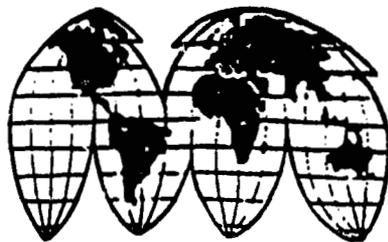


PD-ABE-836
79600

Cooperative Development Project West Bank and Gaza

Proposals

CDP Extension for Institutionalization Community-Based Jobs and Home Improvement Women's Private Sector Enterprises



Submitted to:
U.S. Agency for International Development
Washington, D.C.

Submitted by:
Agricultural Cooperative Development International
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Washington, D.C. 20001
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In collaboration with:
The Overseas Cooperative Development Committee

May 1, 1991



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Ron Gollehon
President

Donald Crane
Sr. Vice President

May 1, 1991

Ms. Kristin K. Loken
PVO Officer
Bureau for Europe and Near East
ENE/TR
Room 4725 New State
Agency for International Development
Washington, DC 20523-0053

Dear Ms. Loken:

In response to your letter of March 15, 1991, we are pleased to submit three project proposals: CDP Extension, Community-Based Jobs and Home Improvement, and Women's Private Sector Enterprises. We feel that these proposals respond to the priority concerns of Palestinians, support the objectives of the U.S. government strategy and address the issues raised in your letter.

These proposals represent the results of many weeks of discussion with CDP's Palestinian staff and others. They also include substantial inputs from the staff of the Overseas Cooperative Development Council, NCBA, NRECA, CHF, and VOCA. The latter four will play key roles in the implementation of the projects, thus ensuring responsible management and technical input in each specific sector in which the projects work.

The executive summaries provide a clear synopsis for each proposal. The CDP Extension is the keystone which supports all three. It proposes the framework and process for a gradual transfer of CDP functions to a local organization known as the Community Development and Credit Institute (CDCI). CDP will be down sized as the CDCI evolves.

I wish to take advantage of this letter to explain the strategy we used to confront the considerable funding limits placed on the three projects and the fact that funding was spread over five and not three years. The CDP extension was reduced from \$6 million in our concept paper for a three year project to \$ 6.9 million for a four year project (including sub-contracts with NCBA, NRECA and VOCA); Women's Enterprises has been slashed from \$1.38 million to \$0.8 million and commences on July 1, 1991; the Jobs program was reduced from \$2.2 to \$1.75. The result is that the Jobs program will start only in Gaza in January 1992, but commencement in the West Bank has had to be postponed until January 1993.

Chairman of the Board
■ Arthur J. Fogerty
Agway, Inc.

Vice Chairman
■ Curtis W. Anderson
Sunkist Growers, Inc.

Secretary
■ Carroll H. Gilbert
Southern States Cooperative, Inc.

Treasurer
■ Vern J. McGinnis
Growmark, Inc.

The requirement to meet the annual amounts available, especially the reduced amounts in FY 92 and FY 93, has forced us to restructure our program. We have prepared a program to begin on July 1, 1991 and continue for four project years, utilizing funding from five fiscal years as indicated in your letter of March 15. This approach has allowed us to include monies obligated but not yet expended (pipeline) along with the requested amounts to maintain consistency over the life of project.

We reduced substantial resources for national and expatriate technical assistance, training and commodities. One area in which we have made significant reductions is expatriate staff. Two of the three current positions are scheduled to be phased out during the life of the project. While we feel confident in being able to manage the programs as described, we would certainly strengthen the project with a greater level of technical assistance by retaining two expatriates to the end of the project in June 30, 1995.

If additional resources become available, we strongly encourage AID to increase the technical assistance components by \$ 2,686,956. Attached are two summary budget matrixes. One is for the proposals as presented. The second reflects what would be requested if additional funds become available.

We look forward to your response and if you have questions, please do not hesitate to call me, the Vice President for the Asia and the Near East, Jerry Lewis or his assistant Ernest Bethe III, both of whom were closely involved in the preparation of the proposals.

Sincerely,



Ron Gollehon
President

**Summary Budget Matrix
Financial Plan--As Requested**

Project Activity

Line Items -----	CDP	Jobs	WPSE	Total
Salaries	\$502,585	\$0	\$0	\$502,585
Payroll Added Costs	135,073	0	0	\$135,073
Allowances	256,744	0	0	\$256,744
Travel, Transportation and Per Diem	136,626	0	0	\$136,626
Consultants	69,433	0	90,905	\$160,338
Training	163,228	0	95,500	\$258,728
Commodities	0	0	28,500	\$28,500
Computer Hardware and Software				
Office Furniture				
Incidental Items				
Other Direct Costs	2,175,799	387,188	359,122	\$2,922,109
-----	-----	-----	-----	-----
ACDI Subtotal	\$3,439,488	\$387,188	\$574,027	\$4,400,703
ACDI Overhead	1,341,400	151,003	223,870	\$1,716,274
Grant/Credit Funds	1,234,949	985,000	0	\$2,219,949
Subcontracts	876,447	227,890	0	\$1,104,337
-----	-----	-----	-----	-----
Totals	\$6,892,284	\$1,751,081	\$797,897	\$9,441,263
	=====	=====	=====	=====
Estimated pipeline at July 1, 1991:				\$3,241,438
Total Request:				\$6,199,825

3'

**Summary Budget Matrix
Financial Plan--Supplemental Request**

Project Activity

Line Items -----	CDP	Jobs	WPSE	Total
Salaries	\$641,478	\$0	\$0	\$641,478
Payroll Added Costs	183,584	0	0	\$183,584
Allowances	323,343	0	0	\$323,343
Travel, Transportation and Per Diem	152,811	0	0	\$152,811
Consultants	85,550	0	219,368	\$304,918
Training	182,415	0	210,900	\$393,315
Commodities	82,313	0	58,150	\$140,463
Vehicles (American s/o)				
Computer Hardware and Software				
Office Furniture				
Incidental Items				
Other Direct Costs	2,465,195	387,188	911,297	\$3,763,680
ACDI Subtotal	\$4,116,689	\$387,188	\$1,399,715	\$5,903,592
ACDI Overhead	1,605,509	151,003	545,889	\$2,302,401
Grant/Credit Funds	1,339,088	985,000	0	\$2,324,088
Subcontracts	1,370,246	227,890	0	\$1,598,136
Totals	\$8,431,532	\$1,751,081	\$1,945,604	\$12,128,217
	*****	*****	*****	*****
Estimated pipeline at July 1, 1991:				\$3,241,438
Total Request:				\$8,886,779

4-

Cooperative Development Project West Bank and Gaza

Proposal

CDP Extension for Institutionalization

Submitted to:

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

Submitted by:

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50 F Street, N.W., Suite 900
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In collaboration with:

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May 1, 1991

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ABBREVIATIONS

ACDI	Agricultural Cooperative Development International
ACU	Agricultural Cooperative Union
ADCC	Arab Development and Credit Company
ADS	Arab Development Society
AGREXCO	Agricultural Export Company (of Israel)
AID	Agency for International Development
AIVA	Association of International Voluntary Agencies
AMIDEAST	America - Mideast Educational and Training Services
ANERA	American Near East Refugee Aid
CDP	Cooperative Development Project
CDCI	Community Development and Credit Institute
CDS	Cooperative Development System
CDO	Cooperative Development Organization
CHF	Cooperative Housing Foundation
CIVAD	Civil Administration
CRS	Catholic Relief Services
EC	European Community
EDG	Economic Development Group
EC	European Community
EOP	End of Project
GNP	Gross National Product
GOI	Government of Israel
ICA	International Cooperative Alliance
JD	Jordanian Dinar
Jobs	Community-Based Jobs and Home Improvement (Program)
LOP	Life of Project
MIS	Management Information System
NCBA	National Cooperative Business Association
NIS	New Israeli Shekel
NOVIB	Dutch PVO
NRECA	National Rural Electric Cooperative Association
NGO	Non-Governmental Organization
OCDC	Overseas Cooperative Development Council
PAMSC	Palestinian Agricultural Marketing Service Center
P/M	Person Month
PVO	Private Voluntary Organization
PVO	Private and Voluntary Organization
SCF	Save the Children Federation
USAID	United States Agency for International Development
UNDP	United Nations Development Program
UNCDF	United Nations Capital Development Fund.
VOCA	Volunteers in Overseas Cooperative Assistance
WBG	West Bank and Gaza
WID	Women-In-Development

I. EXECUTIVE SUMMARY

The major result of CDP's program on the West Bank and Gaza (WBG) has been the creation of a demand for training, technical assistance, and disciplined credit. Cooperatives, and indeed other organizations, have come to understand the value of CDP. This proposal takes the next critical step toward the institutionalization of CDP services and the creation of a sustainable Palestinian institution. This evolutionary process builds upon the success and credibility that CDP has established in the community. The institutionalization process proposed adds the additional and important element of stimulating employment among lower and moderate income Palestinians, described in detail in complementary proposals.

The proposal lays out the framework, process and timetable for a gradual shift in functions from CDP to a local organization known as the Community Development and Credit Institute (CDCI) which will be able to work in both the West Bank and Gaza.

The project's goal continues to be improvement in the quality of life for Palestinians in WBG. This will be accomplished through strengthening of cooperatives to operate as effective and efficient businesses, and developing a sustainable Palestinian institution for the long-term provision of credit, training, technical assistance to cooperatives, as well as small businesses in the building sector.

Over the past two years, CDP has focused its assistance on a selected number of cooperatives in agriculture and village electrification. In spite of the crippling economic depression resulting from the Gulf war and its aftermath and regulatory obstacles placed in their path, cooperatives have survived and remain poised for the future. Exports to Europe began on schedule, the Union of Electric Cooperatives was revived, and dairy cooperatives improved their operations. However, much remains to be accomplished to bring these and other cooperatives to the point where they can manage their affairs in a businesslike manner.

This four-year extension will cement CDP's hard-won gains and provide the resources and talent to institutionalize its more sustainable activities within CDCI. CDCI will offer an integrated program of technical assistance, training and disciplined credit to cooperatives, private sector enterprises, community-based organizations and individuals. In carrying out its mission, CDCI will be designed to engage in a wide variety of activities: Conduct feasibility studies, assist in preparing loan applications, making loans, analyzing market information, carrying out market studies, designing and delivering training programs, management consulting, solving specific technical problems, and managing the Community-based Jobs and Home Improvement (Jobs) Program, proposal separately submitted.

The shifting of functions from CDP to CDCI will be an evolutionary process, taking place over several years. The proposal sets forth the steps of this process. The initial step, to begin shortly, calls for CDP's senior Palestinian staff to begin a consultative process with WBG leaders in the cooperative, banking, agricultural, economic development and construction sectors. This consensus-building effort should be concluded by the end of 1991 and result in an institutional plan supported by the WBG community.

To ensure financial viability of CDCI this project envisages the coupling of lending with technical assistance. Loans will be tailored to meet the financial needs of cooperatives not being served by other lending institutions. The strategy requires disciplined credit based upon a comprehensive process of credit analysis and procedures developed by CDP over the past two years. As CDCI takes on the implementation of the Jobs program, it can provide important additional revenues. As the program progresses, significant outside donor support is anticipated. As the fund grows, so will revenues.

CDP will enter into agreements with CDCI on the management of the existing agricultural cooperative loan fund and possibly to act as custodian for the fund for rural electrification. These agreements will also cover training and technical assistance that CDP would make available in transferring sustainable functions to CDCI as well as training for the Palestinian staff and board. There will be similar arrangements governing the Jobs program.

To ensure the successful management of the program during the shift-over, ACDI will continue to receive important inputs from NRECA, NCBA and VOCA in their specialized fields. As the Jobs program starts in January 1992, the Cooperative Housing Foundation (CHF) will provide high-level short-term expertise for three years.

At the outset CDCI's staff will be kept to a minimum. As the Jobs program gets under way, additional staff will be added in Gaza and then later in the West Bank. By the end of this project's extension, CDCI will be a sustainable and functioning Palestinian institution administering a comprehensive and coordinated program of training, technical assistance and credit. Income from its diversified loan portfolio will be sufficient to cover related operating costs. Outside donor grants will be obtained to augment the loan fund and to supplement fees from CDCI's technical assistance and training programs.

Concomitantly, CDP will downsize its operations. By the end of the project CDP will have reduced expatriate staff. As the process evolves, the expatriates will shift into an advisory capacity, supporting CDCI with carefully programmed grants, advising CDCI on its business approach, arranging expatriate consultancies and participant training, and monitoring the use of funds. CDP will also function as an incubator of new projects and will continue involvement with the complementary "Women's Private Sector Enterprise" and Jobs program until those projects are fully institutionalized.

The project supports AID's overall program priorities in WBG and contributes to several key objectives. Specifically, the project will promote economic growth by increasing the capacity of non-public institutions to support economic activity in WBG, developing private sector non-profit institutions, facilitating market access in the agricultural sector, stimulating community-based income generation, and increasing the capacity of non-public institutions to develop and support financial market organizations. Project funding over and above the unspent CDP pipeline requested from AID is US \$3,650,845.

II. THE PROJECT

A. Perceived Problem

1. Economic Depression

The West Bank and Gaza (WBG) economies have steadily deteriorated since the outbreak of the *intifada* more than three years ago. Shortened business hours, frequently imposed military curfews, strikes and sporadic outbreaks of violence have disrupted production in almost every sector of the economy. Incomes have plummeted and unemployment spiraled upward. Jordan's unilateral disengagement from the West Bank in 1988, followed shortly afterward by a series of devaluations of the Jordanian dinar (JD), devastated the purchasing power of the JD by as much as 50 percent and tens of thousands of families saw their savings halved within weeks.

The economy's downslide accelerated last August with the invasion of Kuwait by Iraq and culminated in January 1991 after the outbreak of hostilities. Its immediate impact on the Palestinian society has been the cessation of approximately \$250 million in annual remittances to families from Palestinian workers in Kuwait and the Gulf states. Hospitals, charitable societies, municipalities, schools and universities, heavily dependent on support from outside governments (including Kuwait) and agencies, have seen their primary sources of financial aid evaporate overnight.

The Gulf crisis and its aftermath have wreaked havoc on the estimated 120,000 Palestinian workforce which commutes to Israel. During the war, and for extended periods after the cessation of hostilities, these workers were either confined to their homes under curfew or barred access to their jobs in Israel. At this writing only 50,000 workers are estimated to be back at work in Israel. Samir Hulaileh, a respected Palestinian economist, estimates that for every 10,000 jobs lost in Israel, \$50 million will be slashed from a West Bank and Gaza Gross National Product (GNP) of \$2 billion.¹

Economic difficulties have been compounded by the flow of Russian immigrants to Israel, 200,000 in 1990 alone, who have permanently taken over many Palestinian filled jobs, especially in the assembly and manufacturing industries.² Israel financial columnist, Joel Bainerman, writing in the *Jerusalem Post* on April 12, 1991 states that unemployment in the Territories may be as high as 35 percent. He also asserts that there are 13,000 unemployed Palestinian university graduates.

¹ Peter Waldman, *Wall Street Journal*, Feb. 1-2, 1991, pg. 2.

² Sabra Chartrand, *The New York Times*, Feb. 17, 1991.

The agricultural sector was severely hit by the war, with week-long and month-long curfews imposed on large regions of the WBG. Farmers could neither reach nor tend their fields, and many crops could not be harvested at maturity, causing outright loss of entire seasonal crops.

Palestinian farmers continue to face strong and unfair competition in the Territories from Israeli fruits and vegetables which are permitted free access to WBG markets. Israeli markets, including East Jerusalem, are closed to Palestinian farmers and cooperatives unless there is a commodity shortage. The closure in January 1991 of the Saudi Arabia border with Jordan, shut yet another door for WBG fruit and vegetable exporters.

2. Cooperatives Hard Pressed

Over the past two years, the Cooperative Development Program (CDP) has focused on a selected number of cooperatives as targets of training and technical assistance, and recently, credit. In the agricultural marketing sector, the Jericho and Beit Lahia marketing cooperatives have been recipients of substantial assistance from CDP and other agencies. Good results were beginning to occur as the export season opened in December 1990. After launching their third export season to Europe, shipments were brought to a stunning halt by the onset of the war on January 15, 1991.

Jericho Marketing Cooperative did manage to export 425 tons of eggplants and peppers in December 1990 and early January 1991 at prices which were less than optimum. Beit Lahia Cooperative in Gaza got off to a good start with 47 tons of strawberries and tomatoes exported to Europe, and even managed one air shipment of products to Norway in mid-February. Beit Lahia's winter safety net turned out to be AGREXCO, which continued to export during the war and took large quantities of strawberries from Gazan cooperative members.

Much remains to be done to bring these two cooperatives to the point where they can manage their affairs in a businesslike manner, plan efficiently and delegate authority to staff.

In the aftermath of the Gulf Crisis most cooperatives with which CDP works are currently operating at a loss, staffs have been reduced and activities curtailed. The marketing cooperatives in the West Bank have been hit by declining shipments of produce to Jordan, from which they derive substantial income by issuing certificates of origin. For three months this winter these exports were stopped altogether.

The livestock cooperatives have also been severely affected. Extended curfews have forced these cooperatives to hold perishable dairy products beyond expiration dates causing loss of inventory and sales.

While village electric cooperatives in Hebron area continue to function, they too are experiencing difficulties. Recently, a CDP staff member visited the Board of Directors of Tarqumia Electric Cooperative to assess the effect of the Gulf crisis. Board members pointed out that before January 1991, most families in the village had more than one income with the

majority of residents depending on daily wages from work inside Israel. They estimate income deterioration in the village since January as follows: one-third of member families have completely lost their source of income; another one-third have lost the income of one wage earner; another third have lost part of the income of one wage earner. In this situation, it is no surprise that the cooperative's accounts receivable had doubled (to over 40,000 NIS -- \$17,400) by the end of March.

Other obstacles to growth are regulatory in nature. Open membership in cooperatives, a universally accepted principle, has been either denied or severely limited by the military authorities. Boards of directors must obtain permission from the military government prior to accepting new members. In addition, permission must be sought from the Cooperative Department for a cooperative to hold its annual general assembly meeting.

Delays in registering primary and secondary cooperatives have been unreasonable. It has been asserted that more than 80 cooperative applications are waiting for registration with the Israeli authorities. For example, in Gaza alone, where few cooperatives exist, four applications for reactivation have languished for more than a year without response. Cooperatives are also required to submit requests to the authorities to receive a loan or grant and in many cases no response is forthcoming or approvals are delayed indefinitely.

3. Project Rationale

These problems make economic development in WBG extremely difficult; nonetheless, the proposed project will contribute to the stabilization of family income in various sectors of the economy.

The major result of CDP's five years in the WBG has been the creation of a demand for training, technical assistance, and disciplined credit. Cooperatives, and indeed other organizations, have come to understand the value of this support to their operations. The thrust of this proposal is to enable a Palestinian institution to continue and extend many of these needed services. It lays out the framework, process and timetable for a gradual devolution of functions from CDP to a local organization known as the Community Development and Credit Institute (CDCI).

