	YEAR II	YEAR III	TOTALS
CDP Extension For Institutionalization	1,876,879	1,995,614	2,142,879	\$6,015,372
Credit Funds	0	0	0	\$0
Community-Based Jobs	277,956	242,346	242,323	\$762,625
Credit Funds	375,000	525,000	525,000	\$1,425,000
Union of Electric Cooperatives: Nablus	192,922	172,717	149,409	\$515,048
Credit/Grant Funds	135,000	202,500	202,500	\$540,000
Private Sector Women's Enterprise	455,877	462,960	464,303	\$1,383,140
Credit Funds	0	0	0	\$0
Total Project Funds	\$2,803,634	\$2,873,637	\$2,998,914	\$8,676,185
Credit Funds	\$510,000	\$727,500	\$727,500	\$1,965,000
	-----	-----	-----	-----
Grand Total	\$3,313,634	\$3,601,137	\$3,726,414	\$10,641,185
	=====	=====	=====	=====

Concept Paper

CDP EXTENSION FOR INSTITUTIONALIZATION

Statement of the Problem and Summary

There is a tremendous lack of sustainable grass roots organizations and supporting structures in the West Bank and Gaza (WBG). Through training, technical assistance, disciplined credit, and innovative marketing initiatives, CDP has begun the critical process of weaving together weak and fragmented cooperatives into stronger institutions for the benefit of the Palestinians.

The most encouraging facet of the CDP-assisted program has been the establishment of solid linkages between Palestinian cooperatives and importers in the EC and Scandinavia. Direct exports of fruits and vegetables to Europe continued until the outbreak of hostilities.

Because of CDP's success, cooperative leaders are now prepared and eager to take on the challenge of establishing a sustainable Palestinian institution. This three-year extension will cement CDP's hard-won gains and provide the resources and talent to bring this institution to fruition. CDP proposes to gradually withdraw from direct management and supervision of project activities as the transition takes place.

Realistic assessment of potential sustainability dictates that the institution must be multipurpose, providing training, technical assistance, services and credit in a broad spectrum of sectors including electrification, agricultural production and marketing, and home improvement. Also, the institution will need a client base extending beyond the cooperatives to other private sector enterprises and endeavors. This broad base of revenue from fees will spread the risk to the institution and offer the best chance to achieve self-sufficiency.

CDP will continue support for the rural electric cooperative union in Hebron at a reduced level which reflects its growing ability to generate its own income. CDP's ongoing activities in marketing, women in development, agriculture, credit, and publications will be continued through the phaseover to the Palestinian institution.

This comprehensive approach fits the needs of the Palestinian people today. The need to widen the scope of the program is underscored by the devastation the Gulf crisis has wrought on the economy of the Occupied Territories. Agricultural production and exports have been disrupted, incomes have been slashed, and jobs have vanished.

This three-year project has a total value of \$6,015,372. As in the past, CDP will be implemented by ACDI. NCBA, NRECA and VOCA -- all cooperative development organizations and members of OCDC -- will be subcontractors to provide key technical assistance inputs in their specialty sectors.

Project Goal

The over-arching goal remains to improve the quality of life for Palestinians in the WBG. ACIDI is convinced that cooperatives offer one of the best channels for sustainable development at the community level. As local democratic institutions, the cooperatives are well placed and organized to identify and respond to the varied and changing needs of their membership. These needs include access to raw materials for productive enterprises, processing of agricultural produce, marketing services, and provision of electrical power.

Project Purposes

The emphasis this proposal places on institutions is shown in the formulation of its purposes:

- Strengthen the capability of WBG cooperatives and other private sector enterprises to operate as effective and efficient businesses, providing services on a continuing, self-sustaining basis.
- Develop a self-sustained Palestinian institute providing training, technical assistance and other services, including credit, to meet the needs of cooperatives and other private sector enterprises.

Considerations of financial viability have been crucial in the decision to institutionalize CDP's functions in one organization rather than several. During the three year life of the project, CDP will phase over services and staff to the proposed Palestinian institution called the Cooperative Development Institute (CDI). Appendix 1 shows the proposed structure of the indigenous organization and ACIDI/CDP's advisory role. All training and technical assistance under the aegis of the local institution will be provided on a fee basis. It is expected that these fees will be nominal at first and increase.

Project Inputs

This proposed institutional phase of CDP will continue the emphasis on training and technical assistance and other services including disciplined credit. Project inputs will therefore include a large amount of professional and administrative staff time, consultants (including VOCA volunteers), and commodities. No additional loan and grant funds are requested for this phase.

- **Long-Term Technical Assistance**

International Staff (3 specialists:
CoP, Institutionalization/Training,
Credit/Finance)

108 p/m

National Technical Staff

504 p/m

- **Short-Term Technical Assistance**

International Consultants (VOCA & others)	18 p/m
National Consultants	12 p/m

- **Training**

Local	1,260 participant/days
U.S.	3 participant/months
Third Country	12.5 participant/months

- **Commodities**

Replacement Vehicles (2)
 Computers and peripherals
 Occupancy (including furniture, equipment and utilities)