4. Fit With AID's Currently Funded Activities In The Region

This proposal and its rationale take into consideration two collateral proposals submitted to the U.S. Agency for International Development (AID), "Jobs and Community-Based Home Improvement" and "Women's Private Sector Enterprises." All three meet the development objectives of AID for the WBG. This proposal addresses the following specific objectives:

- *Increase the capacity of non-public institutions* to support economic activity in WBG through private enterprises including cooperatives. CDP's assistance focuses on developing

a non-profit Palestinian organization capable of continuing assistance to private sector enterprises including cooperatives. In addition, CDP will continue to support the Union of Electric Cooperatives in Hebron to become financially self-sufficient.

- *Develop private sector non-profit institutions.* CDP's program continues its focus on strengthening primary level cooperatives.
- *Promote economic growth by facilitating market access in the agricultural sector.* This objective will be achieved by providing agricultural cooperatives access to market information, training, and technical assistance in such areas as preparing and using market studies and implementing market plans.
- *Stimulate community-based income generation.* CDP's coordinated program of training, technical assistance, and credit will enable cooperatives to improve, expand or initiate revenue producing activities.
- *Increase the capacity of non-public institutions to develop and support financial market organizations.* One of the primary income-generating activities of the new institution will be provision of credit services. CDP's technical assistance will help cooperatives and other borrowers plan to meet repayment schedules.

B. Background/PVO Track Record

Agricultural Cooperative Development International (ACDI) is a non-profit training, technical, and management assistance organization created in 1968 by leading agricultural cooperatives and farmer organizations of the U.S. Its mandate is to respond to the needs of agricultural cooperatives, credit systems, and agribusinesses in the developing world. ACDI has been working in the WBG since 1986 as the lead U.S. cooperative development organization in a program of training, technical assistance and credit to the Palestinian cooperative movement.

During the past several years CDP has focused attention on a number of "model" cooperatives. Pursuant to intensive management audits, these cooperatives have received substantial amounts of training and technical assistance and access to disciplined credit.

Some of the types of technical assistance CDP has performed and will continue providing include:

- ① ✓ ● Assistance in processing dairy products, especially quality control,
- ② ✓ ● Resolving accounting problems in cooperatives and assisting cooperatives in making necessary changes to accounting procedures,

3 ✓
● Feasibility studies such as: Product Trade between West Bank and Gaza, Exporting Vegetable from Gaza to Europe, Upgrading Electrical Grid in Targumia Village Electric Cooperative, Resuming Soap Production at Beit Jala Olive Press Cooperative.

4 ✓
● Market studies, separate studies analyzing feasibility of exporting eight different crops to four different European destinations.

5 ✓
● Annual budget and work plan for Beit Lahia Cooperative.

6 ✓
● Development of marketing contracts and assistance in negotiating export agreements.

Among CDP's accomplishments are the following:

1 ● CDP helped initiate exports of Palestinian produce to Europe by (i) bringing together European importers and Palestinian cooperatives interested in exporting, (ii) conducting educational trips to Europe by key directors and staff of cooperatives to learn first hand European quality standards and import procedures, and (iii) providing direct technical and financial assistance to exporting cooperatives. Exporting cooperatives are now becoming conscious of the need to provide only quality produce for export to Europe and realize that market studies are an important prerequisite in the development of a successful export campaign. As a result of CDP assistance in planning and preparation for this season, Beit Lahia was able to start its export program two months earlier than last year. (See Annex A for an overview of vegetable exports to Europe).

2 ● Improvement of the quality and quantity of dairy products produced by livestock cooperatives, introduction of cooperative computer applications, improvement of accounting procedures, and provision of training in farm machinery maintenance, cooperative principles, management, accounting, credit and other technical subjects to cooperatives.

3 ● Support to the Union of Electric Cooperatives in the Hebron region to begin improving the management and operations of its member village electric cooperatives. Recently, the Union of Electric Cooperatives served as the conduit for a CDP loan to finance major improvements in the electric network of one of its member cooperatives. This ongoing program should lead to lower electric rates and expanded hours of service which, in turn, are expected to encourage start-up of new enterprises in the village. Other village electric cooperatives are eager to initiate similar projects, especially in the north. Another major step forward was the organizing of bulk purchase of fuel and oil for member cooperatives. The union prepared bid documents, advertised for and evaluated bids received, and selected a vendor. The combined purchasing power represented by the cooperatives resulted in savings to them of 6,000 NIS per month on fuel purchase, and income of around 1,000 NIS per month to the union.

In the implementation of the CDP program ACDI has subcontracted for specialized services from the National Cooperative Business Association (NCBA), the National Rural Electric

Cooperative Association (NRECA), and the Volunteers in Overseas Cooperative Assistance (VOCA), all cooperative development organizations and members of the Overseas Cooperative Development Council (OCDC) which provide personnel, technical and backstopping support.

C. Project Goal and Purposes

1. Project Goal

The project's goal is to improve the quality of life for Palestinians in WBG. ACDI is convinced that cooperatives offer one important channel for sustainable development at the community level. As democratic institutions, cooperatives are well placed and organized to identify and respond to the varied and changing needs of their membership. These needs include provision of electrical power, access to raw materials for productive enterprises, processing of agricultural produce, and marketing services. The cooperatives also require legal advice on regulatory matters. The collateral proposals have similar goals which will be achieved through distinct means and mechanisms.

2. Project Purpose

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

- Strengthen the capability of WBG cooperatives to operate as effective and efficient businesses, providing services on a continuing, self-sustaining basis.
- Develop a sustainable Palestinian institution providing credit, training, technical assistance and other services to meet the needs of private sector enterprises, including cooperatives, community-based organizations, and individuals.
- Manage other CDP projects for Jobs and Home Improvement and Women's Private Sector Enterprise. These projects are fully described in separate proposals.

The first purpose is to continue providing an integrated program of assistance to 15 primary cooperatives on a substantially reduced and yet pragmatic scale. Working with the cooperatives, CDP will plan a series of interventions using the limited resources requested in this proposal, viz. local and out-of-country training, expatriate and local consultants, technical assistance, and credit. The objective of the planned interventions will be clearly stated and agreed from the outset. (Sample objectives might be improving accounting and management practices by designing and installing a management information system, introducing a quality assurance program in a dairy cooperative, producing a new milk product such as butter or modified yoghurt, expanding hours of service and reducing energy losses in an electric or agricultural machinery cooperative, providing new or improved marketing services to help members gain access to domestic and international markets; and resolution of a legal matter such as contractual obligation or taxation.)

New curricula and media for in-country training will be developed to meet the evolving needs of the cooperatives, and key cooperative staff and board members will receive relevant training in the U.S. and third countries.

The proposal also continues support for the Union of Electric Cooperatives in Hebron which is on the road to self-sufficiency. This is a continuation of 18 months of intensive effort which has re-invigorated the union and raised high expectations among its member cooperatives.

The second purpose is the emergence over time of a sustainable Palestinian institution (CDCI) capable of providing credit, technical services, training programs, and other carefully selected development efforts. It is intended that the institution will emerge over the course of 1991, and take on responsibilities as capabilities and resources permit.

The objective is to spin off and institutionalize the sustainable components of CDP towards creating a Palestinian institution. This process builds upon the success and credibility of CDP to provide needed training and technical assistance and disciplined credit for cooperatives on WBG. This institution will be able to work in both the West Bank and Gaza, politically neutral, capable of handling credit, training and technical assistance, and willing to deal with multiple clientele. CDP considered a wide range of organizations but found none that met these criteria.

- Palestinian universities are restricted geographically, inexperienced in credit and technical assistance and often closed by military order for extended periods.
- Small credit organizations such as the Arab Development and Credit Company and the Economic Development Group have established credit policies which do not mesh with those envisioned in this proposal, or with the other two CDP proposals. In addition, they are not equipped to deliver training and technical assistance.
- The same is true of Palestinian banks who are not in a position or inclined to render technical assistance or training. However, the banks will be used as custodian of funds and collection agents in the Jobs program.
- The Arab Development Society (ADS), another entity considered, is a charitable society with a large farm and training school outside of Jericho. They have a functioning commercial dairy and a farm machinery unit matching two sectors in which CDP is involved. While ADS offers real strengths, it has no credit function, and no mandate to operate in Gaza.
- Finally, the Agricultural Cooperative Union, (ACU) headquartered in Nablus, is authorized under its by-laws to undertake some of the activities envisioned. Its membership of seven marketing cooperatives gives certain coverage of the West Bank, but, like ADS and others, has no mandate to operate in Gaza. Although many cooperatives might ultimately be covered under its umbrella, at this time it is restricted largely to the agricultural sector.

Moreover, the ACU's development philosophy tends to be top-down, rather than bottom up.

In sum, CDP concluded that the only solution was to spin off a local institution which could, over time, take on multi-faceted activities. This conclusion was solidified with the recognition that the new Jobs initiative would need a solid Palestinian institution anchor in both the West Bank and Gaza.

The purpose of CDCI is as follows: Offer a coordinated program of technical assistance, training and disciplined credit to cooperatives, private sector enterprises, community-based organizations and individuals. In carrying out this purpose, CDCI will have the legal authority to engage in a wide variety of activities such as conducting feasibility studies, assisting in preparing loan applications, making loans, analyzing market information, carrying out market studies, designing and delivering training programs, management consulting (including accounting), solving specific technical problems, and managing the Jobs Program.

The process envisioned for creating and enabling CDCI is described below (II.D.1). The project will continue to focus on cooperatives, will provide assistance to pre cooperatives, and will support other community based organizations. This broader focus will enhance CDCI's potential to achieve sustainability. Concern for viability requires that its staff be small at first, probably only four.³ The same concern also mandates a clientele reaching well beyond the existing cooperatives with whom CDP has worked. Even so, it is not suggested that CDCI will achieve self-sufficiency; the goal of sustainability is more realistic. In this context, sustainability means that the organization has revenue sufficient to cover the costs of operations. These sources are not limited to income generated by services or activities provided to clients, but include external donor agencies.

It is necessary to couple financial lending with technical assistance to make CDCI financially viable. CDP's continued support to CDCI will make possible the tailoring of loans to particular needs and problems of small cooperatives and other community based organizations. Current financial institutions in the West Bank require full collateralization of loans in Amman. Given the mixed record of revolving funds located in cooperatives and unions, CDCI's strategies are premised on disciplined credit based upon a complete credit manual and process developed by CDP. To provide these credit funds to another financial institution would weaken the business performance and the financial ability of recipient cooperatives and other organizations. CDP will have the patience and take the time to ensure that recipients fully understand the implications and requirements for prompt repayment based on increased revenue flows. CDP is willing to be a financial resource of "last resource" rather than to provide "quick fix" lending with low expectations for full repayment. That is the reason that CDP has carefully developed

³ This will include the CDCI manager, credit officer, accountant and secretary. In Jan. 1991, when the Jobs program is initiated, this will increase by 3 1/2 persons. See Jobs proposal.

its first loan for the Tarqumia village electric cooperative and is now taking a similarly deliberative approach to lending to agricultural cooperatives.

D. Project Elements

1. Inputs

The additionally requested grant funds from AID of US\$ 3,650,845 (total project cost less obligated but unspent pipeline funds) will provide following inputs:

- 81 person-months of long-term expatriate technical assistance over a period of 48 months: A Chief of Party (48 person-months), Institutional Development and Training Advisor (24 person-months) and Finance Advisor (9 person-months). (Should additional funds become available, the expatriate technical assistance would be increased.)
- 648 person-months of long-term national technical staff. As the institutionalization of CDCI progresses, CDP's Palestinian staff will be reduced from 216 person months in year 1 to 120 person months in year 4 through an outplacing of staff to other existing organizations. Details of staff are in budget. (Should additional funds become available, we would prefer to retain the staff at CDP).
- 23 3/4 person-months of short-term expatriate consultants providing technical assistance in curriculum development, training, marketing, and evaluation. (Should additional funds become available, additional consultants in postharvest, processing, feasibility studies and training would be provided).
- 52 person-months of short-term national consultants providing technical assistance in accounting, management information systems and legal issues. (Should additional funds become available, additional staff would be retained such as a half-time legal specialist.)
- 3,093 participant/days of local training.
- 8 participant/months of U.S. training.
- 20 participant/months of third country training. (Should additional funding become available, inputs for all three training categories would be increased somewhat).
- US \$144,000 for office occupancy costs, including furniture, equipment, insurance, utilities, etc. (Should additional funds become available, certain commodities would be procured).

(See Annex B, Logical Framework Matrix.)

INSTITUTIONALIZATION PROCESS

The following section describes how the institutional shift will be made from CDP to CDCI. CDP will continue its assistance to cooperatives on a reduced scale, and simultaneously initiate and carry out the process of institutionalization. The first year will be one of transition and planning as well as seeing the initiation of the Jobs Program in Gaza (see Jobs proposal); the second year will focus on institution building and the consolidation of the Jobs program in the West Bank and Gaza; and in the third and fourth years, programs will be refined or modified as needed and CDP expatriate advice and financial support will be gradually reduced.

The first step toward institutionalization has already taken place with the formation of a Palestinian advisory committee comprised of CDP's senior Palestinian staff which will suggest a board of directors. This committee has been deeply involved in conceptualizing CDCI and in defining the process to be followed in establishing and enabling it. This proposal reflects their concerns as well as the thinking of many development professionals who have been involved with CDP.

The advisory committee will retain and supervise a highly-qualified local consultant who will be charged with developing a detailed plan for institutionalizing certain CDP functions within CDCI. The scope of work for this consultancy is included as Annex C.

The advisory committee suggests a board that will be composed of individuals representing key organizations or sectors that meet one or more of three criteria: Provide services to cooperatives, have skills or resources critical to the success of CDCI, or are expected to be beneficiaries of CDCI. Specific organizations under consideration for representation on the board are the Arab Development Society (ADS), the Union of Electric Cooperatives in Hebron, and the Agricultural Cooperative Union of Nablus. Other members will represent sectors such as banking, universities, construction, marketing, and olive oil.

The institutionalization will be an evolutionary process. After selection of the founding board of directors, acceptance of the by-laws, and compliance with various administrative procedures, the CDCI will be incorporated as a local Palestinian not-for-profit organization. To provide direction throughout the process CDP will replace the present expatriate Training Advisor with an Institutional Development and Training Advisor. This individual will be responsible to guide CDCI's board during the crucial start-up phase of operations and will assume Chief of Party responsibilities in the last two years of the project. The board will be responsible for developing policy for the organization and for charting its development strategy, as well as recruiting and hiring staff.

A memorandum of understanding will be entered into with CDP governing CDCI's administration of the Agricultural Cooperative Loan Program. After consultation with the Union of Electric Cooperatives, CDCI may also take over administration of that loan program as well. Administration of CDP's loan portfolio will be CDCI's first revenue producing activity. These will be important income producers for CDCI. As noted earlier CDCI will also be implementing

the Jobs program and its loan portfolio, and that will bring additional revenue. The marketing of training services is also expected to generate revenue for CDCI. Therefore the manager of CDCI should also have the provision of training services in his background in order to market and direct this component. To cover anticipated shortfalls during project period, CDP will make declining grants to CDCI to defer its administrative and operational costs. The same will hold true for the Jobs program.

CDCI will enter into an agreement with CDP which will define the training and technical assistance services that CDP can make available to CDCI and the procedures to be followed in requesting specific services to be provided. This mechanism effectively transfers direction of CDP's ongoing program to the Palestinian staff and board of directors of CDCI within agreed policy guidelines. Specifically, a three-step process will be used both in training and technical assistance. First, needs will be identified and defined by CDCI, and support requested from CDP. Second, CDP will consider and may provide the requested support in the form of a course or expatriate consultant. Third, CDCI will deliver the courses or consultancy and collect the fees.

Looking to the future, CDP's advisory committee anticipates that most training and technical assistance programs cannot be self-sustaining. Charging fees that are high enough to cover costs and low enough for clients to afford is virtually impossible, especially in light of the depressed economy of the WBG. However, through cost sharing arrangements with other organizations and with financial assistance from donors, sustainability can be achieved.

The process of transferring specific technical staff from CDP to CDCI must be managed gradually and carefully. The proposed budget allows a two-year period for the transfer of functions.

Certain functions of CDP are not expected to be relocated from CDP to CDCI because beneficiaries cannot afford to pay for them. Examples of such functions include development of curricula, computer applications, publications, participant training, and accounting/MIS.

Criteria for transfer of functions to the CDCI will be agreed between the parties and include the following:

- *Demonstrated need among a broad client base:* It is highly likely that there is a large demand for technical services in dairy production, for example; while it is unlikely that sufficient demand exists for soap production.
- *Specific, replicable products to meet the need:* These might include courses, systems prepared that can be adapted and installed in client operations, model feasibility studies based on realistic data. Replicability will reduce development time and cost.
- *An agreed fee structure that contributes a significant percentage to total cost:* Again, it is not expected that each technical function will be able to be self-sufficient in the near term,

although that remains the long-term goal. CDP and CDCI will set a figure based on experience during the initial activities of CDCI. A sliding scale which would set different figures for different technical areas might be appropriate.

- *External funding obtained to support the function, or specific activities within it:* This is the concept of sustainability as opposed to self-sufficiency. A donor might be willing to fund CDCI to perform a study of a particular segment of the market, or to develop a specific product to meet a need, or even to support the ongoing activities in general.

Once criteria such as these are agreed upon, it is CDP's responsibility to direct its efforts toward meeting them in those technical areas CDCI deems appropriate.

Another approach to sustainability is to use existing organizations, such as ADS, that provide training and technical assistance in technical areas in which CDP is currently involved. CDCI, with assistance from CDP, could expand such programs to enable ADS or similar organizations to offer services to CDCI's targeted constituency. By acting in certain situations as a coordinator and referral source for services, CDCI will be able to maximize its effectiveness at minimal cost.

At the end of the institutionalization process, CDCI will have the *authority* and the *capability* to provide to a clientele of private sector enterprises, cooperatives, community-based organizations and individuals many of the services currently being offered by CDP to cooperatives. CDP will play an advisory and supportive role, with a reduced expatriate and Palestinian staff. In addition, CDP will serve as a developer and incubator for new programs with a continuing but non-exclusive focus on cooperatives.

2. Outputs

Outputs will include the following:

- Targeted agricultural cooperatives and the Union of Village Electric Cooperatives engage in financially viable activities that respond to market needs,
- Three targeted agricultural marketing cooperatives profitably exporting produce to Europe, two agricultural marketing cooperatives involved in one or more domestic marketing functions, and two livestock cooperatives increasing domestic sales by 25 percent,
- Technical feasibility studies, market studies, and other technical assistance provided to cooperatives on a commercial basis,
- Four targeted electric cooperatives upgrade electric nets and reduce energy losses,
- Curricula for in-country use developed in eight technical areas and training courses offered in 34 subjects,

- Eighty percent of managers in targeted cooperatives using budgets and major investment decisions being made on basis of feasibility and market studies,
- Systems for management and market information and computer applications in place and used by three targeted agricultural marketing cooperatives and management information systems also in place and used by four targeted village electric cooperatives,
- Sustainable revolving loan fund in place, and
- Cooperative newsletter published quarterly, posters and other promotional materials developed to support cooperative marketing efforts, technical bulletins and training materials produced.