Project Outputs

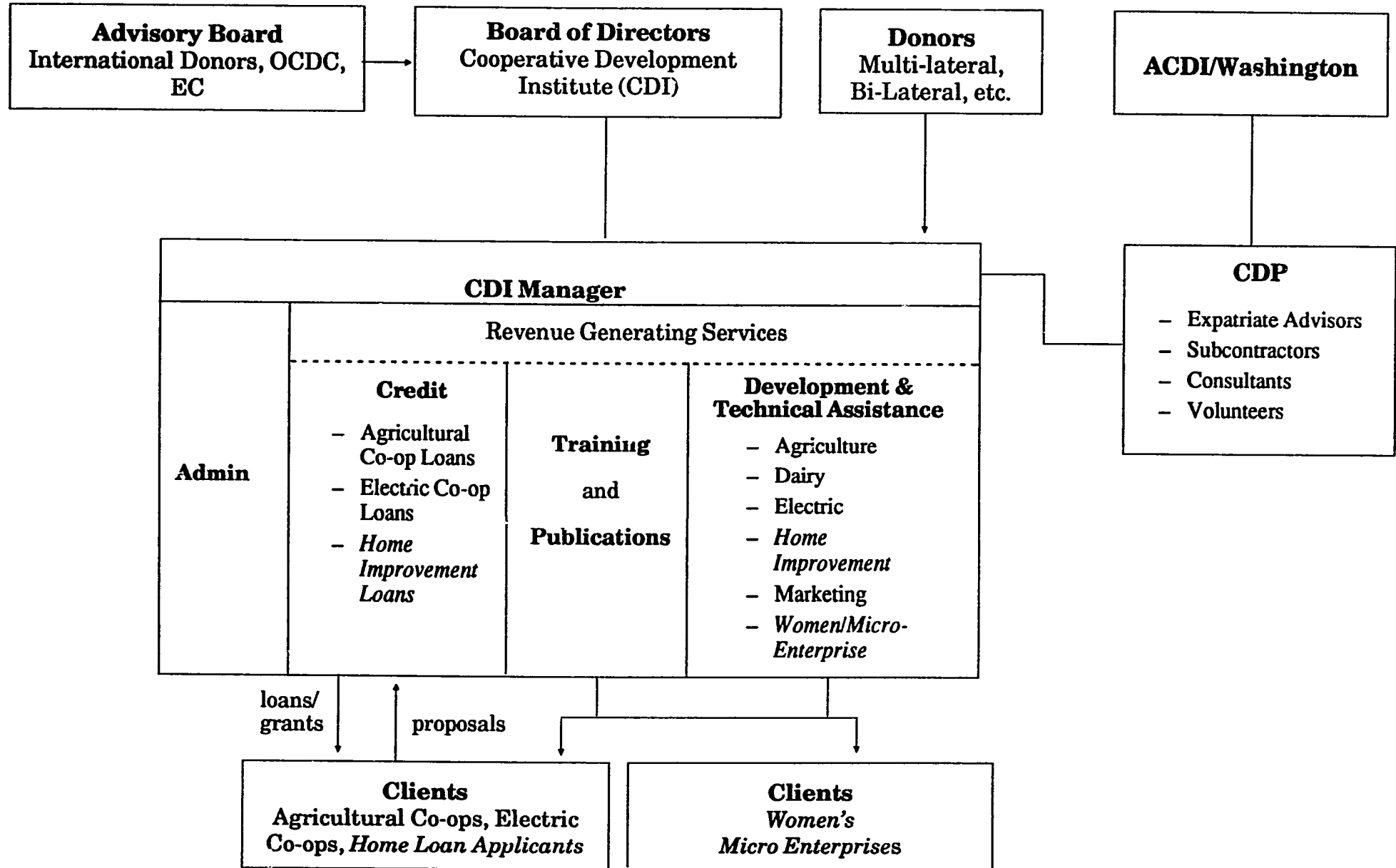
- Cooperatives and other private sector enterprises engage in viable activities that respond to market needs.
- Sustainable commercial consulting services that provide professional caliber technical, feasibility and market studies to cooperatives and other private sector enterprises.
- Enhanced staff and organizational capabilities in domestic and export marketing.
- Electric systems upgraded to provide expanded and reliable service.
- Training curricula designed and used by cooperatives and other private sector enterprises.
- Improved technical and managerial skills of staff in cooperatives and other private sector enterprises.
- Systems for management and marketing information, and computer applications in place at cooperatives and private sector enterprises.
- Sustainable revolving loan fund.
- Publications and information services developed and available to cooperatives and other enterprises on a commercial basis.

Budget

CDP Extension for Institutionalization Project

LINE ITEMS	YEAR I	YEAR II	YEAR III	TOTALS
1. SALARIES	137,119	143,975	151,174	\$432,268
2. PAYROLL ADDED COST	51,094	53,649	56,331	\$161,073
3. ALLOWANCES	65,137	65,750	68,219	\$199,105
4. TRAVEL, TRANSPORT AND PER DIEM	33,899	22,512	33,059	\$89,470
5. CONSULTANTS	66,776	67,053	91,776	\$225,604
6. TRAINING	105,213	121,341	93,375	\$319,930
7. COMMODITIES	40,500	15,500	3,500	\$59,500
8. LOCAL AND OTHER DIRECT COSTS	645,230	748,025	814,332	\$2,207,587
9. ACDI SUBTOTAL	\$1,144,967	\$1,237,804	\$1,311,766	\$3,694,537
10. INDIRECT COST @ 39.0%	446,537	482,744	511,589	\$1,440,869
11. CREDIT FUNDS	0	0	0	\$0
12. TOTAL ACDI	\$1,591,504	\$1,720,548	\$1,823,354	\$5,135,406
13. SUBCONTRACT TOTAL	\$285,375	\$275,066	\$319,525	\$879,965
A. SUBCONTRACT/NCBA	194,510	182,033	221,840	\$598,384
B. SUBCONTRACT/NRECA	31,119	31,344	32,090	\$94,552
C. SUBCONTRACT/VOCA	59,746	61,689	65,594	\$187,029
14. TOTAL PROJECT BUDGET	\$1,876,879	\$1,995,614	\$2,142,879	\$6,015,371

Structure Proposed Palestinian Institution



Italics indicate proposed projects

Concept Paper

COMMUNITY-BASED JOBS AND HOME IMPROVEMENT PROJECT

Statement of the Problem and Summary

The Palestinian population¹ of the West Bank and Gaza (WBG) today faces its most severe economic crisis since 1967. The Gulf crisis in early August of 1990 caused the cessation of \$250 million in annual remittances to WBG families from Kuwait and other Gulf states. Hospitals, schools, universities, municipalities and charitable societies dependent on financial support from Gulf donors, have been equally devastated, and employment opportunities are vanishing.

September and October saw escalating communal violence and civil strife between Palestinians and Israelis. This, along with the arrival in 1990 of 200,000 Russian Jews in need of employment, has prompted the authorities to restrict tens of thousands of Palestinians from their traditional jobs in Israel.² Combined with an already enfeebled economy, these circumstances have resulted in a precipitous decline of jobs and family income. Unemployment is estimated at 30 percent.

The rapidly expanding Palestinian population also faces deteriorating living conditions. Severe overcrowding and sub-standard housing exist throughout the territories; especially hard hit are the lower and moderate income groups.³

This project addresses itself to all these issues, and especially to job creation. It will provide 46,000 workdays for thousands of construction workers in villages and towns in both the West Bank and Gaza many of whom may previously have been employed in Israel. The project will establish a credit fund from which low and moderate income Palestinians may obtain small loans to expand, up-grade and complete their homes. At the same time the Palestinian Cooperative Development Institute (CDI) which has been identified to carry on the work of CDP, will implement this and similar future home improvement activities. In the process, the construction supported by the lending program will generate demand for building materials and construction skills, both of which will stimulate the WBG economies.

Beneficiaries, organization of the program, and technical components are described in Appendix 1. Appendix 2 contains a series of four charts showing personnel needs, resource mobilization and deployment, and organizational plans.

This three-year project has a total value of \$1.95 million, with \$1.45 million in loan funds.

Project Goal

The principal goal of this project is to improve the quality of life for Palestinians in the Occupied Territories by stimulating economic activity through the provision of credit for low

and moderate income families to expand, complete or improve their homes.

Project Purposes

- Create a self-sustaining department within the Palestinian Cooperative Development Institute (CDI) capable of implementing upgrading and home completion programs.
- Generate employment in the building sector for construction workers, while increasing demand for local building materials, thus encouraging small business activity.
- Create a revolving loan fund for home completion and upgrading.
- Additional resources leveraged from donors such as the EC, European bilateral donors, the UN Capital Development Fund, and domestic savings mobilized.

Project Inputs

CDP will be assisted in the implementation of this project through a subcontract with the Cooperative Housing Foundation (CHF), similar in form to the existing agreement between ACIDI and NRECA for the execution of the successful village electrification program initiated in late 1989.

CHF will provide technical assistance through ACIDI/CDP to launch and implement the project over the initial three year period. CHF is well qualified for this role, having successfully implemented a multi-country upgrading, home improvement and housing project for low income families in Central America. That project provides credit for low income families to improve their homes and neighborhoods and to stimulate various types of related economic activity. Employment generation is a major component of that project as it will be of this one.

CHF inputs will include on-site technical assistance through short-term inputs over the course of the project. No resident expatriate is envisaged. Chart I in Annex B details the anticipated personnel requirements for the project. Chart II in Annex B shows the distribution of the home improvement loan fund over the three year LOP, and inputs from down payments and other donors.

- **Technical Assistance**

Long term National	252 p/m
Consultancies (CHF)	10 p/m
Local legal advice (retainer)	\$15,000
● Sub Contractors (Engineering Services)	\$210,000

- **Commodities**

Computers and peripherals
Occupancy (including furniture, equipment, and utilities)

- **Credit Fund** **\$1,450,000**

Project Outputs

- Employment for Palestinian construction workers, approximately 46,000 workdays
- Additions and/or improvements to homes of 575 lower and moderate income families
- \$172,000 in savings and \$300,000 in added resources from other donors mobilized
- A self-sustaining Home Improvement Department in the CDI.
- A sustainable revolving loan fund for home improvement operating as a "credit window" in the CDI.
- Training of at least four senior Palestinians (two in the Home Improvement Department and two in the credit window) in the implementation and administration of small home loan improvement programs.

End Notes

1. At present a total of 1.7 million Palestinians live in the West Bank (including Jerusalem with 136,000 inhabitants) and the Gaza Strip. Abed, George, "The Economic Viability of a Palestinian State," Journal of Palestine Studies, Vol. XIX No. 2, Winter 1990.

2. In 1989 125,000 Palestinians regularly commuted to jobs in Israel, and today the figure is estimated to be 30 percent less. Most of those are lower-paid construction and sanitation workers, or day-laborers employed in factories, markets or shops. (See Appendix 3 for newspaper accounts of this phenomenon.)

3. A major cause of this has been the total absence of institutions, municipalities or agencies which sponsor programs or provide credit for home improvement, expansion or up-grading. At the same time in Israel, there is a massive governmental and private sector effort to build 100,000 housing units for the incoming Russian Jews aided by US \$400 million loan guaranty.

Budget

Community-Based Jobs and Home Improvement Project

LINE ITEMS	YEAR I	YEAR II	YEAR III	TOTAL \$
1. SALARIES	0	0	0	\$0
2. PAYROLL ADDED COST	0	0	0	\$0
3. ALLOWANCES	0	0	0	\$0
4. TRAVEL, TRANSPORT AND PER DIEM	0	0	0	\$0
5. CONSULTANTS	6,000	5,000	4,000	\$15,000
6. TRAINING	0	0	0	\$0
7. COMMODITIES	16,000	0	0	\$16,000
8. OTHER DIRECT COSTS	71,580	75,859	80,439	\$227,878
9. ACIDI SUBTOTAL	\$93,580	\$80,859	\$84,439	\$258,878
10. INDIRECT COST @ 39.0%	36,496	31,535	32,931	\$100,963
11. CREDIT FUNDS	375,000	525,000	525,000	\$1,425,000
12. TOTAL ACIDI	\$505,076	\$637,394	\$642,371	\$1,784,841
13. SUBCONTRACT TOTAL	\$147,880	\$129,952	\$124,952	\$402,784
A. COOPERATIVE HOUSING FOUNDATION	77,880	59,952	54,952	\$192,784
B. LOCAL CONTRACTORS	70,000	70,000	70,000	\$210,000
14. TOTAL PROJECT BUDGET	\$652,956	\$767,346	\$767,323	\$2,187,625

SUPPLEMENTARY INFORMATION

Relationship to USAID Goals

This project is a new approach to stimulating employment in a sector of high priority for the Palestinian people. It is consistent with AID's overall program priorities in WBG and contributes to several of the key objectives set out in the "Draft Strategy Statement for the Direct West Bank/Gaza Program (December 1987)." Specifically, the project will promote economic growth by stimulating community-based income generation; it will assist in increasing both the scope and efficiency of the existing WBG financial market; it will increase the capacity of non-public institutions to support economic activity in the construction and building materials sectors. In addition the project is designed to be self-sustaining and will, through institutional development and human resource training, strengthen the private sector and non-governmental organizations.

Organization and Management

A special department of Home Improvement and Construction will be established in the CDI to implement and manage the project (see Chart IV, Appendix 2). The department, with project coordinators in both the West Bank and Gaza will have the responsibility for promoting and organizing the project under the direction of the CDI Manager. Financial support for the first three years will come from ACDI/CDP to CDI.

The coordinators will be assisted by CHF short-term technical advisors, in addition to local legal and financial consultants to set up operations. Their main function will be to promote and implement the project up to the time the loan has been fully disbursed and the construction completed. The loans will be administered and serviced by the CDI credit window. The CDI will then act as the custodian of the repayments as a revolving fund is established. Second generation loans will be made as new resources are tapped and repayments made.

Technical Components

Subcontracts will be entered into with one or several qualified local engineering firms for all technical work, including the development and approval of plans and specifications, supervision of the multiple worksites, and certification of work accomplished in accordance with building agreements between borrowers and small contractors. In a typical situation, a small contractor will employ four workers for 20 days to build a one room addition, which means about 80 workdays per room. Over the three year period it is estimated that 46,000 workdays will be generated for thousands of construction workers.

Small loans averaging \$3,000 will be made to eligible beneficiary families to complete, upgrade or improve an existing dwelling unit. With construction costs running at US \$250/m² a 3 x 4 meter room can be added to a home for the average loan amount.