3. Project Units and Sites

CDP has its main office in East Jerusalem and a small branch office in Gaza City. In addition, CDP's work with the village electric cooperatives is handled from the office of the Union of Electric Cooperatives in Hebron. Technical assistance is most often provided at the benefiting cooperative's site; training courses have been offered in locations throughout the West Bank and Gaza: cooperative offices, halls of charitable and professional societies, homes and farms of cooperators, vocational training centers, restaurants and hotels.

For CDCI to function in both the West Bank and Gaza, it must be incorporated in East Jerusalem. Its headquarters will be East Jerusalem, with staff located there. In early 1992 additional staff will be assigned to Gaza to implement the Jobs Program.

4. Project Management and Responsibilities

CDP's Chief of Party will retain responsibility for implementation of this project as well as for others presented in separate proposals. The Institutional Development and Training Advisor will have substantive responsibility for the institutionalization process described above, for curriculum development and in-country and participant training along with the Cooperative Education Advisor as the counterpart. The Finance Advisor will have responsibility for completing arrangements for the credit program and overseeing that section's turnover to the CDCI. The Chief of Party and Institutional Development and Training Advisor will gradually shift from supervisory to advisory roles, but retain oversight over fund management.

The current CDP Marketing Advisor is charged with continuing development of the WBG domestic market information system and is responsible for supervising CDP technical assistance to agricultural marketing cooperatives. CDP's Gaza representative supervises CDP activities in Gaza with particular attention focused on developing that region's export potential.

Two CDP employed engineers, seconded to the Union of Electric Cooperatives in Hebron, with technical support from NRECA, are responsible for providing assistance to the Union and to its

member village electric cooperatives. CDP's field educators in dairy processing and farm machinery will continue for a limited period and then may be outplaced or seconded to CDCI or to local sister institutions. The computer and publications educators will continue as before. Finally, the current CDP WID advisor will be melded into the CDP Women's Private Sector Enterprise project.

In order to effectively manage the increased workload at headquarters, ACDI intends to add a project coordinator who will spend at least half-time backstopping the WBG project which would include the two new projects. This would be in addition to the considerable support provided by the other OCDC member organizations involved in the project -- OCDC, NCBA, VOCA, NRECA and CHF -- which provide personnel as well as technical and administrative backstopping for their specialized components.

5. Project Beneficiaries

Project beneficiaries are principally the targeted cooperatives and their members and staffs to which CDP provides assistance. CDP's program has evolved in response to needs and ideas expressed by the cooperative community and its membership. The beneficiaries of CDP's other proposed projects, (the Jobs program and the Women's Private Sector Enterprises program) are discussed in separate proposals.

a. Agricultural cooperatives and members

CDP is assisting 10 agricultural cooperatives located throughout the WBG with a combined membership of 5,387. Four cooperatives are categorized as marketing, three livestock, and three olive press. Members of marketing cooperatives most often grow vegetables, the exception being Jenin Cooperative where field crops and tree crops are also cultivated. In Gaza, members of Beit Lahia and Khan Younis marketing cooperatives farm very small plots that are usually less than 5 dunums (1 dunum equals 1/4 acre). Member farms in Jenin and Jericho range from 50 to 100 dunums.

Ma'arifeh, Nassarieh, and Tulkarem livestock cooperatives have small memberships, averaging 50 members. Members of Ma'arifeh raise exclusively sheep with herd sizes ranging from 100 to 300 head. Members of Nassarieh and Tulkarem livestock cooperatives typically raise from one to four imported Friesian cows for milk production.

In the Beit Jala Olive Press cooperative members own from one to five dunum olive orchards. In Salfeet orchards are as large as 50 dunums. In Tarqumia, orchard size varies considerably.

With the exception of Beit Jala Olive Press cooperative, members of CDP targeted agricultural cooperatives derive a substantial if not the majority of their income from farming.

b. Village electric cooperatives and members

CDP assists five village electric cooperatives in the Hebron Region which have a combined membership of 3,000. Most members of village electric cooperatives earn less than \$400 per year.

c. Cooperative Unions

The beneficiaries will also include second degree cooperatives (Unions) and their staffs. Specifically, the Union of Village Electric Cooperatives in Hebron and Agricultural Cooperative Union in Nablus are included.

6. Similar Activities Being Undertaken by Others

CDP's services are unique but closely coordinated with other programs. The American Near East Refugee Aid (ANERA) and the United Nations Development Program (UNDP) are the most active among the other organizations working with cooperatives in the WBG.

Both ANERA and UNDP support projects that enable cooperatives to finance the start-up of new activities or the expansion of existing ones. Assistance focuses on financing through grants the acquisition of fixed assets. ANERA was the principal donor agency behind the start-up of many cooperatives' farm mechanization units, micro-dairies, and most recently warehouse, packing, grading and cold storage facilities. UNDP is currently financing a warehouse for packing and grading of fresh produce for the Beit Lahia Marketing Cooperative, which will expand upon ANERA's proposed cold storage facility. UNDP has provided grants to the beekeepers cooperative in Jericho and to several village electric cooperatives in the Hebron region as well as to other cooperatives.

CDP's program concentrates on training and technical assistance, areas not given "in-depth" treatment by either ANERA or UNDP. In practice, ANERA and UNDP have on occasion requested and received CDP assistance in providing specific training courses or technical assistance in support of ANERA/UNDP-assisted cooperatives.

Similarly, CDP's lending programs do not duplicate either ANERA's or UNDP's financial assistance programs. Because most of CDP's financial assistance is offered in the form of loans, CDP financial assistance tends to address those cooperative needs for which grant funds are not available.

7. Cost Per Direct Beneficiary

CDP asserts that by providing cooperatives with training, technical assistance, and limited amounts of credit and by improving the managerial, financial and technical capacity of institutions that support cooperative development the services provided by cooperatives will improve, leading to higher income and a better quality of life for cooperative members.

CDP works with 15 primary cooperatives with a combined membership of 8,387 families which at 6.6 individuals per family, represents 55,354 direct beneficiaries. The total project cost--pipeline plus new funds--of \$6,892,282 results in a cost per direct beneficiary of \$124.

8. CIVAD/GOI Approvals

At a meeting on April 14, 1991 with General Fredy Zach, deputy coordinator for the Occupied Territories, and his staff, CDP outlined the three program elements. There was positive support for all, and especially those that could address the severe unemployment crisis. A similar meeting was held with high ranking officials in the CIVAD for Gaza on April 22, 1991 and their response was positive.

E. Expected Achievements and Accomplishments

1. End of Project Status

a. Agricultural and electric cooperatives

Throughout the extension of the project CDP (and upon its formation, CDCI) will work closely with targeted cooperatives. By the project's end CDP anticipates that its coordinated approach to development will have succeeded in improving the operations and financial condition of these cooperatives. CDP estimates that of these cooperatives 50 percent or more will be generating revenue sufficient to cover operating costs and, because of improved services, overall membership will have increased by 20 percent.

The Union of Electric Cooperatives in Hebron is particularly important as the conduit for CDP development efforts in the village electric cooperatives. By the end of the project the union will be financially solvent and providing necessary services on a fee basis to its cooperative members.

b. Community Development and Credit Institute

By the end of the proposed project extension, CDCI will be a sustainable and functioning non-profit Palestinian entity employing professional staff and administering a comprehensive and coordinated program of training, technical assistance and credit.

CDCI will be managing a diversified portfolio consisting of loans to agricultural cooperatives, village electric cooperatives, home improvement loans, and loans to small enterprises. Fee income from loans will be sufficient to cover related operating costs.

CDCI will provide local training and technical assistance on a fee basis to staffs and members of cooperatives as well as to non-cooperative organizations. Such services will be performed either directly by CDCI or through another CDCI-approved institution. It is anticipated that throughout the project's extension CDCI's management will be generating proposals for outside

donor grants to supplement revenue from fee income. Such grants are particularly necessary for continuing active training and technical assistance programs. CDP staff and other Palestinians have already made initial contacts in Europe and discussed funding needs with donor visitors to WBG. European and Canadian donors have expressed interest in Palestinian institutions and development activities. CDP is confident that by the project's end, CDCI shall have obtained outside donor grants to augment the corpus of its loan fund and shall be in the process of obtaining other donor funds to finance non-credit activities.

c. Cooperative Development Project

By the end of the proposed project's extension, CDP will have downsized its operations. Responsibility for CDP initiated in-country training and technical assistance programs will be transferred to CDCI or related Palestinian organizations. CDP will reduce expatriate staff to only one advisor who shall advise CDCI on the conduct of its business and supervise those functions remaining within CDP such as: Supporting CDCI loans and operations with grant funding under agreed policy guidelines, and arranging expatriate consultancies and participant training.

CDP will function as an incubator of new projects generating proposals to initiate new activities in response to identified needs and directing any new projects approved in the interim.

CDP will continue involvement with collateral programs such as the "Women's Private Sector Enterprise" and the "Jobs and Home Improvement" projects until such projects are fully expanded and institutionalized.

2. Duration of Support

The project will be implemented over a four-year period starting July 1, 1991. It is expected that additional outside donor grants will be obtained to augment CDCI's loan fund and to partially support its training and technical assistance.

3. Indicators Measuring Progress

CDP will continue to use similar indicators for ongoing CDP activities as in the past to document project progress. It should be noted that new indicators will be used to measure progress in CDCI's development such as incorporation, functioning board, additional donor resources, etc. New indicators will be used in the "Women's Private Sector Enterprise" and "Jobs and Home Improvement" projects, which are described in separate proposals.

a. Baseline information

CDP's approach to cooperative development involves preparing an in-depth management audit for each model or targeted cooperative prior to providing technical or financial assistance. Of the 15 cooperatives receiving CDP assistance in the project's extension eight have already been

audited. The others will be audited on a selective basis, with varying depths of analysis in line with existing resources. The audits provide baseline information concerning a cooperative's service area and membership, board of directors, policies and objectives, management and staffing, operations, and financial history.

b. Purpose level indicators

To measure progress at the project purpose level, as identified in the Logframe Annex B, CDP periodically collects financial statements from targeted cooperatives and from those institutions that support cooperatives that are being strengthened by CDP, such as CDCI and the Union of Electric Cooperatives in Hebron. The financial statements quantify the progress these organizations are making toward generating revenue sufficient to cover their cost of operations. For primary cooperatives CDP also tracks changes in membership. For CDCI and the Union of Electric Cooperatives in Hebron, CDP reports changes in programs and operations.

c. Output Level Indicators

At the output level, CDP periodically collects information from targeted cooperatives concerning the following:

- Revenue generating activities initiated or expanded,
- Volume and type of produce exported,
- Types and scope of marketing activities conducted,
- Reductions in energy losses (village electric cooperatives).

Certain indicators are not easily presented in tabular form, but are documented in the narrative section of CDP's semi-annual reports. For example, the progress being made towards cooperative managers using budgets, basing decisions on feasibility studies and using market studies fall in this category. Similarly, progress in the design and implementation of management information systems (MIS) or in the use by cooperatives of the domestic market information system is reported in narrative.

For CDP-initiated or -assisted credit programs, such as the proposed lending program at CDCI, statistics will be collected and reported concerning loan repayment delinquency rates and the number and value of loans made.

4. Local Organizations

CDCI is the principal organization with which CDP will work during the project's extension. Through this organization and pursuant to a written agreement CDP will turn over certain of its current functions. CDP will work with other local organizations, the most important being the Union of Village Electric Cooperatives, ADS, ACU and the Palestinian Agricultural Marketing Service Center (PAMSC).

The Union of Electric Cooperatives receives assistance from CDP and in turn provides multiple services to its member cooperatives. ADS may collaborate with CDP and CDCI in offering training and technical assistance to cooperatives. ACU has benefitted from CDP training programs and may work with CDP in the development of a market information system and in other areas of marketing.

PAMSC is currently being proposed by the United Nations Development Program (UNDP).⁴ In recent discussions with UNDP, CDP learned that this organization may be formed and funded within the year. PAMSC's proposed marketing program will be comprehensive. As such, CDCI may be able to obtain the financial assistance from PAMSC that would be necessary for CDCI to assume responsibility for CDP's current marketing program. Another attractive alternative is for CDP to spin off its marketing activities to the PAMSC, and this subject has already been broached.

F. Program Management

1. Organization

The proposed project's extension will continue to be carried out under the aegis of the existing ACDI/CDP program established in 1986 by OCDC. ACDI has sub-contractual relationships with NCBA, NRECA, and VOCA to carry out specific program elements. NCBA will provide consultants to develop training curriculum and will direct the mid-term and final evaluations. NRECA will support CDP's village electric cooperative program with technical consultancies, technical training, and some commodities. VOCA will provide consultant volunteers with expertise in postharvest handling and marketing.

ACDI will establish a sub-contractual relationship with CHF to manage the Jobs program, which is described in a separate proposal. The "Women's Private Sector Enterprise" project will be managed by CDP Chief of Party with assistance from short-term consultants.

CDP day-to-day operations are managed by the Chief of Party who is employed by and reports to ACDI Washington. He will manage the transfer of CDP functions to CDCI, and the downsizing and conversion of CDP into an advisory body and incubator for new project ideas. ACDI/CDP currently employs a Credit and Finance Advisor, and will hire an expatriate Institutional Development and Training Advisor. A chart which illustrates program management is presented as Annex D.

⁴ UNCTAD/GATT, *Technical Assistance in Export Promotion and the Establishment of Marketing Facilities in the Occupied Palestinian Territory*, June 4, 1990.

2. Accountability

CDP shall be responsible and accountable for USAID funds. Funds will only be used as described in this project proposal and all appropriate USAID regulations concerning use of funds will be followed. The project's books are maintained in conformity with generally accepted accounting principles (GAAP) and are audited monthly by the Palestinian CPA firm, Khadder and Company. All project accounting records are also periodically reviewed and subject to internal audit by ACDI's accounting department.

Approval and disbursement of grants and loans will be in accordance with written grant and lending policies and procedures approved by CDP. Use of grant and loan funds will be carefully documented to insure proper utilization. Local checking accounts will be used to handle disbursements and, later on, loan repayments. Such checking accounts provide a "paper trail", in addition to CDP accounting entries, from which to verify transactions.

Organizations administering CDP credit programs and cooperatives and others receiving loans or grants will be required as a condition of receiving assistance that they open their books to periodic CDP audits. In addition, these organizations will be required to maintain appropriate records and to submit periodic reports concerning CDP assisted programs.

3. Implementation Plan

The "Implementation Plan" chart is attached as Annex E.

4. Sustainability

By the end of the proposed project's extension CDP will have assisted CDCI to achieve the institutional infrastructure, management capability, and the financial basis necessary for the sustainability of its activities.

a. Financial

CDP lending programs, when placed within CDCI, will be structured as revolving funds, revenue from which will financially support most of the costs of CDCI's "core staff" and overhead. (See CDCI Budget, Annex F). CDCI will supplement its initial loan fund, which is being provided by CDP, with grants from outside donors. Fees and interest generated from an enlarged loan portfolio will be sufficient to finance CDCI's lending activity on a self-sustaining basis.

It is anticipated that fees from training and technical services will not cover related costs and that outside donor assistance will be necessary if CDCI is to undertake such activities.

CDP is confident, however, that CDCI will be able to attract outside donor assistance. Many organizations, particularly in Europe, are interested in providing financial assistance to

Palestinian institutions. In a recent visit to WBG a representative of the International Cooperative Alliance (ICA), the world apex organization for cooperatives, interest was expressed in finding ways to assist the Palestinian cooperative movement. In the past year, both the French and the British governments provided valuable in kind support. Other possible donor organizations include, but are not limited to, the Swedish Cooperative Center, NOVIB (a Dutch group), the EC and the Canadian International Development Agency.

b. Management

CDCI management and staff will be hired on the basis of experience and qualifications. CDCI staff will be of the highest caliber and it is expected that many of them will be from among CDP's current employees, some of whom have substantial management experience and advanced degrees in business or related fields. CDP will work closely with CDCI to further develop the managerial and technical capabilities of CDCI's staff.

c. Institutional

CDP assistance focuses on developing within CDCI the institutional capacity to provide training, technical services, and credit to agricultural cooperatives, small building materials enterprises and homeowners, and their memberships. Similarly CDP assistance to the Union of Electric Cooperatives in Hebron will improve the union's management, accounting, and technical services which, when coupled with the introduction of new income producing activities, will provide the union the institutional capacity to continue providing services to member village electric cooperatives after the end of the project.

5. Evaluation

Evaluation of the proposed program will be a continuous process. The indicators for evaluating program performance will be those identified in the logframe (Annex B) which are discussed in some detail in the section "Indicators Measuring Progress" (II.E.3). Of particular importance in evaluations of the program will be the progress made toward institutionalizing CDP's current activities. Important events in this process will be the incorporation and start-up of CDCI, implementation of CDCI lending activities and of its training and technical services.

a. Mid-term evaluation

The mid-term evaluation will be conducted in-house by NCBA through its subcontract with ACDI. It will consist of two parts: review and analysis of CDP's progress toward institutionalizing its activities within CDCI and the Union of Electric Cooperatives and review and analysis of the effectiveness of CDP's program of assistance for targeted cooperatives. It is expected that the mid-term evaluation will concentrate on "lessons learned," allowing for realistic changes in CDP development strategies which will begin to be implemented immediately after the mid-term evaluation.

The methodology to be applied for the mid-term evaluation will include the review of the inputs and outputs to determine if they have or are being met, visits to CDCI and the Union of Electric Cooperatives to meet the staff and peruse the project files, and visits to targeted cooperatives to interview staff and ascertain changes in operations brought about by CDP interventions. The mid-term evaluation will be scheduled between the 22nd and 24th month of the program.

b. Final evaluation

Methodology employed in the final evaluation should be similar to that used in the mid-term evaluation. The final evaluation will take place during the 44th and 46th month of the four year activity.

6. Reporting

Semi-annual progress reports will be submitted to AID for the duration of the project. They will report on the indicators described in the section labeled "indicators measuring progress." The outline and format will follow guidelines established by USAID.

7. Budget

See Annex G.

8. Financial Information for Grant Officer

See Attachment 2.

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ANNEX A

Direct West Bank and Gaza
Agricultural Products Export to EC
1988 - 1991

YEAR	CROP	FROM	TO	QTY(tons)
1988/89	Eggplant	Jericho	France	88
1989/90	Eggplant	Jericho	France	480
1989/90	Eggplant	Jericho	Holland	14
1990/91	Eggplant	Jericho	France	350
1990/91	Eggplant	Jericho	Holland	7
1989/90	Pepper	Jericho	France	6
1990/91	Pepper	Jericho	France	70
1989/90	Strawb	Beit-L	England	6
1990/91	Strawb	Beit-L	Norway	4
1990/91	Tomato	Beit-L	Norway	43
1990/91	Olive oil	West Bank	Italy	1,300

ANNEX B

Logical Framework Matrix

GOALS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>↑ Improve the quality of life for Palestinians in the WBG.</p>			
PURPOSES	END OF PROJECT CONDITIONS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>1. Strengthen capability of WBG cooperatives to operate as effective and efficient businesses.</p>	<p>1.1 Revenues for 50% of Targeted Co-ops cover cost of operations. 1.2 Membership in Targeted Co-ops increase average of 20%. 1.3 Union of Village Electric Co-ops financially viable and providing necessary services to its members.</p>	<p>1. CDP Project Documents and targeted co-ops accounting records.</p>	<p>↑ Overall economic and political situation in WBG and region improves. ↑ GOI is supportive of CDCI being established.</p>
<p>2 Develop Palestinian institute providing training, technical assistance and credit to private enterprises, including cooperatives.</p>	<p>2.1 CDCI incorporated, employing "core" staff, and profitably providing loans to ag. co-ops, electric co-ops, home owners, etc. 2.2 CDCI leverages additional resources from donors and lenders to augment lending program and fund training & technical services. 2.3 CDCI and/or other Palestinian institutions use CDP developed curriculum and effectively and profitably conduct courses for members of co-ops and other organizations. 2.4 CDCI and/or other Palestinian institutions employ technicians in areas of dairy processing and farm machinery maintenance and offer on a profitable basis consulting services in these fields to co-ops and other private sector enterprises.</p>	<p>2. CDP Project Documents and survey/records of CDCI and other Participating Institutions.</p>	<p>↑ CDCI identified in WBG as a Palestinian institution and able to attract donors. ↑ PAMSC, ADS, and/or other secondary Palestinian institutions willing to serve on Board of CDCI and participate in and continue CDP initiated programs.</p>
<p>3 Manage collateral projects in Jobs and Home Improvement and Women's Private Sector Enterprise.</p>	<p>See separate proposals/logframes.</p>		

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OUTPUTS

1. Co-ops engage in financially viable activities that respond to market needs.

2. Technical feasibility and market studies and other technical assistance provided to co-ops on a commercial basis.

3. Enhanced staff and organizational capabilities in domestic and export marketing.

4. Electric systems upgraded to provide expanded and reliable service.

5. Curricula for in-country use developed by CDP and CDCI and/or other Palestinian institutions routinely participate in the offering of training courses.

OBJECTIVELY VERIFIABLE INDICATORS

1.1 Targeted ag. co-ops and Electric Union profitably increase size or scope of existing activities and/or start new profitable activities.
1.2 Targeted ag. co-ops drop activities that lose money.

2.1 Co-ops request and pay for studies and technical assistance.

3.1 Three targeted ag mktg co-ops profitably exporting produce to Europe.
3.2 Two targeted ag. mktg co-ops profitably involved in one or more domestic mktg functions.
3.3 Two targeted livestock co-ops increase domestic sales by 25%.

4.1 Four targeted electric co-ops upgrade electric nets and reduce energy losses.

5.1 Curriculum for 34 subjects such as: accounting, MIS, feasibility study and market study preparation, dairy processing, farm machinery maintenance, computer program applications, Co-op Principals and Management.

MEANS OF VERIFICATION

1, 2, 3, and 4. CDP Project Documents and targeted co-ops accounting records.

5. CDP Project Documents.

ASSUMPTIONS

* GOI is supportive of proposed co-op project activities.

* Staff, management and boards of cooperatives willing to implement new ideas learned through training and technical assistance.

* Co-ops willing to accept loans to finance existing and new activities.

* Cooperatives follow open membership policy.

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6. Improved technical and managerial skills of staff in cooperatives.

6.1 80% of managers in targeted co-ops preparing and using budgets and major investment decisions being made on basis of feasibility and market studies.

5 and 7. Survey of targeted co-ops.

7. Systems for management and market information, and computer applications in place.

7.1 Computerized MIS designed and in place for 3 target ag mktg co-ops.
7.2 MIS designed and in place for 4 village electric co-ops.
7.3 Domestic market information system routinely collecting and disseminating market data to co-ops and other organizations/parties.

8. Sustainable revolving loan fund in place within CDCI and/or other Palestinian institutions.

8.1 Delinquency rate < 10%.
8.2 Ag Co-op Loans:
Year 1 - 3 loans for aggregate value of \$225,000.
Year 2 - 5 loans for aggregate value of \$375,000.
Year 3 - 5 loans for aggregate value of \$375,000.
Year 4 - 5 loans for aggregate value of \$375,000.
8.3 Village Electric Co-op Loans:
Year 1 - 3 loans for aggregate value of \$225,000
8.4 New lending programs undertaken and funded by non AID sources.

8. CDP Project Documents and accounting records.

9. Publications and information services developed and available to co-ops.

9.1 Co-op newsletter published quarterly, posters and other promotional materials developed to support co-op marketing efforts, training materials published.

9. CDP Project Documents

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INPUTS	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
1. Long-Term Technical Staff			
1.1 International Staff (3 specialists: COP, Credit & Finance Advisor and Institutional Development Advisor)	1.1 Year 1 33 p/m Year 2 24 p/m Year 3 12 p/m Year 4 12 p/m Total 81 p/m	1, 2 and 4. ACDI/CDP Accounting Records	* Project is approved by USAID.
1.2 National Technical Staff	1.2 Year 1 216 p/m Year 2 180 p/m Year 3 132 p/m Year 4 120 p/m Total 648 p/m		*Staff, management and boards of co-ops accept training and remain involved with their respective co-ops.
2. Short-Term Technical Assistance			
2.1 International Consultants (VOCA & others, including evaluators)	2.1 Year 1 6 1/2 p/m Year 2 7 1/4 p/m Year 3 5 1/4 p/m Year 4 5 p/m Total 23 3/4 p/m		
2.2 National Consultants	2.2 Year 1 13 p/m Year 2 13 p/m Year 3 13 p/m Year 4 13 p/m Total 52 p/m		
3. Training			
3.1 Local Training	3.1 Year 1 - 773 participant /days Year 2 - 773 participant /days Year 3 - 773 participant /days Year 4 - 774 participant /days Total - 3,093 participant/days	3. CDP's Project Database	*Co-ops are willing to work with a USAID funded development project.
3.2 U.S. Training	3.2 Year 1 - 3 participant /months Year 2 - 2 participant /months Year 3 - 2 participant /months Year 4 - 1 participant /months Total - 8 participant/months		
3.3 Third Country	3.3 Year 1 - 6 participant /months Year 2 - 5 participant /months Year 3 - 5 participant /months Year 4 - 4 participant /months Total - 20 participant/months		
4. Occupancy (including furniture equipment and utilities)	4. Year 1 \$ 36,000 Year 2 \$ 36,000 Year 3 \$ 36,000 Year 4 \$ 36,000 Total \$ 144,000		

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ANNEX C

Scope of Work of Institutionalization Consultant

I. Overall objective: To build the framework for and establish a new not-for-profit agency whose purpose is to provide technical assistance, training and disciplined credit on a self-sustaining basis. For the moment, the organization is called the Community Development and Credit Institute.

II. The Process:

A. Advisory committee: In carrying out this assignment the consultant will rely on the support of an internal CDP Advisory Committee, composed of CDP staff members. The core committee will be composed of the CDP senior Palestinian staff and other professionals concerned with a particular sector, viz. dairy, marketing, electrification etc.

In close coordination with the Advisory Committee, the consultant will identify and draw upon the advice of key Palestinian experts and leaders in distinct sectors, including but not limited to the following: agriculture, cooperatives, electrification, banking/credit, higher education, construction/building, olive oil production, and export marketing.

The consultant will use the Advisory Committee and outside experts as primary resources in developing the organizational structure of the CDCI, taking into consideration existing organizations. The consultant may wish to develop sectorial working groups to assist in the process.

B. Timetable: At the end of the first week of the consultancy the consultant will prepare a preliminary schedule and implementation plan for his/her work. At this juncture the CDP anticipates that the entire process should take between 3 to 4 months. While we feel that the consultancy requires full-time work effort, CDP is open to alternative proposals.

C. Logistic support: The consultant will be provided with secretarial assistance as needed in arranging meeting, typing minutes, and making appointments. CDP will make available project documents, reports and evaluations, etc. as background information. CDP will also provide office space and a conference room.

III. Anticipated outputs: The following specific results will be accomplished at the conclusion of the consultancy:

A. A clear formulation of the goals and purposes of the CDCI will be set down,

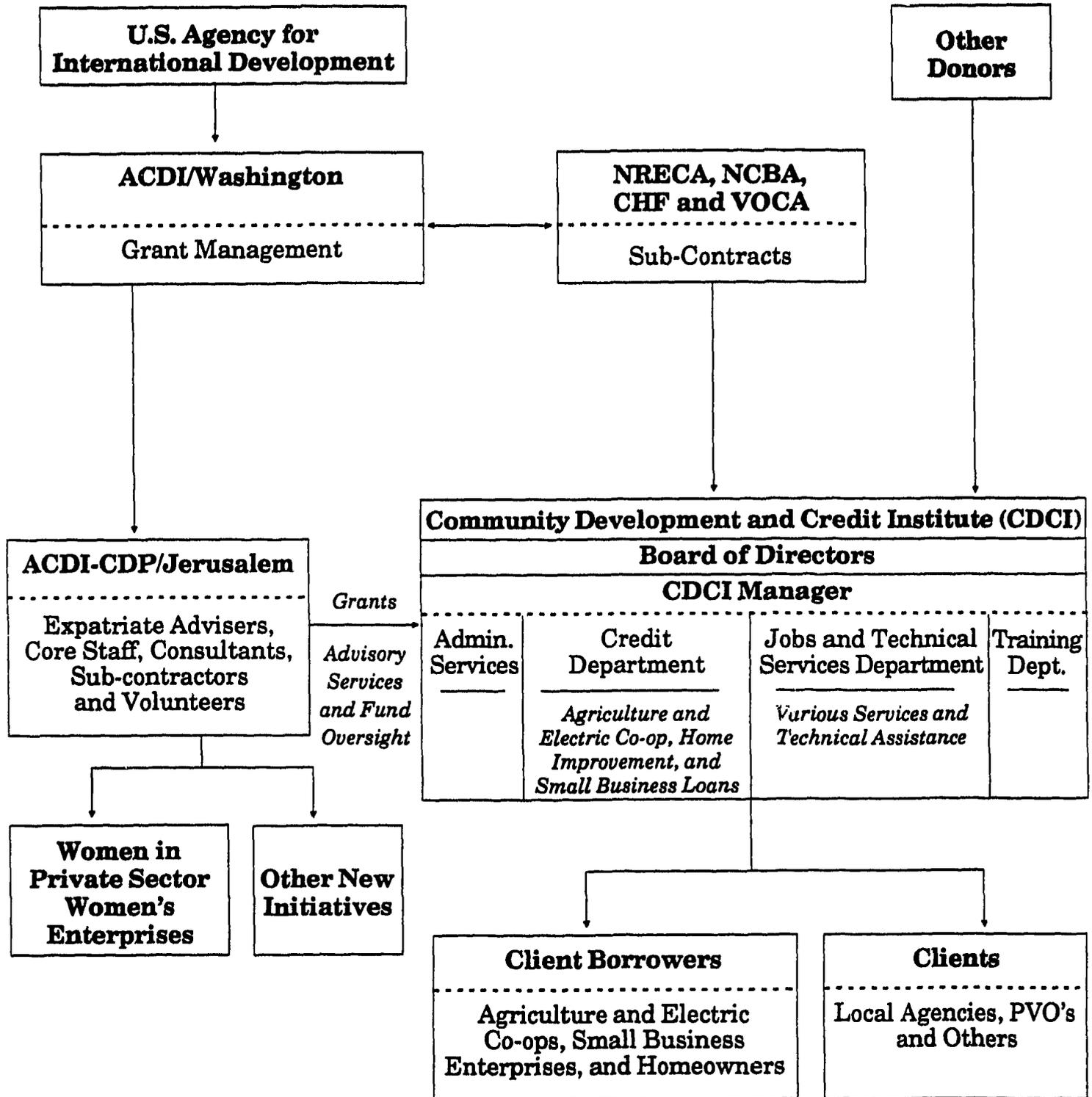
B. The selection and appointment of the initial incorporators,

- C. The incorporation of CDCI,**
- D. Preparation of the by-laws of the agency,**
- E. The selection and appointment of the initial board of directors,**
- F. The organization plan for CDCI,**
- G. A job description for the executive director or manager,**
- H. The selection and appointment of the manager or director of the agency, and**
- I. A three year budget for CDCI and identification of major tasks to be accomplished during the first three years (work plan).**



Program Management

January 1992



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ANNEX E

Implementation Plan

The implementation plan for the project is based on a four year program. The major tasks and the schedule for their completion are shown below.

MAJOR TASKS	YR 1	YR 2	YR 3	YR 4
Form Internal Advisory Committee	X			
Develop "mission statement" and institutionalization plan	X			
CDCI incorporated/board selected	X			
CDCI manager hired	X			
CDCI operational workplan developed and approved by board	X			
Office and equipment procured, initial staff hired	X			
CDCI and CDP negotiate/sign Memo of Understanding	X			
CDP assists CDCI in setting up books and admin. procedures	X			
CDP assists CDCI in developing loan policy and procedures	X			
CDP assists CDCI in structuring technical services department			X	
CDP advises CDCI on strengthening operations and accessing external donors		X	X	X
CDP credit programs conducted by CDCI or participant organizations	X	X	X	X

CDP advises CDCI/Participant organizations in credit admin. and portfolio management

X X X X

CDP initiated TA undertaken by CDCI or participant organizations

X X

CDP initiated training programs undertaken by CDCI or participant organizations

X X

CDP develops curriculum, conducts in-country and participant training

X X X X

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ANNEX F

CDCI Budget for "Core" Lending Function, Start-Up and Years 1 through 4

	Startup		Yr 1		Yr 2		Yr 3		Yr 4
	US \$	#	US \$	#	US \$	#	US \$	#	US \$
CDCI Lending Activity:									
A. Ag. Co-op Loans	0	0	225,000	3	375,000	5	375,000	5	375,000
B. Electric Co-op Loans	130,000	1	170,000	3	0	0	50,000	1	0
C. Home Impr. Loans	0	0	150,000	50	300,000	100	375,000	125	270,000
D. Micro Enterprise Loans	0	0	60,000	4	75,000	5	0	0	45,000
E. Principal Write-off (10%)	13,000		60,500		75,000		80,000		69,000
F. Portfolio After Write-off	117,000		649,800		1,049,220		1,276,848		1,318,926
"CORE" Revenue:									
1. Loan Initiation Fees	0		8,900		12,000		11,750		11,100
2. Interest on Loan Portfolio	0		38,718		57,012		60,612		61,044
3. Total Revenue	0		47,618		69,012		72,362		72,144
"CORE" Expenses:									
4. Staff	0		56,700		59,535		62,512		65,637
5. Office Rent	0		6,000		6,300		6,615		6,946
6. F&F, M&E	14,370		0		0		0		0
7. Utilities	0		675		709		744		781
8. PTT	750		5,400		5,670		5,954		6,251
9. Supplies	0		13,500		14,175		14,884		15,628
10. Mileage	0		5,471		5,471		5,471		5,471
11. Car Insurance	0		3,000		3,000		3,000		3,000
12. Total Expenses	15,120		90,746		94,860		99,179		103,715
13. Surplus (Deficit)	(15,120)		(43,128)		(25,847)		(26,817)		(31,571)
Grants Received:									
14. CDP Memo of Understanding	15,120		90,746		94,860		49,590		0
17. Total Grants	15,120		90,746		94,860		49,590		0
18. Surplus(Deficit) after Grants	0		47,618		69,012		22,772		(31,571)
19. Accum. Surplus(Deficit)	0		47,618		116,630		139,403		107,832

Note: CDCI "core" operating expenses for its initial 2 1/2 years will be funded from existing CDP grant funds pursuant to terms of memo of understanding. Staff includes manager, admin./secretary and loan officer.

ANNEX G

Budget

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)
WEST BANK AND GAZA--COOPERATIVE DEVELOPMENT PROJECT (CDP)

SUMMARY BUDGET

LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
1. SALARIES	185,128	149,545	82,026	85,885	\$502,585
2. PAYROLL ADDED COST	49,836	40,224	21,988	23,025	\$135,073
3. ALLOWANCES	99,289	74,774	41,093	41,589	\$256,744
4. TRAVEL, TRANSPORT AND PER DIEM	45,974	30,898	33,098	26,657	\$136,626
5. CONSULTANTS	16,300	17,055	17,698	18,380	\$69,433
6. TRAINING	40,010	40,010	40,260	42,948	\$163,228
7. COMMODITIES	0	0	0	0	\$0
8. LOCAL AND OTHER DIRECT COSTS	666,466	582,504	472,468	454,361	\$2,175,799
9. ACDI SUBTOTAL	\$1,103,002	\$935,010	\$708,631	\$692,843	3,439,487
10. INDIRECT COST @ 39.0%	430,171	364,654	276,366	270,209	\$1,341,400
11. GRANT/CREDIT FUNDS	1,090,499	94,860	49,590	0	\$1,234,949
12. TOTAL ACDI	\$2,623,672	\$1,394,524	\$1,034,587	\$963,052	6,015,835
13. SUBCONTRACT TOTAL	\$258,755	\$243,292	\$223,551	\$150,848	\$876,447
14. TOTAL COMPONENT BUDGET	\$2,882,427	\$1,637,817	\$1,258,138	\$1,113,901	6,892,282

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AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)
WEST BANK AND GAZA--COOPERATIVE DEVELOPMENT PROJECT (CDP)

DETAIL BUDGET

LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
1. SALARIES *	\$185,128	\$149,545	\$82,026	\$85,885	\$502,585
Chief of Party \$66,150 Base	67,804	71,194	0	0	\$138,998
12 Months, year I					
12 Months, year II					
0 Months, year III					
0 Months, year IV					
5% Increase per year					
Finance/Credit Specialist \$56,630 Base	42,473	0	0	0	\$42,473
9 Months, year I					
0 Months, year II					
0 Months, year III					
0 Months, year IV					
5% Increase per year					
Institutional Advisor \$60,000 Base	60,000	63,000	66,150	69,458	\$258,608
12 Months, year I					
12 Months, year II					
12 Months, year III					
12 Months, year IV					
5% Increase per year					
HQ Administrative and Technical Support (Lewis)	14,851	15,351	15,876	16,428	\$62,507
1 months per year @ \$4,851 per month					
6 months per year @ \$1,667 per month					
5% Increase per year					
2. PAYROLL ADDED COSTS	\$49,836	\$40,224	\$21,988	\$23,025	\$135,073
Chief of Party	18,307	19,222	0	0	\$37,529
27% of base salary					
Finance/Credit Specialist	11,468	0	0	0	\$11,468
27% of base salary					
Institutional Advisor	16,200	17,010	17,861	18,754	\$69,824
27% of base salary					
HQ Administrative Support	3,861	3,991	4,128	4,271	\$16,252
Holiday Leave Benefits					
26% of base salary					