Consideration will be given to making loans to eligible cooperative housing societies in the West Bank that wish to complete their projects initiated in the mid-1980s.

Beneficiaries

The prime targets of this project are those lower and moderate income families who are in need of upgrading or expanding their home. As mentioned above, under certain circumstances, uncompleted housing cooperatives may qualify for loans, and these will be evaluated on a case by case basis.

In 1987 the present CDP director made a study of housing in the West Bank and determined monthly median family income for the West Bank to be 176 Jordanian Dinars (JDs), which at that time was equivalent to 792 New Israeli Shekels (NIS). In Gaza, the median family income was 146 JDs (NIS 657). With the advent of the intifada and the ensuing economic decline, family incomes are estimated to have slid by 25 percent. This means NIS 493 (or US\$ 240) for Gaza and NIS 594 (or US\$ 290) for the West Bank. With loan terms of eight years at eight percent, a \$3,000 loan translates into even monthly payments of about \$42.40/month. For a Gaza resident this would be 18 percent of monthly income and for the West Bank 15 percent.

In the West Bank emphasis will be given to rural villages where the CDP assisted rural electrification program functions. Home expansion loans in these villages can foster or strengthen the development of small scale cottage industry, which will be an added benefit.

CHART I
PROJECT PERSONNEL REQUIREMENTS

<u>Position</u>	<u>Person-months</u>			
	Year 1	Year 2	Year 3	Total
Various CHF specialists	4	3	3	10
Coordinators WBG	24	24	24	72
Admin. Assistant/secretarial (WBG)	12	12	12	36
Engineering consulting/supervisory firms in WBG (see budget)				
Local legal/financial consultants	3	2	1	6
CHF home-office support	1	1	0.5	<u>2.5</u>
				Total 126.5

Appendix 2

Chart II

**WEST BANK/GAZA
HOME IMPROVEMENT & JOB LOAN PROGRAM (1)**

	Year 1 -----			Year 2 -----			Year 3 -----			Grand Totals
	Average Loan Amount	Number of Loans	Total	Average Loan Amount	Number of Loans	Total	Average Loan Amount	Number of Loans	Total	
Home Improvement Loan Fund	3,000	125	375,000	3,000	175	525,000	3,000	175	525,000	1,425,000
Other Donors				3,000	33	99,000	3,000	67	201,000	300,000
Beneficiaries (10% Down Payment)			37,500			62,400			72,600	172,500
Total Resources Mobilized			412,500			686,400			798,600	1,897,500
Total Number of Loans		125			208			242		575

=====

1. Roughly 50% of funds will be allocated to Gaza

Chart III

WORK DAYS GENERATED

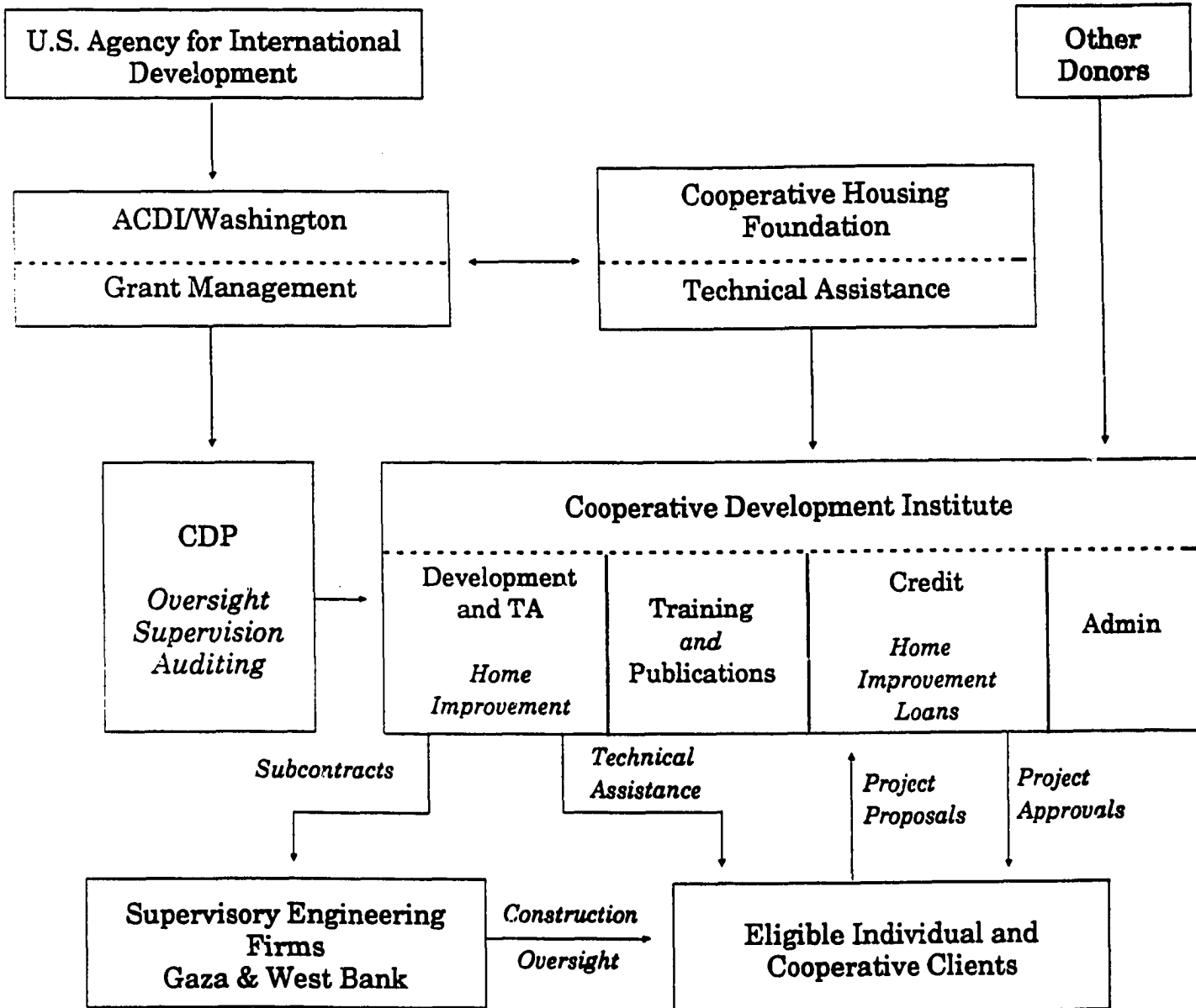
Year 1			Year 2			Year 3			Grand Totals
Job-days per Loan	Number Loans	Total Job-days	Job-days per Loan	Number Loans	Total Job-days	Job-days per Loan	Number Loans	Total Job-days	
80	125	10,000	80	208	16,640	80	242	19,360	46,000

N.B. To build one room (or improve a residence at comparable value), requires roughly four workers for a period of 20 days

CHART IV

Appendix 2

Program Management



Article

Friday, November 2, 1990 The Jerusalem Post

FAISAL HUSSAINI's first pronouncement on being released from detention last week was that the closure of the territories was tantamount to a "first step toward Palestinian independence."