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LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
3. ALLOWANCES	\$99,289	\$74,774	\$41,093	\$41,589	\$256,744
Housing Allowance @ per year per advisor \$17,760	48,840	35,520	17,760	17,760	\$119,880
Temporary Lodging Allowance 1 Advisor and family \$60 per day for 30 days	1,800	0	0	0	\$1,800
Post Allowance Chief of Party @ \$3,315 /year Finance/Credit Specialist \$2,910 /year Institutional Advisor \$2,910 /year	8,408	6,225	2,910	2,910	\$20,453
Post Differential @ 15% of base salary	25,541	20,129	9,923	10,419	\$66,012
Storage Allowance @ \$200 per month per advisor	6,600	4,800	2,400	2,400	\$16,200
Education Allowance, 2 children at post in school year I 2 children at post in school year II 2 children at post in school year III 2 children at post in school year IV @ \$4,050 per year	8,100	8,100	8,100	8,100	\$32,400
4. TRAVEL, TRANSPORT AND PER DIEM	\$45,974	\$30,898	\$33,098	\$26,657	\$136,626
A. Travel *	\$14,040	\$21,889	\$16,114	\$10,951	\$62,993
Travel to post 1 Advisor and family, year I \$1,550 base one-way per traveller, family size of 4.00	6,200	0	0	0	\$6,200
Home Leave to home of record from Jerusalem 1 Advisor and family year II, \$2,150 base round-trip per traveller, family size of 4.00	0	9,030	0	0	\$9,030
Rest and Recuperation to New York, NY, from Jerusalem 1 Advisor and family year II, 1 Advisor and family year III, \$1,850 base round-trip per traveller, average family size 3.00	0	6,119	6,119	0	\$12,238

LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
Emergency Travel to home of record (as required) 1 round trip \$2,200 base per round trip 20% chance per year	440	440	440	440	\$1,760
ACDI Supervisory Travel 2 round trips, year I 2 round trips, year II 2 round trips, year III 2 round trips, year IV \$2,000 base per round trip	4,000	4,200	4,410	4,631	\$17,241
OCDC Supervisory Travel 1 round trip, year I 1 round trip, year II 1 round trip, year III 0 round trip, year IV \$2,000 per round trip	2,000	2,100	2,205	0	\$6,305
Travel from post 1 Advisor and family, year I 1 Advisor and family, year III 1 Advisor and family, year IV \$1,400 base one-way per traveller,	1,400	0	2,940	5,880	\$10,220
B. Transport	\$28,100	\$5,175	\$13,150	\$13,150	\$59,575
UAB to/from post and home leave, 450 lbs. for Chief of Party 600 lbs. for Credit Specialist 700 lbs. for Institutional Advisor @ \$4.50 per lb.	5,850	5,175	2,025	2,025	\$15,075
HHE to/from Post, 2,500 lbs. net weight @ \$4.25 per lb. base *	21,250	0	10,625	10,625	\$42,500
HHE to/from storage @ \$500 base	1,000	0	500	500	\$2,000
C. Per Diem	\$3,834	\$3,834	\$3,834	\$2,556	\$14,058
Advisor Washington Consultation: 5 days per trip @ \$117	0	0	0	0	\$0
ACDI Supervisory Travel: 9 days per trip @ \$142	2,556	2,556	2,556	2,556	\$10,224
OCDC Supervisory Travel: 9 days per trip @ \$142	1,278	1,278	1,278	0	\$3,834

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LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
5. CONSULTANTS	\$16,300	\$17,055	\$17,698	\$18,380	\$69,433
A. Local consultants	\$15,100	\$15,855	\$16,648	\$17,480	\$65,083
4 Accounting consultants per year, 6 weeks @ \$55 per day base 5 work days each week	6,600	6,930	7,277	7,640	\$28,447
4 Institut./Legal/Mgt. consultants per year, 5 weeks @ \$55 per day base 5 work days each week	5,500	5,775	6,064	6,367	\$23,706
4 Other consultants per year, 3 weeks @ \$50 per day base 5 work days each week	3,000	3,150	3,308	3,473	\$12,930
B. Miscellaneous	\$1,200	\$1,200	\$1,050	\$900	\$4,350
Local transporation, communications, etc. 150 per out station assignment	1,200	1,200	1,050	900	\$4,350
6. LOCAL TRAINING	\$40,010	\$40,010	\$40,260	\$42,948	\$163,228
Resident courses 1,575 participant days @ \$60 per day,	23,625	23,625	23,625	23,625	\$94,500
Non-resident courses 1,518 participant days @ \$30 per day,	11,385	11,385	11,385	11,385	\$45,540
Training Material Development & Miscellaneous	5,000	5,000	5,250	7,938	\$23,188
7. COMMODITIES	\$0	\$0	\$0	\$0	\$0
8. LOCAL AND OTHER DIRECT COSTS	\$666,466	\$582,504	\$472,468	\$454,361	\$2,175,799
A. Local Costs	\$659,116	575,154	\$464,868	\$445,161	\$2,144,299
Local Staff Salaries	\$228,013	\$206,123	\$164,614	\$148,049	\$746,799
Payroll Added for Local Staff 25% of Local Staff Salaries	57,003	51,531	41,154	37,012	\$186,700
Professional and Contract Services	12,000	12,000	15,000	15,000	\$54,000
Local Travel & Vehicle Maintenance: For field educators, other technicians, advisors, consultants, auto licensing, insurance, maintenance, travel allowances	120,000	91,000	60,000	60,000	\$331,000

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LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
Office Rental	20,200	20,200	19,200	20,200	\$79,800
Publications	16,500	18,000	15,000	15,000	\$64,500
Marketing Information Center	23,400	17,100	15,000	15,000	\$70,500
Electric Union	25,200	12,600	0	0	\$37,800
Office Supplies	75,000	63,000	63,000	63,000	\$264,000
Utilities **	16,400	14,000	15,900	15,900	\$62,200
Communications (Telephone, Telex, Fax, Couriers, etc.) **	39,000	42,000	35,000	35,000	\$151,000
Bank Fees, Currency Transactions	14,400	15,600	12,000	12,000	\$54,000
Miscellaneous Costs	12,000	12,000	9,000	9,000	\$42,000
B. Other Direct Costs	\$7,350	\$7,350	\$7,600	\$9,200	\$31,500
H.Q. Communications (Telephone, Telex, Fax, Couriers, etc.)	6,600	6,600	6,600	7,800	\$27,600
Miscellaneous Costs	750	750	1,000	1,400	\$3,900
9. ACDI SUBTOTAL	\$1,103,002	\$935,010	\$708,631	\$692,843	\$3,439,487
10. INDIRECT COSTS @ 39%	\$430,171	\$364,654	\$276,366	\$270,209	\$1,341,400
11. GRANT/CREDIT FUNDS	\$1,090,499	\$94,860	\$49,590	\$0	\$1,234,949
12. TOTAL ACDI	\$2,623,672	\$1,394,524	\$1,034,587	\$963,052	\$6,015,835
13. SUBCONTRACTS	\$258,755	\$243,292	\$223,551	\$150,848	\$876,447
14. TOTAL COMPONENT BUDGET	\$2,882,427	\$1,637,817	\$1,258,138	\$1,113,901	\$6,892,282

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NCBA

A. SUBCONTRACT/CLUSA

COOPERATIVE LEAGUE OF THE UNITED STATES OF AMERICA
 WEST BANK AND GAZA--COOPERATIVE DEVELOPMENT PROJECT (CDP)
 EXTENSION BUDGET

LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
1. SALARIES	\$4,000	\$4,200	\$4,410	\$4,631	\$17,241
Home Office Staff:					
Project Monitor @					
4 wk yr @ \$1,000 /week base	4,000	4,200	4,410	4,631	\$17,241
2. PAYROLL ADDED COSTS	\$0	\$0	\$0	\$0	\$0
3. ALLOWANCES	\$0	\$0	\$0	\$0	\$0
4. TRAVEL, TRANSPORT AND PER DIEM	\$2,852	\$0	\$3,057	\$0	\$5,909
A. Travel	\$2,000	\$0	\$2,205	\$0	\$4,205
NCBA Supervisory Travel	2,000	0	2,205	0	\$4,205
1 round trip years I and III					
2,000 base per round trip					
B. Transport	\$0	\$0	\$0	\$0	\$0
C. Per Diem	\$852	\$0	\$852	\$0	\$1,704
NCBA Supervisory Travel	852	0	852	0	\$1,704
6 days per trip @ \$142 per day					
5. CONSULTANTS	\$62,442	\$74,140	\$49,886	\$49,205	\$235,673
1 Curriculum Design Specialist	5,000	0	5,000	5,000	\$15,000
4 weeks @ \$250 per day					
5 work days each week					
1 Media Development Specialist	6,250	0	0	0	\$6,250
5 weeks @ \$250 per day					
5 work days each week					
4 Manual Development Specialist	5,000	5,000	5,000	5,000	\$20,000
4 weeks @ \$250 per day					
5 work days each week					
1 Marketing Information Specialist/Trainer	0	5,300	0	0	\$5,300
4 weeks @ \$265 per day					
5 work days each week					
1 Soap Factory Operations Specialist/Trainer,	5,300	0	0	0	\$5,300
4 weeks @ \$265 per day					
5 work days each week					

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LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
1 Promotion Materials Trainer 4 weeks @ \$255 per day 5 work days each week	0	0	5,100	0	\$5,100
1 Curriculum Development Specialist 4 weeks @ \$263 per day 5 work days each week	0	5,250	0	0	\$5,250
2 Evaluators for 2 evaluations (yrs II& IV) 4 weeks @ \$265 per day 5 work days each week	0	10,600	0	10,600	\$21,200
3 Product/Process Feas. Spec./Trainers 5 weeks @ \$265 per day 5 work days each week	6,625	6,625	6,625	0	\$19,875
DBA @ 4.25% of fees	1,197	1,393	923	876	\$4,389
Travel @ \$2,000 per trip base	10,000	12,600	8,820	9,261	\$40,681
Medevac Insurance @ \$40 a month per consultant	350	250	100	150	\$850
Per Diem @ \$142 a day,	22,720	27,122	18,318	18,318	\$86,478
6. TRAINING	\$66,402	\$49,434	\$50,443	\$34,484	\$200,763
U.S. and Third Country Training	\$66,402	\$49,434	\$50,443	\$34,484	\$200,763
Airfare to U.S., @ \$1,800 a Trip, 3 participant year I, 2 participant year II, 2 participant year III 1 participant year IV	5,400	3,600	3,600	1,800	\$14,400
Airfare to Europe/Cyprus, @ \$600 a Trip, 6 participants year I, 5 participants year II, 5 participants year III, 4 participants year IV,	3,600	3,000	3,000	2,400	\$12,000
Domestic Trans.-US/Eur/Cyprus, @ \$675 per participant	6,075	4,050	4,725	3,375	\$0
U.S. P.D. Per Trip, \$85 per day per participant for 35 days	8,925	5,950	5,950	2,975	\$23,800
Eur. P.D. Per Trip, \$110 per day per participant for 35 days	23,100	19,250	19,250	15,400	\$77,000

LINE ITEMS		YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
HAC For Participant per participant to U.S.	\$34 per month	102	34	68	34	\$238
Tuition for U.S., per participant	\$4,000 per course	12,000	8,000	8,000	4,000	\$32,000
Tuition for Europe, per participant	\$750 per course	4,500	3,750	3,750	3,000	\$15,000
Participant Misc. @	\$300	2,700	1,800	2,100	1,500	\$8,100
7. OTHER DIRECT COSTS		\$1,400	\$1,470	\$1,470	\$1,470	\$5,810
Telephone, telex, cable and fax		700	735	735	735	\$2,905
Postage and messenger		300	315	315	315	\$1,245
Research material and photocopying		400	420	420	420	\$1,660
		-----	-----	-----	-----	-----
7. NCBA MODIFIED DIRECT COST		\$137,096	\$129,244	\$109,266	\$89,789	\$465,396
8. OVERHEAD		\$52,645	\$49,630	\$41,958	\$34,479	\$178,712
Base of Application -- Total Modified Direct Cost times	38.40%	52,645	49,630	41,958	34,479	\$178,712
		-----	-----	-----	-----	-----
9. NCBA TOTAL DIRECT COST		\$189,741	\$178,874	\$151,225	\$124,268	\$644,108
10. GENERAL AND ADMINISTRATIVE COST		\$7,020	\$6,618	\$5,595	\$4,598	\$23,832
Base of Application Total Direct Cost times	3.70%	7,020	6,618	5,595	4,598	\$23,832
		-----	-----	-----	-----	-----
11. TOTAL NCBA SUBCONTRACT		\$196,762	\$185,492	\$156,820	\$128,866	\$667,940
		=====	=====	=====	=====	=====

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B. SUBCONTRACT/NRECA

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION (NRECA)
WEST BANK AND GAZA--COOPERATIVE DEVELOPMENT PROJECT (CDP)
EXTENSION BUDGET

LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	
1. SALARIES	\$12,650	\$13,030	\$13,420	\$0	\$39,100
NRECA Project manager, @ \$62,000	4,650	4,790	4,933	0	\$14,373
NRECA Advisor @ @ \$65,000	6,500	6,695	6,896	0	\$20,091
NRECA Support @ \$30,000	1,500	1,545	1,591	0	\$4,636
2. PAYROLL ADDED COSTS	\$4,048	\$4,169	\$4,295	\$0	\$12,512
NRECA staff @ 32% of salaries	4,048	4,169	4,295	0	\$12,512
3. TRAVEL, TRANSPORTATION AND PER DIEM	\$12,720	\$6,360	\$12,720	\$0	\$31,800
Airfare \$2,100 1 trip per year	4,200	2,100	\$4,200	0	\$10,500
Per diem @ \$142 30 days per trip	8,520	4,260	\$8,520	0	\$21,300
4. COMMODITIES	\$1,000	\$0	\$0	\$0	\$1,000
5. OTHER DIRECT COSTS	\$250	\$250	\$250	\$0	\$750
6. SUB TOTAL	\$30,668	\$23,809	\$30,685	\$0	\$85,162
7. NRECA INDIRECT COSTS @ 67% of project technical salaries	\$7,471	\$7,695	\$7,925	\$0	\$23,091
8. NRECA TOTAL	\$38,139	\$31,504	\$38,610	\$0	\$108,252
3% salary increase per year	*****	*****	*****	*****	*****

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C. SUBCONTRACT/VOCA

VOLUNTEERS IN OVERSEAS COOPERATIVE ASSISTANCE (VOCA)
WEST BANK AND GAZA--COOPERATIVE DEVELOPMENT PROJECT (CDP)
EXTENSION BUDGET

LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
1. SALARIES	\$1,787	\$2,502	\$2,759	\$724	\$7,772
Project Coordinator	591	827	912	239	\$2,570
Recruitment Assistant	342	479	528	139	\$1,488
Regional Representative	854	1,196	1,319	346	\$3,715
2. PAYROLL ADDED COSTS	\$763	\$1,068	\$1,177	\$309	\$3,317
3. TRAVEL, TRANSPORTATION AND PER DIEM	\$1,792	\$1,754	\$1,861	\$0	\$5,407
A. Travel	1,112	1,178	1,249	0	\$3,539
B. Transportation	0	0	0	0	\$0
C. Per Diem	680	576	612	0	\$1,868
4. VOLUNTEER COSTS	\$12,419	\$13,161	\$13,959	\$14,657	\$54,195
Volunteer Travel	6,595	6,991	7,409	7,780	\$28,774
Volunteer Living Costs	4,760	5,040	5,355	5,623	\$20,778
Briefing Per Diem	349	371	392	412	\$1,524
Transit Per Diem	515	547	579	608	\$2,248
Direct Briefing Costs	50	53	56	59	\$218
Volunteer Insurance	100	107	112	118	\$436
Volunteer passports, visas, airport taxes, immunizations, etc.	50	53	56	59	\$218
5. OTHER DIRECT COSTS	\$401	\$434	\$475	\$125	\$1,435
6. TOTAL DIRECT COSTS	\$17,162	\$18,919	\$20,231	\$15,815	\$72,126
7. INDIRECT COSTS	6,693	7,378	7,890	6,168	28,129
8. TOTAL VOCA COSTS	23,855	26,297	28,121	21,982	100,255

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Budget Explanation

1. Salaries

The five-percent (5%) annual increase projected for expatriate personnel is in accordance with the ACDI Personnel Policies and Procedures Manual. Actual salary increases, however, will only be awarded for satisfactory or better performance, as determined in an annual performance review and approved by the Senior Vice President, Projects.

Seven months of direct labor have been budgeted annually for ACDI headquarters' staff for project technical and logistical support. One month is for Jerry Lewis, Vice-President for Asia, Near-East & the Pacific; six months are for half a year of a Project Assistant's salary. The project coordinator will be hired to backstop this and the two complementary proposals being submitted.

2. Payroll Added Costs

Fringe benefits for staff on ACDI's payroll are included here. Projections are based on current costs and ACDI's Personnel Policies and Procedures Manual. A copy of this manual will be provided to the Grant Officer.

Holiday, leave and benefits (HLB) for head-office staff is included in this section.

3. Allowances

It is assumed that the Institutional Development and Training Advisor, will have two dependent children in school. Temporary lodging allowances is for lodging in Jerusalem and is budgeted for thirty days at the beginning of the project. Other allowances are explained in the budget.

4. Travel, Transport and Per Diem

A. Travel

Emergency travel is budgeted in each year and spread equally over the project life; the emergency travel amount reflects the cost to provide travel at short-notice for one adult in the event of grave family emergency or other such matter at the home of record. It is to be used only if needed and in consultation with the AID Contracting or Project Officer(s).

Recognizing the complexity and size of CDP and the related projects, two supervisory trips per year are scheduled for ACDI. In addition, three OCDC supervisory trips are scheduled over the project life.

Miscellaneous travel costs are intended to cover the cost of taxis, airport taxes, visas, etc.

B. Transportation

The household effects allowance will cover shipment of 2,500 pounds of personal items. The airfreight allowance is in accord with prescribed USAID regulations. Packing and transportation of household effects to storage at the beginning of the project and from storage at the end of the project are based on estimates of past expenses.

C. Per Diem

Per diem rates are from U.S. government tables.

5. Consultants

ACDI's local staff will contract for local consultants in management, accounting, institutional development, legal issues and related areas.

6. Training

Over the project life, 3,093 participant days of local training are anticipated. This number is derived from curriculum plans developed by CDP staff. Training material development and miscellaneous is budgeted for training media preparation and incidental expenses.

7. Commodities

Only minor commodity purchases are budgeted for. ACDI recognizes AID's concern with "buying American" and will do so to the extent required.

8. Local and Other Direct Costs

Local staff salaries are budgeted here. Communications costs are budgeted to allow communication between the field and ACDI/Washington. Miscellaneous costs are for related expenses during the life of the project.

10. Indirect Costs

Under ACDI's negotiated overhead rate agreement with USAID, ACDI is required by USAID/Washington Contract Management to charge 39 percent on total direct costs to cover indirect project costs. A copy of the negotiated overhead rate agreement is attached.

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11. Grant/Credit Funds

This line-item includes grant funds for institutional support grants to CDCI and other organizations, agricultural and electric loans, export loans and grants.

13. Subcontracts

A. NCBA/CLUSA

NCBA will continue working with ACDI on the implementation of CDP, but in a revised role. NCBA will provide all short-term expatriate trainers/specialists and evaluators, and handle all U.S. and third-country training. ACDI and NCBA feel that all expatriate consultants chosen to serve on the project should have the capability of presenting a one or more day training workshop to a relevant audience explaining their work and seeking to impart some ability on workshop participants to carry out the work that the expatriate consultant did.

B. NRECA

NRECA will continue to provide technical support and training services for the Electric Union.

C. VOCA

VOCA will provide up to four volunteers over the life of the project. Recognizing that VOCA volunteers have particular skills and experience with post-harvest handling, dairy management/development, input supply and distribution, it is expected that VOCA will provide volunteers in those skill areas.

Outside Contributions ACDC/CDP Institutionalization Project

1. VOCA - Volunteers (\$300/day each for 30 days, 4 volunteers)	36,000
2. GAF-VEX project funded by Dutch government - 25% of total project value)	1,111,825
3. Department of Agriculture services towards exports of agricultural products (Phyto-sanitary control/quarantine \$30/ton for 4 years)	120,000
4. Training rooms for CDP courses held at various institutions (\$110/day times 246 days)	27,060
5. Training offered by participants trained in the US and third countries (\$100/daily fee times 6 persons trained time 14 participants)	8,400
6. Training by the Dutch government for two persons to head the Palestinian Trade Promotion Office (PTPO) in Rotterdam for six months (fees \$4000/month/person for six months)	48,000
7. Support by the Dutch government for setup and running expenses for the Palestinian Trade Promotion Office in Rotterdam (\$50,000/year for six years)	300,000
8. Time offered by members of Advisory Committees, etc. (\$50/day times 200 days)	10,000
9. Transportation to and from course locations covered by cooperatives (\$10/participant times 1530)	15,300
10. Donations to CDCI (Estimates) in cash:	
Canadians	80,000
European Community	200,000
Total	2,009,500

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ANNEX H

Budget for Higher Request

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)
WEST BANK AND GAZA--COOPERATIVE DEVELOPMENT PROJECT (CDP)

SUMMARY BUDGET

LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
1. SALARIES	192,224	149,751	149,751	149,751	\$641,478
2. PAYROLL ADDED COST	54,497	43,029	43,029	43,029	\$183,584
3. ALLOWANCES	99,041	73,568	73,568	77,168	\$323,343
4. TRAVEL, TRANSPORT AND PER DIEM	48,409	30,898	46,848	26,657	\$152,811
5. CONSULTANTS	21,500	21,500	21,350	21,200	\$85,550
6. TRAINING	45,010	45,010	45,510	46,885	\$182,415
7. COMMODITIES	28,500	19,250	31,063	3,500	\$82,313
8. LOCAL AND OTHER DIRECT COSTS	686,886	616,145	572,225	589,940	\$2,465,195
9. ACDI SUBTOTAL	\$1,176,066	\$999,151	\$983,343	\$958,129	4,116,689
10. INDIRECT COST @ 39.0%	458,666	389,669	383,504	373,670	\$1,605,509
11. GRANT/CREDIT FUNDS	1,040,909	94,860	99,180	104,139	\$1,339,088
12. TOTAL ACDI	\$2,675,640	\$1,483,680	\$1,466,027	\$1,435,938	7,061,285
13. SUBCONTRACT TOTAL	\$323,712	\$386,775	\$339,248	\$320,510	\$1,370,246
14. TOTAL COMPONENT BUDGET	\$2,999,353	\$1,870,454	\$1,805,275	\$1,756,449	8,431,531

ATTACHMENT 1

Loken 13-Point List

The following notes refer to Ms. Loken's thirteen point list of items in her letter of March 15, 1991 to be addressed in the proposals. Almost all questions are answered in the three proposals, but the following responses are listed to ensure total compliance.

1. **Travel:** Under its present grant, ACDI asks AID/W concurrence on all travel. ACDI also agrees to conform to travel restrictions that may be in place at any time.
2. **Geographic distribution:** Each proposal deals with this subject, as well as our letter to Mr. Lawhead of April, 1991. For the CDP extension, it is estimated that 30% of project funds will be used in the Gaza strip. This percentage would obtain for running costs, technical assistance, training and grants/loans. It should be noted that in the case of the Jobs Program, a larger percentage of the capital funds are anticipated to be spent in Gaza (60%) because the program will not begin in the West Bank until Jan. 1993. In the Women's Enterprise project, 25% of project resources will be spent in Gaza.
3. **Previous Evaluations:** Please refer to Mr. Jerry Lewis' letter to Ms. Kristin K. Loken on March 22, 1991 dealing specifically with this subject. Also refer to the project proposals themselves.
4. **Program Performance Indicators:** Please refer to the evaluation section and logframe in each proposal.
5. **Loan and Credit Components:** See Jobs program for loan terms. See previously submitted CDP loan guidelines for the on-going loan program.
6. **Procurement:** ACDI agrees to the "Buy America" clause.
7. **Markings:** ACDI does not make commodity distributions. However, it does credit USAID on all publications emanating from the CDP office.
8. **Format:** Proposals have conformed to the guidance provided.
9. **Activities:** Each proposal has indicated the additional activities funding that is required.
10. **Controls:** Please refer to the management and organization sections in each proposal.
11. **Linkage/Sustainability:** Please see CDP extension proposal for a complete discussion of this.

12. Coordination: Please refer to each proposal, where this is discussed in the "Coordination with local organizations" section.

13. Government of Israel Approvals: See each proposal for a discussion of this. With the exception of the rural electrification program, CDP has not had difficulties with approvals from the CIVAD. The major problem in 1990 and 1991 has been the need to obtain passes for WBG employees, which has significantly constrained mobility of staff. It is still a problem, but has been taken up at a high level with Israeli authorities by the US Embassy and Consulate, the entire body of PVOs and by ACDI/CDP directly.

ATTACHMENT 2

Financial Information Needed by Grant Officer

1. Procurement

ACDI's procedures conform to the requirements set forth in OMB Circular A-110 (Administrative Requirements for Grants to Non-profit Organizations). ACDI is audited annually in this respect by external auditors, Arthur Young & Company who have been mandated to perform such audits by the Inspector General's office of USAID.

ACDI and the subgrantees, National Rural Electric Cooperative Association (NRECA), National Cooperative Business Association (NCBA), Volunteers in Overseas Cooperative Assistance (VOCA) and Cooperative Housing Foundation (CHF) are all U.S. cooperative development organizations and PVOs. As such most receive central support grants from U.S. AID, have had substantial contractual and grant arrangements with AID and are therefore familiar with AID procurement and financial reporting procedures.

Neither ACDI nor the subcontractors will have any significant procurement in the project. The only subcontractor procurement will be relatively small quantities of books and publications, audio visual or computer equipment, electrical testing equipment and miscellaneous equipment. There may be some large electrical equipment to be procured and AID procurement regulations will be adhered to.

2. Selecting and Monitoring Subgrantees

Each of the subgrantees will be a U.S. PVO or cooperative that is a member of the U.S. Overseas Cooperative Development Committee (OCDC). Each of these organizations has a specialty in one or more types of cooperative business so selection will be based on each organization's established specialty and capability.

A subcontract will be negotiated for each assignment which could include provision of long- and/or short-term consultants and support services including small-scale procurement of specialized equipment and supplies. ACDI has standard procedures for examining vouchers and making advances. Subgrantees submit vouchers to ACDI for reimbursement on a monthly basis and make all records available for audit or inspection by ACDI and AID.

3. Report of Cumulative Expenditures

The requested funding is to be added to an existing grant and a report of cumulative expenditures will be provided separately to the Grant Officer.

4. Long-term Personnel Policy

ACDI's personnel policy regarding allowances and travel has been closely patterned on those normally provided to AID contractors. Past policy manuals have been approved. A copy of ACDI's policy manual has been submitted to AID for review and will be provided separately to the Grant Officer.

5. Local Personnel Policy

ACDI's local personnel policy has been closely patterned on the policies of other AID-assisted PVOs working in the WBG. A copy of the policy will be submitted to the Grant Officer.

6. Financial Statements

Copies of our audited financial statements for the past three years will be submitted to the Grant Officer.

Cooperative Development Project West Bank and Gaza

Proposal

Community-Based Jobs and Home Improvement

Submitted to:
U.S. Agency for International Development
Washington, D.C.

Submitted by:
Agricultural Cooperative Development International
50 F Street, N.W., Suite 900
Washington, D.C. 20001
Phone: (202) 638-4661
Fax: (202) 626-8626

In collaboration with:
The Overseas Cooperative Development Committee

May 1, 1991

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ABBREVIATIONS

ACDI	Agricultural Cooperative Development International
ACU	Agricultural Cooperative Union
ADCC	Arab Development and Credit Company
ADS	Arab Development Society
AGREXCO	Agricultural Export Company (of Israel)
AID	Agency for International Development
AIVA	Association of International Voluntary Agencies
AMIDEAST	America - Mideast Educational and Training Services
ANERA	American Near East Refugee Aid
CDP	Cooperative Development Project
CDCI	Community Development and Credit Institute
CDS	Cooperative Development System
CDO	Cooperative Development Organization
CHF	Cooperative Housing Foundation
CIVAD	Civil Administration
CRS	Catholic Relief Services
EC	European Community
EDG	Economic Development Group
EC	European Community
EOP	End of Project
GNP	Gross National Product
GOI	Government of Israel
ICA	International Cooperative Alliance
JD	Jordanian Dinar
Jobs	Community-Based Jobs and Home Improvement (Project)
LOP	Life of Project
MIS	Management Information System
NCBA	National Cooperative Business Association
NIS	New Israeli Shekel
NOVIB	Dutch PVO
NRECA	National Rural Electric Cooperative Association
NGO	Non-Governmental Organization
OCDC	Overseas Cooperative Development Council
PAMSC	Palestinian Agricultural Marketing Service Center
P/M	Person Month
PVO	Private Voluntary Organization
PVO	Private and Voluntary Organization
SCF	Save the Children Federation
USAID	United States Agency for International Development
UNDP	United Nations Development Program
UNCDF	United Nations Capital Development Fund.
VOCA	Volunteers in Overseas Cooperative Assistance
WBG	West Bank and Gaza
WID	Women-In-Development

COMMUNITY-BASED JOBS AND HOME IMPROVEMENT PROJECT FOR THE WEST BANK AND GAZA

PART I. SUMMARY

The Community-Based Jobs and Home Improvement (Jobs) program for the West Bank and Gaza (WBG) will improve the quality of life for Palestinians in the Occupied Territories by stimulating economic activity through the provision of credit to entrepreneurs to improve and expand the production of construction materials. It will also create community-based jobs for semi-skilled and unskilled workers in the construction trades as the result of loans to lower and moderate income families to improve their homes. Within this context, the specific purposes of the project are as follows:

- Create a Jobs and Technical Services Department within the Palestinian Cooperative Development and Credit Institute (CDCI) which has the capability of implementing home improvement and small enterprise loan programs,
- Generate employment in building materials enterprises as well as in the construction trades by increasing the demand for local building materials and skills,
- Create a revolving loan fund for home improvement and building materials enterprise development, and
- Leverage additional resources from donors such as the European Economic Community, European bilateral aid agencies, and the United Nations Capital Development Fund, as well as to mobilize domestic savings.

Two branch offices of the CDCI will be established in West Bank and Gaza. The lending activity will stimulate the creation of an estimated, 1,868 jobs, as well as providing for the improvement of housing for over 352 families.

The Jobs program will be sponsored by the Cooperative Development Project (CDP), which was initiated five years ago by the US cooperative movement under the leadership of the Agricultural Cooperative Development International (ACDI). ACDI will subcontract with the Cooperative Housing Foundation (CHF) to provide management and technical assistance to implement the program. CHF has pioneered the successful linking of community-based job creation with the provision of home improvement credit in its Central America Neighborhood and Jobs Improvement Program. The model used in this project for WBG is an adaptation of that successful experience.

The program supports AID's overall program priorities in WBG and contributes to its key objectives. Specifically, the project is designed to promote economic growth by stimulating community-based income generation and job creation; it will assist in increasing both the scope and efficiency of the existing WBG financial institutions; and it will significantly augment the capacity of the private sector to support economic activity in the construction and building materials sectors.

The sustainability of the project is assured through the institutionalization of the CDCI revolving fund, anticipated project fees and interest, and outside grants.

The project will represent an important first step in helping the Palestinians to overcome the most severe economic crisis that they have faced since 1967. Lower and moderate income families and smaller building materials production enterprises will be targeted as beneficiaries. This innovative approach will stimulate employment in a sector of high priority for the Palestinian people.

This is one of three proposals being submitted by ACIDI to AID for funding, and directly complements and supports the CDP Institutionalization proposal.

The total project funding requested from AID is \$1,751,000, of which \$985,000 is to establish a revolving loan fund. Additional cash funding in the amount of \$428,500 will be leveraged to augment the revolving loan fund.

PART II. THE PROJECT

A. Perceived problem

The Palestinian population¹ of the WBG today faces its most calamitous economic crisis since 1967. The Gulf conflict and its aftermath have caused the cessation of \$250 million in annual remittances to local families from Palestinian workers in Kuwait and other Gulf states. Hospitals, schools, universities, municipalities and charitable societies, heavily dependent on financial support from Gulf donors, have been equally devastated. The Jobs program will address two interrelated problems: Growing unemployment and substandard living conditions among the Palestinian population.

Unemployment:

The Gulf conflict caused the suspension, if not elimination, of employment opportunities for tens of thousands of Palestinians in the Occupied Territories. Widespread curfews kept rural and urban families confined to their homes for weeks and even months at a stretch. Palestinians could neither work their fields nor reach their work in local neighborhoods, let alone commute to traditional jobs in Israel. Moreover, Israel, where an estimated 125,000 Palestinians worked prior to October 1990, has decided to adopt a policy of providing employment for growing

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.

numbers of Russian Jews² and restrict the entry of Palestinian workers. At this time only 50,000 Palestinians have been authorized to return to their jobs in Israel.

One economist estimates that for every 10,000 permanent jobs lost in the Territories, \$50 million will be slashed from WBG annual GNP of \$ 2 billion.³ A New York Times columnist asserts "that last year alone, about 12,000 Soviet Jews were hired by Israeli manufacturers and 8,500 Palestinians lost their places on factory assembly lines across the country--almost half the 19,000 Palestinians working in Israeli factories nationwide."⁴ Most other Palestinians affected by these events are lower paid construction and sanitation workers, day laborers, and employees in markets and shops. Unemployment among Palestinians living in the WBG is estimated to be 35 percent.

Substandard living conditions:

The housing stock in the WBG is overcrowded, has limited amenities, and continues to deteriorate. For example, it was estimated in 1980 that roughly 45 percent of WBG families lived in housing units where occupancy was three or more persons per room. This is compared to less than two-percent of families living in similar circumstances in Israel at the same time.⁵ The 1989 West Bank Data Base Project report on housing contends that overcrowding has remained at this level.

A 1986 study by the Ministry of Planning of Jordan estimated that 32-percent of the houses in the WBG had only one bedroom. The same study asserted that 78-percent of the houses were not connected to public sewer systems. The West Bank Data Project report, cited above, stated that only 30-percent of all WBG families had flush toilets, and only 63-percent of families had electricity round-the-clock.

Deterioration of homes continues because of overcrowding and the absence of financial institutions or mechanisms to make loans for needed home improvement.

It should also be noted that there have been no banking or credit institutions making loans for home improvement and housing service 1967. In the early 1980s there was a program for home loans sponsored by the Palestinian/Jordanian Joint Committee which infused about \$75 million

² At least 200,000 Jewish immigrants from Russians arrived in 1990, and many of these have stepped into jobs formerly held by Palestinian factory workers.

³ Peter Waldman, *Wall Street Journal*, Feb. 1-2, 1991, quoting Palestinian economist Samir Hulaileh.

⁴ Sabra Chartrand, *The New York Times*, Feb. 17, 1991.

⁵ Simcha Bahiri, *Construction and Housing in the West Bank and Gaza*, The West Bank Data Base Project, 1989, pg. 46.

into the WB for housing. The program was poorly managed and resulted in the completion of only 404 units of a total of 1,458 starts.⁶ The program ended in 1985.

1. Project rationale

The Jobs program will provide critically needed employment opportunities for Palestinians living in the Territories and improve the quality of housing stock. This will have a positive effect on the stagnant economy and enable large numbers of people to direct their energies in a productive arena.

Equally important, it will provide a vehicle to strengthen emerging Palestinian institutions engaged in development activities. One such institution is the CDCI which will have major responsibility for implementing this program. The need for these kinds of institutions will increase as the United States leads new diplomatic initiatives toward a comprehensive Arab-Israeli peace.

The overall strategy is to stimulate small businesses, create employment opportunities, and improve the standard of living for Palestinians living in the WBG through two types of credit schemes.

First, credit will be offered to lower and moderate income Palestinians to improve, complete, or repair their homes. For example, beneficiaries might install modern and secure windows and doors, add a room to reduce overcrowding, replace a provisional wall of salvaged materials with concrete block, add a roof or bathroom. The home improvement loans will create employment in the construction trades among small contractors, construction foremen, masons, carpenters, electricians, plumbers, and laborers, who will be employed by homeowner-beneficiaries.

Second, credit will be provided to eligible community-based enterprises engaged in the manufacture and distribution of building materials used in housing construction to expand or upgrade their production capabilities or products. More jobs in these enterprises will be created.

Materials to be manufactured include stone and concrete blocks, door and window frames, doors and windows, metal grills for doors and windows, floor and roof tiles, ceramic wash-basins, kitchen cabinets, and other items. The manufacture of the construction components will generate jobs in transformation of raw and semi-finished materials into finished products. In addition, jobs would be created through the delivery, warehousing, and sales of such products.

⁶ J. Edmondson, *Assessment of Cooperative Housing in the West Bank and Gaza*, Cooperative Housing Foundation, 2 Oct. 1987, pg. 14

2. Relationship to ACDI/CDP development objectives

For over five years ACDI/CDP, in collaboration with other US cooperative development organizations, has worked to strengthen the Palestinian cooperative movement. To date the program has focused on the agricultural sector and more recently on rural electrification through the provision of training, technical assistance and disciplined credit. A continuing objective has been the institutionalization of some components of the program. In a separate proposal to AID, ACDI is requesting resources to bring this about through the creation of a local Palestinian organization known as the Community Development and Credit Institute. The Jobs program represents a major component of this institutionalization process. The CDCI will be the sponsor of the Jobs program and the conduit for the loans made to individuals, organizations and small businesses.

ACDI will sub-contract with the Cooperative Housing Foundation to assist in program management and implementation.

3. Relationship to CHF development objectives

The foundation's mission is to help lower and moderate income families improve their living conditions. To this end it has assisted non-profit and public organizations wishing to engage in shelter and community improvement activities. Grassroots participation is an underlying philosophical element in many of the foundations programs.

CHF's experience has demonstrated that home improvement programs serve as catalysts for multiple economic activities within a community as well as enhance productivity, stability and well-being of individual families.