For Palestinians from Gaza working in Israel, however, this "advance" is double-edged. Although it is as yet too early to obtain precise figures, many of them have lost their jobs to new immigrants, eagerly snapped up by employers anxious to assert the principle that when it comes to job preference, blood is thicker than water.

It is too early to say whether Soviet immigrants have made significant inroads into work areas which have traditionally been the domain of Arab laborers — indeed, there is a strong suspicion that many would not accept the hours or the wages Palestinians put up with. But initial official reports indicate that 5,000 Palestinians have been replaced, out of a total of 108,000 employed before last week's closure of the territories.

However, the recent stabbings in Baka have led to a reevaluation of the principle which encourages the existence in Israel of the Palestinian worker who is a "coolie by day and activist by night," in Thomas Friedman's memorable phrase. The defense minister is said to be rethinking Israel's whole dependence on Arab labour, with the intention of reducing it significantly.

One problem is the effect this would have on the Gaza Strip. Long recognized as having the poorest standard of living in Israel and the territories — and by far the highest population density — Gaza, the cradle of the intifada, is likely to suffer most from a decrease or cessation of employment in Israel.

All the evidence points to the fact that the Gaza Strip is unable to stand on its feet economically. There is no significant locally based industrial enterprise, and leaders of the agricultural community are constantly complaining that the authorities place endless obstacles in their way, making export of their produce difficult, at best. Apart from laboring and some building work, the population of the Strip has very little to turn to in terms of employment opportunities.

HASHEM A-SHAWWA, director of the Bank of Palestine, whose family has traditionally been heavily involved in agriculture, says that about 20 percent of the local population are employed in agriculture, which centers on citrus production. Profits are reasonable, especially in the picking season. But about a third of the citrus-producing area has been uprooted because owners were losing money, according to a-Shawwa.

"Agriculture is the biggest source of income in the Gaza Strip, but now it is not generating enough finance, and not



Palestinians on their way to work.

(David Rubiniger)

Jobless — and hopeless — in Gaza

An already bleak economic picture in the Gaza Strip looks set to deteriorate as Israel contemplates getting rid of its labor force from the territories. Matthew Serphs reports

enough people are being employed," he complains. "We don't have a national authority to find markets. Israel controls the outlets." And Turkey, where citrus growing is subsidized, has turned into a dangerous competitor. In contrast, says a-Shawwa, fuel, carriage and fertilizers are expensive in the Strip.

THE TRUEST indication of the employment problem, perhaps, is that the biggest single employer in the enclave is the United Nations Relief and Works Agency (Unrwa). According to an Unrwa spokesman it is the stability afforded by agency jobs rather than the salary which makes the organization so attractive to Palestinians in the Strip. "Unrwa is a fairly safe job, not affected by curfews; it affords Palestinians a certain

rotation," the spokesman says.

The latest Unrwa figures show that the population of the Strip comprises about 700,000 Palestinians. A workforce of 5,166 local residents serves the population in a variety of Unrwa positions, with an area staff of 4,602. Unrwa employs men and women as doctors, nurses, midwives, teachers, social and sanitation workers, with some women also doing secretarial work. "Their incomes are not outrageous, as salary levels are set by local standards," says the spokesman.

Dr Zakaria Miki, the Israeli-appointed director of the Gaza Municipality, paints a bleak picture of the situation, with up to 50,000 people unemployed in the area under his authority. "The situation is not good," he says, "and the situation here is very bad economically." His opera-

tion, serving the Gaza area, or 250,000 people, is in crisis. "We employ about 900 people in the municipality, but they all earn low salaries. Furthermore, their salaries are usually 15 to 25 days late, because residents of the area cannot afford to pay their bills on time."

"Gaza is one of the worst places in the world," he continues. "It has a highly concentrated population, perhaps the highest in the world, but no factories, nothing. Compared to people's incomes, the taxes they are asked to pay are very high. Some people here make a living from trading, but most are laborers. Shopkeepers sometimes close their shops for 10 days at a time because of curfews and strikes."

For Dr Hayder Abd e-Shafi, director of Gaza's Red Crescent Society, the situation is little better. His organization, founded by a board of directors with the late Rashad a-Shawwa at its head, provides "primarily medical services. We face a number of constraints, and we are always in financial difficulties," he says. The organization sometimes provides its services without charge, he adds. "We are always running at a monthly deficit."

Raghib Murtaja, head of Gaza's Chamber of Commerce, says: "The situation in Gaza is dim. That is all. People are without work, there's no real industrial enterprise." According to his figures, 90-100,000 Gazans were working in Israel up to a week ago. "Sixty percent of these have received permission to work; 40 percent have been on the move, working illegally. If Israel cancels some of the work that has been available, it means trouble in Gaza."

Hashem a-Shawwa is no less pessimistic. "The economic situation was bad, even before last week's events. We have many jobless people here, especially qualified young people. It is difficult for them to find work here."

"The Bank has 8,000-10,000 customers, but many of these cannot pay their overdrafts, owing to the economic crisis. You cannot imagine how the Israelis impose taxes. Some workers who get nothing have NIS 1,000 of taxes imposed on them. Added to this, the authorities seem to be trying to cripple the Bank of Palestine." The Bank, with assets of only \$12 million, has two branches, one in Gaza and one in Khan Yunis. Attempts to open branches in the West Bank failed.

Before Israel concludes that it prefers to wash its hands of Arab labor from the Gaza Strip, it would do well to consider the political implications of allowing tens of thousands of Gazans to make their final trip home from work. The consequences for an already strife-torn enclave are too dangerous to contemplate.

OPINION

Israel's need for Palestinian workers, market ends blockade

by Maher Abukhatir

When the Israeli Defense Ministry...

closed down the occupied territories...

on Oct. 22 and ordered all Palestin-

ians from these territories to return

to their homes. They gave the imper-

manent one, a long-term policy.

Israel as well as Palestinians began

bringing themselves for a new reality.

Israel more so than Palestin-

ians began planning for a new life

without over 100,000 "slave"

workers from the occupied West

Bank and Gaza Strip. Labor unions

worked overtime finding hundreds of

calls from Israeli employers looking

for replacement for their Palestinian

workers and from Israelis looking

for jobs. Israelis were calling police

stations claiming that they saw Pal-

estines who had, supposedly,

in order to leave Israel. Meanwhile,

thousands of Palestinians returned to

their homes aware of what the fu-

ture had.

Palstinians and Israeli employ-

ers wrote about the new policy and

evaluated its repercussions and ef-

fects on both Israel and the Palestin-

ians. Their discussion revealed

anxiety that the separation

was serious this time, and seemed to

be permanent.

While various dimensions of the

separation seemed, the Defense

Ministry announced that it was lit-

ing the ban on Palestinian entering

Israel, but four days after it was im-

posed, the decision was more of a

lock than a decommitment to the

policy. Now they must try to en-

force the decision by the Defense

Ministry's change of mind. Why was

the ban lifted when all sectors of Is-

rael's economy seemed prepared to ac-

cept their country after 22 years, without

the heavy pressure of Palestinian

workers?

Several factors probably led to

the Defense Ministry's change of

mind. First, the idea that Israel was

for the first time, the West Bank

and Gaza Strip were not only op-

erating a new settlement that would

cause them to leave their area,

but also would have the effect of

reducing the number of Palestinian

workers in Israel. This was a

major concern for the Defense

Ministry. Second, the Defense

Ministry was aware of the fact that

the West Bank and Gaza Strip were

not only producing goods for Israel

but also for export to other

countries. This was a

major concern for the Defense

Ministry. Third, the Defense

Ministry was aware of the fact that

the West Bank and Gaza Strip were

not only producing goods for Israel

but also for export to other

countries. This was a

major concern for the Defense

Secondly, Israel knew that man-

aging the Palestinian economy

would not bring them to the

level of economic development

as Defense Minister Moshe

Wahshel. Rather, it would increase

their frustration and desperation, re-

sulting in more troubles than Israel

could handle. Without the actual phys-

ical separation of some, they had a

high emotional tension between the oc-

cupied territories and Israel. It would

be almost impossible to stop the infl-

ation of Palestinians into Israel.

And as long as there were infl-

ing Palestinians from Israel

would be defeated.

Thirdly, it would be very difficult

to tell 100,000 workers that they can

not enter Israel for work or anything

else and not do the same for the 1.2

million Palestinians under Israeli

control. When the army set up road-

blocks and was on routes to Israel

and East Jerusalem, it did not turn

back only workers, but also every

Palestinian with a West Bank or

Gaza Strip residency and even a

large number of Palestinians with

Jerusalem residence. The result was

a loss of millions of dollars from

hundreds of thousands of Palestinians

shopkeepers a serious blow to the Is-

raeli economy.

Fourthly, the term "slave market"

is not only a term used by

Israelis but also by the

international community. This

is not only a term used by

Israelis but also by the

international community. This

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is not only a term used by

Israelis but also by the

international community. This

was to send a message to the Pal-

estines. He also said that he person-

ally occupied territories closed for a "few

days." Moshe Arem said from the

occupied territories.

is why the closure order was quickly

issued. Moshe Arem said from the

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own national unity.

maintain what they established their

kind of international cooperation and

relations would be limited to some

degree. They would not have been

of economic growth. Since Israel

is not only a political and

economic entity, it would have

strengthened their claim

for independence and separation.

For the Palestinian, the separation

decision and calling it a blessing in

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Concept Paper

UNION OF ELECTRIC COOPERATIVES: NABLUS

Statement of the Problem and Summary

There is little reliable electric service for the Palestinians in the rural areas of the West Bank. Locally-owned and managed cooperatives usually do not provide service during normal working hours which greatly hinders the development of small enterprises and the introduction of modern agricultural techniques.

The Cooperative Development Program (CDP) has been working with the West Bank village electric cooperatives since the inception of the program in 1986. When CDP was extended in 1989, it focused its efforts on the electric cooperatives in the Hebron area through a sub-project to strengthen cooperative operations and provide access to loan funds.

The subproject's key feature was to provide support to the Hebron Union of Electric Cooperatives which enabled it to provide local technical assistance, monitor operations and maintenance, manage the revolving fund, inspect construction, and conduct training -- all under the guidance and control of the cooperatives themselves. This subproject, has provided sufficient benefits to date to convince CDP, other donors, and the cooperatives that it is the correct approach. Electric cooperative leaders in the Nablus area want to replicate the project for their region and have taken steps to begin the formation of their own Union.

The objective of this concept proposal is to expand technical, managerial, and financial support to the village electric cooperatives in the West Bank through replication of the current project in the Hebron area to the Nablus region. The Hebron Union of Electric Cooperatives has proven to be a viable institutional structure for introducing operational and managerial improvements to the member cooperatives. Similarly, the proposed assistance will strengthen the nascent Nablus Union of Electric Cooperatives to serve as an effective conduit for improving the operations and services of its member cooperatives. The improved operations will allow more small enterprises to become viable in the rural areas, increasing employment while improving the quality of life in the villages.

The proposed program will provide grant funds for the Union's start-up expenses, staff training, and the cost of establishing an office in Nablus. It would also include a revolving fund to adequately service the Nablus cooperatives. Financial and credit guidance will be provided by CDP's Credit Officer.

Project beneficiaries include the 2,400 household/commercial accounts (approximately 9,440 people) served by the nine Nablus village electric cooperatives, in addition to an estimated 1,000 household/commercial accounts associated with village council systems eager to join the Union.

This proposed three-year project is estimated to cost \$1,055,048, including a credit and grant fund of \$540,000, and will be implemented through the CDP with technical support from NRECA.

Project Goal

The proposed assistance will lead to reduced energy costs (although not reduced consumer rates) and greater availability of electric service in the rural communities. This will allow increased small enterprise development based upon productive uses of electricity, thereby creating jobs and improving the quality of life for the Palestinians.

Project Purpose

The purpose of this project is to strengthen the village cooperative and municipal electric systems in the Nablus region of the West Bank.

Project Inputs

The proposed project will support the creation of a new Union to serve the joint needs of the electric cooperatives in the Nablus region. The Union will be provided the tools to render leadership, overall management technical assistance and training for the individual village electric systems.

The main inputs are:

- **Management**

CDP would provide direct management support from a Jerusalem-based Project Coordinator who would oversee both the Hebron and Nablus Union activities.

- **Technical assistance**

Nine months of expatriate specialized technical support will be supplied by NRECA under a subcontract with ACDI. Assistance will be provided in such areas as management of the Union, construction of 11 kV networks, operations of 11 kV systems, demand-side management, planning, and computerized billing systems.