Based on more than 25 years of international experience, CHF has formulated its development objectives by means of an approach known as the Cooperative Development System (CDS). (Annex A provides a detailed description). Under this concept (which is planned to be adapted for use in the WBG) CHF assists private, nonprofit indigenous institutions to acquire the capability to plan, implement and administer community upgrading, housing and employment generation projects.

4. Relationship to AID's activities & strategies

The project directly responds to and supports AID strategies as set forth below:

- **Promote economic growth:** Provide badly needed jobs among Palestinians workers in the construction trades and increase family income,
- **Facilitate the manufacturing sector:** Provide small loans to building materials and construction enterprises,

- **Stimulate community-based income generation:** Create jobs in the construction sector in villages and municipalities,
- **Stimulate financial market development:** Establish a permanent credit facility for home improvement loans, for selected cooperative sectors, and for small enterprise development,
- **Assist Palestinian financial institutions:** Work closely with private banks in Gaza and the West Bank,
- **Emphasize social services, including housing:** Upgrade and improve sub-standard housing for lower and moderate income Palestinians.

B. Background and capability

1. Agricultural Cooperative Development International

ACDI is a non-profit training, technical and management assistance organization created in 1968 by leading agricultural cooperatives and farmer organizations in the US. Its mandate is to respond to the needs of agricultural cooperatives, credit systems, marketing and agribusiness needs in the developing world. ACDI has been working in the WBG for more than five years as the lead US cooperative development organization in a program of training, technical assistance and credit to the Palestinian cooperative movement.

In the implementation of the program it has sub-contracted for specialized services from the National Cooperative Business Association (NCBA), the National Rural Electric Cooperative Association (NRECA), and the Volunteers in Overseas Cooperative Assistance (VOCA).

To lead this new effort ACDI has chosen the Cooperative Housing Foundation to provide the management and technical assistance to launch and execute the program.

2. Cooperative Housing Foundation

CHF is a private, nonprofit organization that helps families throughout the world build better housing and communities. Established in 1952, CHF worked primarily in the United States during its first two decades helping produce more than 55,000 units of housing for American families with modest incomes. It sponsored cooperative housing communities in more than 30 states and Puerto Rico.

In the early 1960s, CHF began to provide technical assistance to housing institutions in Latin America at the request of the U.S. Agency for International Development (AID). Like ACDI, NCBA and NRECA, CHF is a registered Private and Voluntary Organization (PVO) and classified as a Cooperative Development Organization (CDO) with AID. Today, CHF's work spans the globe and is supported by private donors, host governments, and a number of

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international development agencies. Since beginning its international work, CHF has provided shelter-related technical assistance in more than 80 developing countries.

CHF has a proven track record of successfully adapting its development approach and philosophy into soundly conceived projects with demonstrable results for beneficiary communities around the world. Particularly relevant to this proposal is CHF's success and experience over the years in the Arab world with community-based undertakings in Egypt, Morocco and Sudan. In 1987 CHF carried out an assessment of WBG cooperative housing programs. Illustrative examples of CHF's work worldwide are described in Annex B.

C. Project goal and purpose

1. Project goal

The goal of the project is to improve the quality of life for Palestinians in the Occupied Territories by stimulating economic activity through the provision of loans to lower and moderate income families to improve and upgrade their homes; to provide credit to smaller entrepreneurs to improve and expand their production of construction materials, and to create community-based jobs for semi-skilled and unskilled workers in the construction trades.

2. Project purpose

The purposes of the project are the following:

- Generate employment in the building materials and construction sectors by increasing the demand for local construction materials and skills,
- Create a permanent revolving loan fund managed by the CDCI Credit Department,
- Leverage additional resources from other donors such as the European Community, European bi-lateral aid agencies, and the United Nations Capital Development Fund, and mobilize domestic savings to ensure CDCI self-sufficiency, and
- Create a department and project unit (the Jobs and Technical Services Department) within the to-be-formed Community Development and Credit Institute capable of implementing a home improvement and community-based jobs program.

D. Project elements

1. Inputs

The following inputs are envisioned:

- Grant from AID of U.S. \$1,751,000 to fund the program and from other donors totalling \$300,000,

- Mobilization of cash resources from the project beneficiaries equal to 10-percent of the revolving funds allocated for community-based jobs and home improvement loans,
- Twelve person months of expatriate technical assistance in planning, promoting, implementing, administering, and monitoring the program,
- 198 person months of Palestinian management and administrative staff.

2. Outputs

The outputs will include the following:

- Revolving fund of \$1.4 million dollars (or other currency equivalent), created for both program elements,
- Guidelines and procedures for both loan components,
- CDCI project team (Jobs and Technical Services Department) assigned and/or hired and trained in the promotion, implementation, monitoring, and administration of a home improvement and community-based jobs program,
- A Credit Department in CDCI established and running with a trained credit manager,
- Approximately 352 homes improved,
- Fifteen small building materials enterprises improved and expanded,
- Approximately 1,868 jobs created,
- Four to six small institutional support grants to intermediary cooperative and/or societies, and
- Relationships established with two commercial banks.

3. Project units and sites

The CDCI project unit will be headed by a project coordinator responsible to CDCI's general manager and will be located in CDCI's headquarters in Jerusalem. In the first year, the coordinator will supervise one project team situated in CDP's office in Gaza. Because of the absence of local institutions in Gaza, the CDCI project team will promote the program directly with individuals.

Beginning in the second year another office will be identified, possibly that of the Union of Electric Cooperatives in Hebron. The reason for phasing the offices is to provide time for

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CDCI to perfect the program in one location before initiating a second operation.

Once established, the local project units will be assisted and supported by CDCI's credit department. In addition, CDCI's legal counsel will assist in the preparation of the necessary contractual agreements.

The sites for the promotion of the project in the West Bank in the second year may initially be those villages where electric cooperatives are functioning. To the extent feasible, loans for that part of the program will be promoted with and through the Union's co-op members.⁷ If this proves not to be a viable option, CDCI will consider other well placed charitable societies and organizations as alternative intermediaries. Members of housing cooperatives in the West Bank would also be eligible for individual loans based on a highly selective and rigorous screening.

4. Local project management

Project management of this program will be under the umbrella of the ACDI/CDP project. ACDI is submitting a collateral proposal to USAID to institutionalize portions of CDP's ongoing program. A separate Palestinian non-profit agency, known as the CDCI will be established to take on the Jobs program and other selected CDP activities.

ACDI/CDP in Jerusalem will provide overall oversight for the Jobs program and work closely with the new organization as it unfolds. ACDI/Washington will enter into a subcontract with CHF defining its responsibilities for the program's implementation. (See Annex D, Chart I, Project Management for the Program).

a. CHF role and responsibilities

From the CHF side the subcontract will be under the general supervision of foundation president. The CHF Regional Director for Europe, Africa and the Middle East will have direct responsibilities for CHF supervision and management assistance. This will include close liaison with ACDI/Washington and ACDI/CDP in Jerusalem for the deployment of personnel to implement the program. While in the field the CHF technicians and advisers will be under the general direction of the ACDI Chief of Party.

Other responsibilities of the Regional Director will include liaison with the Overseas Cooperative Development Committee (OCDC) members, selection and scheduling of CHF advisers and consultants contributing to the program, and monitoring of subcontract expenditures. The relationship between ACDI/CDP and CHF will be governed by the subcontract which details all aspects of project activities, including program implementation, technical assistance and training, the mobilization of advisors, etc. For each short-term input, CHF advisors will perform work

⁷ A thorough analysis will be conducted at the end of the first year concerning the extent to which the electric cooperatives and union can absorb this added responsibility.

in accordance with terms of reference prepared by the Regional Director in coordination with the CDCI project manager, as approved by the ACDI chief of party. The advisors will submit written reports which may be either left in the field prior to departure, or submitted upon completion of a particular assignment.

b. CDCI headquarters office

At the CDCI headquarters, the board of directors will set the overall policy for the home improvement and community-based jobs program with advisory assistance from CHF and ACDI/CDP. The CDCI general manager will oversee the program and appoint the Jobs project coordinator at CDCI. The project coordinator in turn will be responsible for the implementation and management of the program, selection and supervision of the local project coordinators and promoters for the West Bank and Gaza, selection of local consultants (if needed), selection of target villages, cooperatives and community-based groups, approval and monitoring of the workplans of the project staff, and monitoring of the expenditures of the project against the approved budget. He/she will also monitor the development of the project against the implementation plan and schedule; review applications prepared by the staff for loans to community-based groups or individuals for submission to the CDCI loan committee; and monitor repayment of the loans and participate in the evaluations of the project.

At the end of year one a decision will have been made about employing the Union of Electric Cooperatives and its members as program intermediaries. Other local groups will also be sought out in the same geographic area including housing cooperatives and charitable societies. These intermediaries may play a significant role in the implementation of the home improvement program, including the identification of eligible beneficiaries, the receipt of down payments, and following up on loan collections.

In the West Bank, it is anticipated that the Cairo-Amman Bank or Barclays Bank will serve as custodian for the program's funds. In Gaza, the Bank of Palestine will be custodian and discussions have been held with its chairman about this. The specific role of each bank will be developed and then governed by mutual accord. While the ownership of the funds would remain with CDCI the banks will have a significant role in loan repayments.

The project coordinator will have a part-time secretary/administrative assistant as will the West Bank and Gaza coordinators.

The Credit department of the CDCI will maintain the original loan agreements with the project beneficiaries. It will maintain the original provisional and consolidated promissory notes (in the case of intermediaries) for each loan agreement. The Credit department will establish close working relationships with the banks selected and in developing procedures for the program.

It will authorize disbursements of funds for loans and small institutional support grants⁸ for intermediaries, as well as monitor the contributions of the beneficiaries. The department will also track the commitment of loan and institutional support grant funds from the revolving fund and keep management apprised of funds allocated and available. It will advise the general manager of the CDCI and project coordinator of the amount of reflows available for investment in new loans and keep account of delinquents accounts.

Small business loans for building materials enterprises will be handled in a similar fashion. The local project coordinators and promoters will make the program known to such enterprises and entertain applications. Development fees will be charged and the applications will be carefully studied by the management of CDCI and recommendations will then be made to the loan committee. The repayment of these loans will be closely monitored by the Credit department and local promoters.

c. CDCI project offices

The CDCI will staff its two project offices with teams composed of a local coordinator/civil engineer, and one promoter. The project teams in the project offices will identify individuals, key cooperatives, and other local organizations, that might be eligible beneficiaries for the program. When an intermediary organization, such as a cooperative, is identified it will then implement the program for its membership. The local project teams will train and provide technical assistance to these intermediaries, which may also be recipients of small institutional support grants. Their specific role will be determined by analyzing their capacity to conduct and service such a program.

Where there is no intermediary, the local teams (especially in the case of Gaza) will promote the program themselves, provide assistance in the preparation of loan applications, present the loan applications to the CDCI project manager for review, offer technical assistance in implementing the loan, receive and approve requests for disbursement of loan funds, submit approved requests for disbursements to the CDCI project manager, and monitor the construction progress and the use of the loan funds. If necessary, the local coordinators may hire site supervisors to certify construction progress.

The local coordinators will have other duties including scrutinizing loan applications to determine if plans and budgets for construction are acceptable, reviewing applications to verify that the necessary permits are in order, and resolving any questions arising during the construction process. Under most circumstances these engineers will have responsibility of overseeing and/or certifying construction progress at the sites under their jurisdiction.

The promoters will have multiple duties including the identification of eligible cooperatives or community-based organizations; promotion of the project with groups and/or individuals;

⁸ These are small grants to intermediaries to help defer start-up costs.

explanation of criteria and parameters for participation in the project; help with filling out the loan application, and the provision of assistance to community-based cooperatives or organizations (if used) on how to develop the program with their members.

After CDCI has approved a loan, it will be the responsibility of the beneficiary to make arrangements for the construction of the improvement. This may be done by contracting with a local builder, or by hiring local laborers to work with the beneficiary and his or her family members. The beneficiary is also responsible for obtaining all approvals and permits from the authorities or municipalities.

Job descriptions will be prepared for all positions, the CDCI project manager, the project coordinators, promoters, secretaries and credit officer.

d. Training, technical and legal assistance, and fees

The local project teams will assist beneficiaries in the construction process if necessary, and provide them with program guidelines. Where program intermediaries exist, the teams will develop a complete training and technical assistance package for the staff designated to implement the program.

The local teams may also identify specific technical assistance needs or training for community-based entrepreneurs who receive loans to enable them to increase and/or improve their productive capability.

Legal assistance may be provided by the CDCI where beneficiaries can demonstrate that the authorities are acting unreasonably in not granting building permits.

The CDCI will charge a development fee to all beneficiaries. The fees will demonstrate to CDCI's potential clients that it is being operated on a business-like basis while enabling it to recuperate some of its expenses. Fees will be included in the loan and collected by CDCI at the time of loan disbursement.

e. Distribution of project resources

Because of the phasing in of the West Bank project office in the second year, it is estimated that 60 percent of the entire program will be in Gaza.

5. Project beneficiaries and loan terms

The project will assist four groups of beneficiaries.

a. Homeowners

On the one hand, these beneficiaries may be individuals unaffiliated with community-based groups or members of electric or housing cooperatives and charitable organizations. In the case of Gaza, most beneficiaries will not be members of such organizations. A beneficiary will be a lower-to moderate income family; and no more than 15-percent to 20-percent of monthly household income will be allocated to the repayment of the home improvement loan.

The terms and conditions for the loans are the following:

- **Loan amount:** The equivalent in local currency of \$1,000 to \$6,000
- **Period of loan:** From one to five years
- **Interest rate:** Eight-percent
- **Guaranty:** Co-signers
- **Contribution:** Ten-percent of the amount of the loan
- **Development fee:** Three to four-percent of the amount of the loan

This group of beneficiaries will be required to obtain the permits to upgrade their house. Building permits are required for the expansion or completion of an existing house, i.e., construction of exterior walls and/or a new roof. Permits are not required for the construction of interior walls or replacing or installing doors or windows. In the villages which are not incorporated as municipalities, where approximately half of the loans will be made, the beneficiaries will need clearance from the tax authorities--to the effect that they have paid all of their taxes--in order to acquire approvals from the Regional Survey Department, the Office of the Guardian of Absentee Property, the Governor of the District and the Planning Department.

Beneficiaries living in municipalities do not need the approvals of these four authorities. All applications for the home improvement permits are submitted to the municipality or village council and approval is routinely given within 15 days. The application is submitted with an architect's plan and budget, which costs about \$143, plus proof of ownership. Permits are granted only for houses located in approved areas. Building permit files are opened for each home improvement loan at a charge of approximately \$10 each. The permits cost approximately \$2.86 per square meter of area constructed.

b. Owners of small building materials enterprises

These beneficiaries will be entrepreneurs who have an existing construction materials production operation that can be, with financial assistance, improved or expanded. It is worth noting that in 1987 the Hebron area alone, had 182 stone quarries, stone cutting and tile manufacturers employing 691 workers.⁹ The current economic depression, no doubt, will have

⁹ Simcha Bahiri, *Construction and Housing in the West Bank and Gaza*, West Bank Data Base Project, pg. 42.

had negative impacts on these local industries.

These beneficiaries will be owners/partners in private businesses which employ at least two full-time employees, produce some component used in residential construction, derive their income primarily from their business, are legally able to enter into a loan contract, need assistance to improve their operation or products, and are unable to obtain credit from formal banking institutions. This group will benefit from increased sales of their product(s), more assets in their business operation, and more disposable income.

The terms and conditions of these loans are as follows:

- Amount of loan: The equivalent in local currency of \$10,000 to \$25,000
- Period of loan: One to five years
- Interest rate: 8 to 10 percent
- Guaranty: Co-signers, chattel mortgage on property
- Contribution: Ten-percent of the amount of the loan
- Development fee: Four to six percent of the amount of the loan

The beneficiary contribution will be deposited and held in the revolving fund until the loan has been totally repaid. This contribution will earn the beneficiary five-percent interest per annum.

c. Workers in enterprises

These are employees in the small construction materials production enterprises assisted under "b" above. The group includes laborers, machine operators, warehousemen, supervisors, etc., who will benefit from new jobs created by the expansion or improvement of the enterprises and steady income.

d. Construction workers

This category includes workers such as day laborers, masons, carpenters, plumbers, sheet metal workers, electricians, etc., who are involved in constructing the home improvements. They will benefit from jobs created in the construction activity. Illustrative daily wages, in US dollars, for such construction workers in the West Bank are shown below. Some differences may exist between them and their counterpart workers in Gaza.

Type of worker	Skilled	Semi-skilled	Unskilled
Construction	\$19	\$14	\$12
Carpenters	19	14	12
Electricians	23	14	12
Plumbers	23	14	12

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6. Context of project

The ACDI/CDP is one of five AID-assisted programs in the WBG. For five years it has assisted the Palestinian cooperative movement through the provision of management training, technical assistance and more recently credit. No other PVO program in the WBG has addressed home improvement needs of lower and moderate income Palestinians, nor the building materials and construction sector as such. No duplication with AID-assisted agencies or other PVOs is envisaged.

There has been some informal discussion about a housing development corporation for Gaza, but at this time nothing concrete has emerged.

It is anticipated that after the first year of the program other donors, especially European, will support a wider effort.

7. Project cost per direct beneficiary

The project cost per each direct beneficiary is determined by estimating the number of beneficiaries and calculating their individual cost as a portion of the operational and administrative costs of the project. The number of beneficiaries of the community-based jobs and the home improvement loan components of the project is calculated as follows.

a. Home improvement loans

It is projected that 352 loans will be made to homeowners to improve their houses. The total amount of these loans will be \$1,053,500. Each home improvement loan will create employment for roughly three workers for 20 days each. Approximately 1,056 jobs will be created. Over and above this, CHF estimates that for every \$10,000 of home improvement loans, seven jobs will be created in building materials, production and sales enterprises.¹⁰ With a fund of approximately \$1.05 million, 737 jobs will be created. See Annex E, Use of Funds.

b. Community-based jobs loans

It is projected that 15 small business loans will be made under the project. These loans will benefit the 15 owners or co-owners of small business. It is estimated that five jobs will be created for each of the 15 small business loans or a total of 75 jobs.

The number of beneficiaries of the small business and home improvement loans is may be summarized as follows:

¹⁰ CHF cites Orville F. Grimes, Jr., *Housing for Low-Income Urban Families*, The Johns Hopkins University Press, 1976, page 32.

Type of loan	Number of beneficiaries
Home improvement loans:	
- Number of loans (beneficiaries)	352
- Jobs created to make movements (1 loan x 3 workers)	1,056
- Jobs created in building materials production, distribution, and sales enterprises (7 jobs for each \$10,000 in loans with a \$1,053,500 loan fund)	737
Community-based jobs	
- Small business owners	15
- Jobs created for employees (15 businesses x 5 workers)	75
- Total project beneficiaries	2,235

Total administrative and operational costs to establish and run the revolving loan program amount to \$766,080.¹¹ This divided into the number of total project beneficiaries 2,235, results in a cost of \$343 per beneficiary.