- **Credit and Grant Funds**

Credit will be extended to the Nablus cooperatives for improvements to increase efficiency, extend lines, and add generation (\$400,000). Special importance will be given to facilities needed to attract, connect and serve small enterprises.

Grant funds (\$140,000) will be given to the Nablus Union to cover start-up cost including

payroll expenses, office space, office equipment, supplies, travel funds, tools, etc.

- **Training**

U.S. training will be provided for the Nablus staff who will be given an opportunity to learn sound business practices and technical programs undertaken by U.S. cooperatives.

On-site training by CDP and project staff will focus on increasing powerplant operators' understanding of interconnected procedures, switchgear requirements, and technical subjects such as diesel operations, low-voltage standards, and safety. Management training will include the economies of small electric power systems, policy making and planning, electric utility accounting and rate design.

Project Outputs

At the end of the three-year project it is expected that:

- A Union of Electric Cooperatives will be operational and able to provide leadership and direction to the village electric systems in the Nablus area.
- Twenty managers and board members of village electric systems will be trained and familiar with the benefits of loss reduction and interconnection.
- Losses will be reduced by seven percent in at least four village electric systems.
- At least 20 new small enterprises will be established and connected to village electric systems and commercial sales will increase over four percent.
- At least three systems will apply for loans from the revolving funds and incorporate the debt service in their rate base.

Budget

Union of Electric Cooperatives: Nablus Project

LINE ITEMS	YEAR I	YEAR II	YEAR III	TOTALS
1. SALARIES	0	0	0	\$0
2. PAYROLL ADDED COST	0	0	0	\$0
3. ALLOWANCES	0	0	0	\$0
4. TRAVEL, TRANSPORT AND PER DIEM	0	0	0	\$0
5. CONSULTANTS	53,649	53,649	53,649	\$160,947
6. TRAINING	59,000	35,500	26,500	\$121,000
7. COMMODITIES	32,000	12,500	5,000	\$49,500
8. OTHER DIRECT COSTS	183,320	231,416	248,882	\$663,618
9. ACDI SUBTOTAL	\$327,969	\$333,065	\$334,031	\$995,065
10. INDIRECT COST @ 39.0%	127,908	129,895	130,272	\$388,075
11. CREDIT FUNDS	0	0	0	\$0
12. TOTAL ACDI	\$455,877	\$462,960	\$464,303	\$1,383,140
13. SUBCONTRACT TOTAL	\$0	\$0	\$0	\$0
14. TOTAL PROJECT BUDGET	\$455,877	\$462,960	\$464,303	\$1,383,140

Concept Paper

PRIVATE SECTOR WOMEN'S ENTERPRISES

Statement of the Problem and Summary

There is currently a pressing need for culturally acceptable, adequately remunerative employment for Palestinian women in the West Bank and Gaza (WBG). Though traditional values against women working are shifting, and women are entering the workforce in substantial numbers, suitable employment opportunities are increasingly limited and cannot be expected to increase sufficiently over the near future. At the same time, the "buy-Palestinian" injunction of the intifada, and the decreased availability of many goods and services in WBG, is creating market niches for new products and providing opportunities for new business creation.

Palestinian women's associations, along with individual women, are responding to current economic pressures by founding small-scale businesses, predominantly manufacturing. By and large, both individual women and the women's organizations lack the basic business skills and understanding necessary for creating and operating viable businesses. The women's leadership is aware of the problems in the current economic projects and is actively seeking support for their programming.

Current programs in the WBG designed to support business establishment and enhancement are aimed primarily at entrepreneurs working at a larger scale of operation than is appropriate to the business expertise of women, many of whom are not entrepreneurs at all but persons in need of self-employment. In addition, existing programs do not provide the level of ongoing field support that is likely to be required if a significant number of women's businesses are to be established.

This three-year project, which would be implemented along with other CDP activities, has a total value of \$1,383,140.

Project Goal

The project goal is to increase the numbers of viable women-owned enterprises in WBG. This will have an automatic effect on female employment, both through creation of jobs for proprietors of very small businesses and through the progressive hiring of personnel in the case of expansion.

Project Purposes

The purpose is to create a viable Palestinian institutional framework specifically tailored to the economic development needs of Palestinian women and women's organizations. The organization is to be staffed with trained Palestinian women who can offer formal training, business outreach services and access to a variety of business support resources over the long

term in WBG.

The institution will identify information and resources already available in the society and in the region but currently inaccessible to women, and channel them into the women's sector. These include the literature on small business and appropriate technology, expertise on production and products, and opportunities for training in business and technical skills. It will identify and meet needs for training materials such as modules appropriate to WBG and specifically Palestinian case studies. Other key resources, such as studies of consumer buying practices or the functioning of the small-scale industrial sector under current economic and political circumstances, will be prepared by the project. Finally, the project will foster the establishment of social ties among women's production projects, women-owned businesses, and other businesses in the society.

This institution will provide formal training to women in specific business skills, such as feasibility analysis. It will concentrate a major portion of its efforts on rendering business advisory services to women-owned/operated businesses, helping women to put into practice in their businesses the skills which they have learned in the classroom. Business consultants will identify the need for technical consultants in order to establish specific production lines, and will draw business people in the society into the process of new business development.

Currently there is no well-established women's organization in WBG which has the capacity to undertake the development of such an institution. It will therefore be initiated under the auspices of the new Palestinian Cooperative Development Institute (CDI), with support from CDP, and gradually developed to the point of independence by the end of the project. Since it is not expected that such an institution can be financially self-sustaining within three years of its founding and still carry out the full range of activities needed by this sector, fees will be charged from the start in order to begin the development of a financial base. Given the overall level of donor interest in small business development in WBG, it is expected that an effective women's business program would have little difficulty in attracting funds for operation subsequent to the project.

Recognizing that women's economic programming is in its infancy in the WBG, establishment of this institution, and undertaking of business consultancies in the field, will be highly labor intensive. Despite the high overall level of demand for business support services, the level of awareness of which services are most needed is low, and aggressive field marketing of some services is likely to be needed.

Women's economic programming must start at such a low baseline that considerable "hand holding" will be required in the early stages, and the work with specific organizations and businesses must include many visits. Intensive interaction between business advisors and nascent small businesses in the early months of the program will allow for revision of training materials to better fit needs in the field, and will constitute part of the training of the business advisors.

The initial results in terms of new businesses generated are likely to be modest, but the support

institution and the services it offers to women-owned/operated businesses will lay the groundwork for what is ultimately expected to be a major increase in women's economic activity in WBG.

Project Inputs

- **Long-term technical assistance**

372 person-months of Palestinian staff (program coordinator, deputy coordinator, 7 business advisors by second year, learning resources manager, secretary).

- **Short-term technical assistance**

36 person-months of Palestinian consultants, for both the development/adaptation of training materials and to provide technical consultation for specific production projects. 12 person-months of expatriate consultants (women's small business programming; institutional development).

- **Training**

9 person-months of third-country training in business advisory service programming (staff), including site visits to small women-operated manufacturing establishments. 20 person days of incountry training (desktop publishing).

- **Commodities**

Occupancy (including furniture, equipment and utilities)

Project Outputs

- Women formally trained in business skills and business advisory service provision.
- A woman trained in desktop publishing.
- A minimum of 85 person-days of formal business skills training.
- A minimum of 40 long-term and 50 short-term term businesss consultancies provided.
- Comprehensive rosters of technical, financial and training resources available to women-owned businesses established.
- Learning resources centers established in WBG.
- Appropriate training manuals, study materials and curricula developed, printed, field tested and in use.
- A data base established on consumer buying practices and on the functioning of the small-scale manufacturing sector.
- Lists of businessmen and women in selected production/commercial/service sectors prepared to support the project through advice, information, and participation in training.

Budget

Private Sector Women's Enterprises Project

LINE ITEMS	YEAR I	YEAR II	YEAR III	TOTALS
1. SALARIES	0	0	0	\$0
2. PAYROLL ADDED COST	0	0	0	\$0
3. ALLOWANCES	0	0	0	\$0
4. TRAVEL, TRANSPORT AND PER DIEM	0	0	0	\$0
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SUPPLEMENTARY INFORMATION

Problem Background

There is currently a pressing need for culturally acceptable, adequately remunerative employment for Palestinian women in WBG. Traditional values against women working outside their homes and family lands are beginning to shift, but most Palestinian women face strong opposition to mixing with men in workplaces. Fostering of the proliferation and increased viability of women-owned, women-operated small businesses, particularly production units, is therefore seen as the most effective means of expanding employment opportunities for women, both for the owners of such businesses and for their workers.

There are relatively few women-owned businesses in the WBG; indeed, there are too few businesses altogether, and employment opportunities for both men and women are in short supply. The intifada has led many Palestinians to leave their jobs in Israel, and there is a strong preference for buying Palestinian-produced products rather than imports. However, many women continue to work as subcontractors to Israeli factories, wrapping toiletpaper or putting seams into sleeves, at low wages and without opportunity to acquire new skills that could be used for business foundation.

While there are many opportunities for small-scale business development, particularly under conditions of social mobilization toward economic self-sufficiency, the support functions and the common knowledge and understanding required for business development need to be increased substantially if the desired level of local economic development is to occur.

Among the main constraints on the development of small productive businesses in WBG is that the existing small-scale business community is isolated from the rest of society. Its subculture is the locus of knowledge and expertise, and of social networks which help provide access to markets, knowledge of successful business strategies, and many other components of business success. Under circumstances of economic constriction and distortion such as those prevailing in WBG, this insiders' knowledge is at least as important to successful business operation as are specific business skills.

Being an outsider to the business subculture constitutes a major barrier to entry into the market. This is not because the sector deliberately restricts entry--rather, it is due to traditional Palestinian values related to employment, and the social status attached to various sectors. The occupations of choice have been split between agriculture and the professions, with business not having in the past constituted an occupation of choice except for the families specialized in business over generations. Today, many people from agricultural and professional backgrounds are becoming interested in entering business, but lack the social connections with business people

that could help them to identify and access the resources needed for establishing them.

Just as social networks within Palestinian society in WBG restrict the spread of small-scale business knowledge and understanding, the barriers to travel to and communication with neighboring countries restrict the spread of innovation in production and economic programming. Many small-scale industries which are prospering in Egypt, for instance, are totally unknown in WBG, and are likely to remain so without intervention.

These constraints exert a negative influence on the establishment and operation of small business in general in WBG. They are particularly acute for women, whose social mobility is more constricted than that of men, and who have much less experience in public activity such as commerce and industry.

Current programs to provide support services to business in the WBG, now in their early stages, are similarly constrained in their ability to supply business knowledge and skills to women. None focuses on the particular business development needs of women, and many effectively exclude women by focusing on a level of production well beyond their current capabilities. Most of the major programs focus on credit, which cannot alone support the establishment of women's businesses, and none has a significant field component.

Women leaders in WBG strongly support the establishment of business development services specifically targeted at women. This is partly because women's business development needs are different than those of men, and partly because it is their conviction that programs operated by and/or targeted at both men and women rapidly become male-dominated and cease to serve the needs to develop Palestinian women's leadership and private sector women's businesses.

Fit with USAID Strategy

The USAID strategy for aid to PVO programming in the WBG calls for facilitating market entry, market access, management and production in the agricultural and manufacturing sectors, and for increasing the capacity of public and non-public institutions to support economic activity in the Occupied Territories through organizations including non-municipal non-profit institutions. This proposal is a direct expression of these concerns, focusing on developing an indigenous, non-profit institution which can effectively promote and support small enterprise among women, and thereby generate women's employment in WBG.

CDP Activities

Needs assessments by CDP in the cooperative sector have led to provision of inputs including formal training courses and technical assistance in areas such as financial management, planning, key production skills, market studies, organizational structure, and, recently, credit. Management audits have provided a means of tracking management development in selected cooperatives to which most attention is being given, and serve as agendas for modifying development programming for these groups.

Over the past year, CDP has begun to focus on women in economic development issues. A woman's advisor was appointed to begin working with women's cooperatives, and to investigate the potential for strengthening women's participation in the mixed cooperatives. This work has shown that female participation in mixed cooperatives continues to be very much constrained by cultural traditions of male dominance in the public sphere, such that women are rarely able to participate in major ways in decision making in these cooperatives. While women's cooperatives of course do not face this problem, they are so few in number and it is so difficult under current circumstances to register new cooperatives that formal cooperatives do not represent an important arena for the economic empowerment of women.

CDP has therefore begun to establish relationships with the various women's organizations to examine the need and demand for support in economic programming. In addition to working closely with the two main women's cooperatives, CDP's support to other women's programs to date has consisted of their inclusion in a marketing workshop held in February 1990, and in a seminar on the state of the art of women's economic programming in the WBG and identification of the need for support services held in September 1990.

There is great enthusiasm among these groups for the establishment of a women's business advisory service which can provide a broad range of technical support services. Most of the women's organizations view CDP as a credible agency, and are encouraging the development of a broad technical support project.