8. Project approval by Government of Israel and CIVAD

A discussion of the Jobs program was held on April 14, 1991 with Gen. Fredy Zach, the Deputy Coordinator of Judea, Samaria and Gaza who approved the program in principle. The meeting was also attended by CIVAD officials. In view of the current Israeli policy of severely trimming back Palestinian jobs inside Israel, the Defense Ministry and CIVAD are seeking ways of accelerating employment opportunities and industrial development in the Territories.

On April 22, 1991 a meeting was held with Col. Henry Levi, chief liaison officer for PVOs, who expressed similar interest in seeing this program implemented.

Further meetings will be held with the Ministry of Defense and CIVAD after AID approvals.

¹¹ Administrative and operational costs of ACDI, the to-be-established CDCI, and CHF amount to \$766,080. See project budget.

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E. Expected achievements and accomplishments

1. At the end of the project

- **The CDCI will have developed the capability of implementing community-based jobs and home improvement loan programs in the WBG area. It will have staff trained and experienced in these activities; guidelines and procedures prepared and tested; and a proven institutional capability to implement such programs will have been demonstrated.**
- **A revolving fund will be established to finance home improvements and small business enterprises. In addition to the start-up capital for the fund from AID, the CDCI will seek additional grants and/or loans from international and bilateral donors to increase the capital fund.**
- **Fifteen construction materials businesses will have improved and/or expanded their operations. The recipients should be able to increase their income from their improved and/or expanded operation. With the increase and/or expansion of operations, they will be able to expand their work force and hire at least 75 new workers.**
- **Additional employment opportunities will have been created for people working in jobs that support the construction industry such as manufacturing, distribution, warehousing, and sales of materials, tools, and equipment. For example, it is estimated that for every \$10,000 of housing construction, seven jobs will have been created.**
- **Employment will have been generated in the building trades as the result of the loans made for the improvement of existing housing in the WBG region. The home owners will contract for the work to make the improvement. It is estimated that each home improvement loan will have created work for three workers for 20 person days cash.**
- **Approximately 352 beneficiaries will be living in improved houses as the result of the home improvement loan program. This will mean an improved standard of living for them and their families and a larger personal and financial commitment to their communities.**
- **The cooperatives and other local organizations involved with the home improvement loan program will have acquired a new capability to deal with an additional service for their members or clients. This will make them stronger institutions and increase their pool of members wanting to participate in the home improvement loan program.**

2. Duration of project and outside support

The project will be implemented over a three year period. It is expected that additional outside capital to the fund of \$300,000 will come from donors such as the European Community, European bi-lateral donors, the United Nations Capital Development Fund, and CHF's Shelter

the World Fund.

In addition, domestic savings of \$ 128,500 will be mobilized and added to the revolving fund. It is projected that the beneficiaries for the community-based jobs and home improvement loans will contribute ten-percent of the amount of their loans. This contribution will be added to the revolving fund and will remain there until the beneficiary has repaid the total amount of his loan. (See Annex E, Use of Funds).

3. Project indicators

a. Base line data

The types of information to be gathered at the outset and used to measure the success of the project will include: The number of building materials production centers in the WBG regions; the number of employees of those centers; the number of people working in the construction trade in the two areas; the number of community-based organizations including electric cooperatives expressing an interest in sponsoring a home improvement loan program; and the number of organization members indicating an interest in getting a loan to upgrade their homes. This information will be gathered by the staff of the CDCI assigned to work on the project with assistance from CHF.

The information will be gathered from various sources, including; the chamber of commerce, the West Bank Data Project, the Israeli Statistical office, recent economic information and data, universities, and low-cost, rapid surveys.

b. Achievements

The types of information to be gathered during the implementation of the project to measure its success will include the number of enterprises applying for small business loans; the numbers of small business loans approved; the effect of the loans on the small business; the number of jobs created by the loans; the number of cooperatives and community-based organizations sponsoring home improvement loan programs; the number of home improvement loan applications received; the number of home improvement loans approved; and the number of jobs created by the implementation of the home improvement loans.

This information will be gathered by CDCI staff from loan status reports, visits to cooperatives or community-based organizations, visits to small business and home improvement loan beneficiaries, and official documents such as building permits.

4. Relationship with local organizations

CDCI will be the local institution responsible for planning, implementing, administering, monitoring, and evaluating the program. CDCI is to be established and assisted in its overall institutional development by ACDI and the CDP. CDCI will be responsible for the overall

management of the program in accordance with a plan which is set forth in a separate ACDI proposal to USAID.

CHF will provide technical assistance to CDCI through ACDI in the planning, implementation, administration, monitoring, and evaluation of the Jobs program. As a result of CHF's assistance, CDCI will develop the institutional capability to carry out small business and home improvement loan programs. CDCI will establish relationships with local commercial banks and open accounts for operational expenses incurred under the program, and the deposit of loan reflows. Where possible and practicable, CDCI will enter into agreements with banks for them to service the loans.

An initial memorandum of understanding will be entered into by ACDI/CDP (acting for the to-be-established CDCI) and CHF which will define their respective responsibilities. Once CDCI is established, the initial memorandum will be replaced with a tripartite memorandum between CDCI, ACDI/CDP and CHF redefining their roles.

CHF will assist CDCI's project manager and teams in working with the commercial banks that are servicing the CDCI accounts and local construction contractors to make arrangements for construction advances. In some cases, where access to a bank is not possible, it may be necessary for CDCI to perform this function.

Important relationships will be established with various cooperatives and community-based organizations who will have a significant responsibility in implementing the home improvement program. Technical assistance will be provided to such groups to enable them to fulfill their responsibilities.

Finally, the regional cooperative offices, and where appropriate, the CIVAD, will be kept informed about on-going progress of the program.

F. Program management

1. Organization

The jobs program will be carried out under the aegis of the existing ACDI/CDP program established in 1986 by the US Overseas Cooperative Development Committee as an expression of solidarity between the US and Palestinian cooperative movements. Currently ACDI has sub-contractual relationships with the NRECA, NCBA, and VOCA to carry out other program components. The Jobs program adds an additional U.S. cooperative development organization to provide management, technical expertise and guidance in launching this innovative project.

ACDI/Washington will contract with CHF to provide up to 12 person-months of high level management and technical assistance services in implementing the program. The contract will specify the responsibilities of the parties, and it will be supplemented by memoranda of understandings between ACDI/Jerusalem, CHF and CDCI.

This project falls under the responsibility of Jerry Lewis, ACDI, Vice President for Asia and the Middle East, and is managed by Jack Edmondson, the ACDI Chief of Party, located in Jerusalem. The ACDI/Vice President will be the primary liaison between ACDI and CHF.

The project will, because of its importance to CHF, be supervised by the foundation's President, Jim Upchurch, and managed by CHF's Regional Director for Europe, Africa, and the Middle-East, Judith Hermanson. The regional director will be assisted by CHF's Cooperative Development/Training Advisor, Dick Owens, and Assistant Program Officer for Asia and Middle East, Elliott Smith. CHF's Finance and Administration Department will manage the financial and administrative aspects related to CHF participation in the project. (Annex F contains resumes of the key CHF personnel who will be directly involved in the project).

2. Accountability

The CDCI will have agreements with local commercial banks to establish operating (checking) accounts, reflow receiving accounts, and reflow disbursing (checking) accounts. One set of accounts will be set up and managed by CDCI's headquarters office in Jerusalem. ACDI/Jerusalem will disburse project funds (grants) periodically to CDCI's operating account to cover its operational costs for a given period. As CDCI loan committee approves loan applications for home improvement and small business loans, ACDI/Jerusalem will disburse funds to CDCI's operating account. These funds will then be disbursed either directly to the beneficiary by the bank or by CDCI.

To the extent possible, the project beneficiaries will make their contracted repayments to either a cooperative or commercial bank selected by CDCI. The cooperative would make its payments into CDCI's bank account in accordance with an agreed upon plan. The promoters will see to it that delinquent accounts are brought up-to-date. The use of reflows will be in the control of CDCI and its board of directors. CDCI will employ local auditors to verify their books of account.

In addition, CHF will assist the CDCI in establishing its accounting system for loans, and this will be periodically reviewed by CHF advisers. The ACDI/CDP Administrative and Finance Manager will have oversight of the USAID portion of the grant and loan funds to ensure their use as agreed to in the memorandum of understanding.

3. Implementation plan

The implementation plan for the project is based on a three year program. The major tasks and the schedule for their initiation and completion is shown in Annex G. As mentioned earlier, the West Bank project team and office will commence in year two.

G. Sustainability

The activities undertaken through the program will be sustained as the result of established institutional capability to carry out home improvement and small enterprise loan programs with continued donations from various donors, contributions of beneficiaries, and use of the reflows to the revolving fund. The sustainability will be achieved as follows:

1. Financial sustainability

Income will be obtained earned through grants from international development agencies, the contributions from homeowner and the small business beneficiaries, the development fee charged for the loans, and the reflows and interest from the repayments to the revolving fund. Grants and loans will be sought by the CDCI to cover some operational costs of the activities and to increase the corpus of the revolving fund.

Some of the institutions to be approached will include, for example, the European Community, European governments and private development agencies, the United Nations Capital Development Fund, and regional development banks. The reflows (the payment of principal and interest by the borrower/beneficiaries) will be used to partially cover the administrative and technical assistance costs. (See Annex D, Chart II, Flow of Funds).

2. Management sustainability

This will be achieved through the continued employment of the project coordinator and staff who have been trained in the preparation of the guidelines and procedures for the project and, more important, implemented the project. These professionals will continue as staff of the CDCI and have ample work with the increase of the amount of the revolving fund described above.

3. Institutional sustainability

This will be achieved through the preparation, testing, and refining of the guidelines and procedures for the home improvement and small business and loan programs, the preparation of the loan agreements for the programs, the development of relationships and working arrangements with financial institutions for the disbursement and recuperation of the loans to the beneficiaries, and the development of lists of qualified professionals who can serve as consultants to the program, where needed. (See Annex D Chart I, Project Management).

H. Evaluation

The indicators that will be used to evaluate the project are listed below. Key indicators include the following:

- Signed memo of understanding,
- Prepared guidelines/procedures,
- Assigned, hired, trained project staff,
- Established revolving fund,
- Signed loan agreements,
- Disbursed loan funds,
- Jobs created,
- Repaid loans.

The methodology to be applied for the mid-term and final evaluations will include the review of the inputs and outputs to determine if they have or are being met. Visits to CDCI's headquarters and branch offices will be made to meet the project staff and peruse the project files. Beneficiary visits will also take place. Investigation of the number of jobs created by the two loan programs will be carried out. The mid-term evaluation will be scheduled between the 14th and 16th month of the program. The final evaluation will take place during the 34th to 35th month of the three year activity. Both evaluations will be conducted by in-house CHF staff with the active participation of ACDI/CDP, the project team, and the evaluation section of the CDCI.

In-house evaluation capability includes advisors experienced in the design, implementation, and report preparation of evaluations of similar projects. These advisors will use CHF's evaluation system as modified and refined as part of its Cooperative Development System approach. This system uses the most appropriate evaluation technique such as institutional assessments, collection of base line data, and one or more rapid, low-cost data collection method as endorsed by AID.

I. Reporting

The outline of the semi-annual progress reports is as follows:

Period covered by report: Grant Number: Progress during reporting period measured against performance indicators described above. Problems identified in meeting projected accomplishments: Corrective action to be taken: Key indicators to be achieved during next reporting period: CHF advisory services provided and purpose.

J. Budget

See attached budgets in Annex H.

ANNEX A

The Cooperative Development System (CDS)

On the basis of more than 25 years of experience throughout the world, CHF has developed the Cooperative Development System (CDS), a network of interrelated components that makes up a permanent, private sector system for developing and improving shelter and community services. While not all CDS components need to be in place for the system to work, each locale must be evaluated to determine which components are needed. CHF, always responsive to local conditions, adapts the CDS or its components to fit the needs of the country concerned.

Technical Service Organizations

One of the most important components of the CDS is the technical service organization (TSO). A TSO is usually a nonprofit institution that provides the technical assistance needed to develop housing cooperatives and related community improvement projects. For example, the TSO may organize the village or neighborhood improvement cooperative or secure financing from a credit mechanism for a self-help housing cooperative or a building materials production center. The TSO's coordination of technical, managerial, financial, and legal services is critical to the success of community development projects.

Self-Help Housing Cooperatives

Self-help housing cooperatives (SHHCs) provide housing and related services for members and their families. SHHCs take different forms in different countries. Normally, cooperatives are nonprofit, private sector organizations owned by their members and operated under a set of principles that include open membership, democratic control, and one vote per member. Local residents take responsibility for

meeting their shelter needs through democratic participation in the cooperative and affordable self-help construction techniques.

Building Materials Production Centers

Building materials production centers (BMPCs) produce and supply basic building materials in the locations where these materials are needed. BMPCs can be small "backyard" operations that expand as the need increases, or larger scale new businesses established in rapid growth areas not already served by the formal building sector.

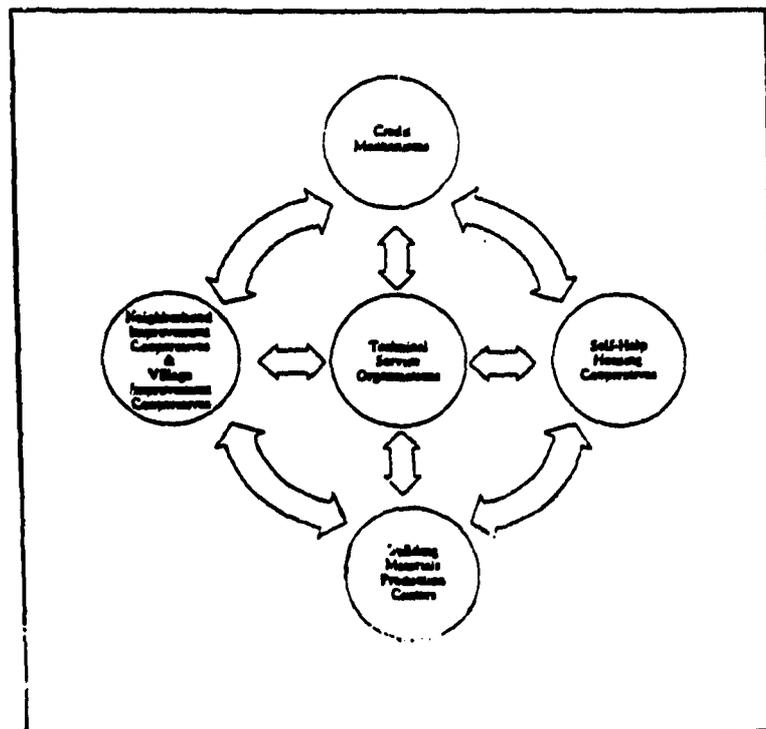
Neighborhood and Village Improvement Cooperatives

Neighborhood and village improvement cooperatives (NICs and VICs) are formal organizations that facilitate self-help shelter and community

service improvements. The improvements are decided upon by the members of the NIC or VIC and may include the installation of water or sewer lines, walkways, drainage canals, or home improvements. NICs and VICs may also construct community centers, schools, clinics, and other community facilities needed by members.

Credit Mechanisms

Credit mechanisms (CMs) are institutions that promote savings and/or provide credit for housing, community services, building materials production centers, or small businesses for lower income families organized in some type of cooperative. CMs can include credit unions, commercial banks, worker banks, pension and social security funds, insurance companies, and savings and loan associations.



ANNEX B

CHF Worldwide Experience

Middle Eastern Region

- **Tunisia.** CHF identified and designed a project for Peace Corps Volunteers in Tunisia to assist low-income urban families to build better houses and develop their communities.
- **Egypt.** CHF assisted Egypt's Executive Agency for Joint Projects (EAJP) to implement a comprehensive program of housing, basic services, and community facilities for low-income families in a new community in Helwan, an industrial suburb of Cairo. CHF also worked with the EAJP to plan and carry out a large scale home improvement program in informal settlements in Cairo.
- **West Bank and Gaza.** In 1987, CHF carried out an "Assessment of Cooperative Housing in the West Bank and Gaza, An Action Plan for Technical Assistance and Training." The assessment was carried out in conjunction with the CDP and this project is proposed as a part of that important on-going effort to strengthen indigenous organizations and stimulate economic development. CHF is a member of the U.S. Overseas Cooperative Development (OCDC), a grouping of 17 major U.S. cooperative organizations. OCDC serves as an advisory group on U.S. foreign assistance policy and programs and is an advocate for cooperative development. OCDC has been providing technical assistance, training, and advisory services to strengthen Palestinian cooperatives in the WBG region since 1984 through the Cooperative Development Project (CDP) supported by AID since 1986 and managed by Agricultural Cooperative Development International (ACDI).

Central American Region

CHF continued implementing its Cooperative Neighborhood Improvement and Job Program for Central America in Belize, Guatemala, Honduras, El Salvador, and Costa Rica. The program assists indigenous private, non-governmental organizations to plan and implement housing and community facility improvement and employment generation projects directed to low-income families organized in some type of community-based organization. CHF is helping 28 NGOs in Central America which are assisting tens of thousands of families.

African Region

- **Botswana.** CHF assisted the Unified Local Government Service of Botswana's

Ministry of Local Government and Lands to establish an In-Service Mobile Training Unit. The unit provides on-the-job training in several disciplines to local government officials to improve the performance of their jobs.

- Lesotho. CHF is providing comprehensive training and advisory services to the Department of Housing of the Lesotho as it implements the government's housing policy. CHF had earlier assisted the government prepare its housing policy.
- Sudan. CHF continued its implementation of the Housing Reconstruction Program in villages surrounding Khartoum that suffered massive destruction to housing as the result of the floods of 1988. A key element of the project is the production of stabilized earth bricks using hand operated equipment. Local labors are taught improved construction techniques.
- Tunisia. CHF in Tunisia identified and designed a project for Peace Corps volunteers to assist low-income families to build better houses and upgrade their communities.

Asian Region

- Philippines. CHF continued its assistance to a private, nonprofit organization in the Philippines to develop the institutional capability to plan, implement, and administrate shelter and community upgrading programs for low-income families. The families are organized in community-based cooperative societies and participate in the design of their project.
- Indonesia. CHF participated in a team in Indonesia that conducted an investigation in the potential opportunities for privatization of public enterprises.

Central European Region

- Poland. CHF conducted an assessment of cooperative housing in Poland to identify its role within the shelter sector as well as the potential for future housing activity utilizing the cooperative approach.

Caribbean Region

- Saint Lucia and Saint Vincent. CHF carried out an investigation in Saint Lucia and Saint Vincent to determine the feasibility of a pilot home improvement loan program. The program would mobilize local sources of money from the national building societies and credit unions.

South American Region

- **Paraguay.** CHF designed a home improvement loan program in Paraguay with the formal banking sector, the credit union system and Peace Corps volunteers. CHF provided training for Peace Corps volunteers who are working with credit unions in how to deal with housing loans for low-income members.
- **Ecuador.** CHF co-designed a cooperative sector low-cost housing project in Ecuador with the World Council of Credit Unions to assist the credit union movement access local funds for housing projects.

ANNEX C

Logical Framework

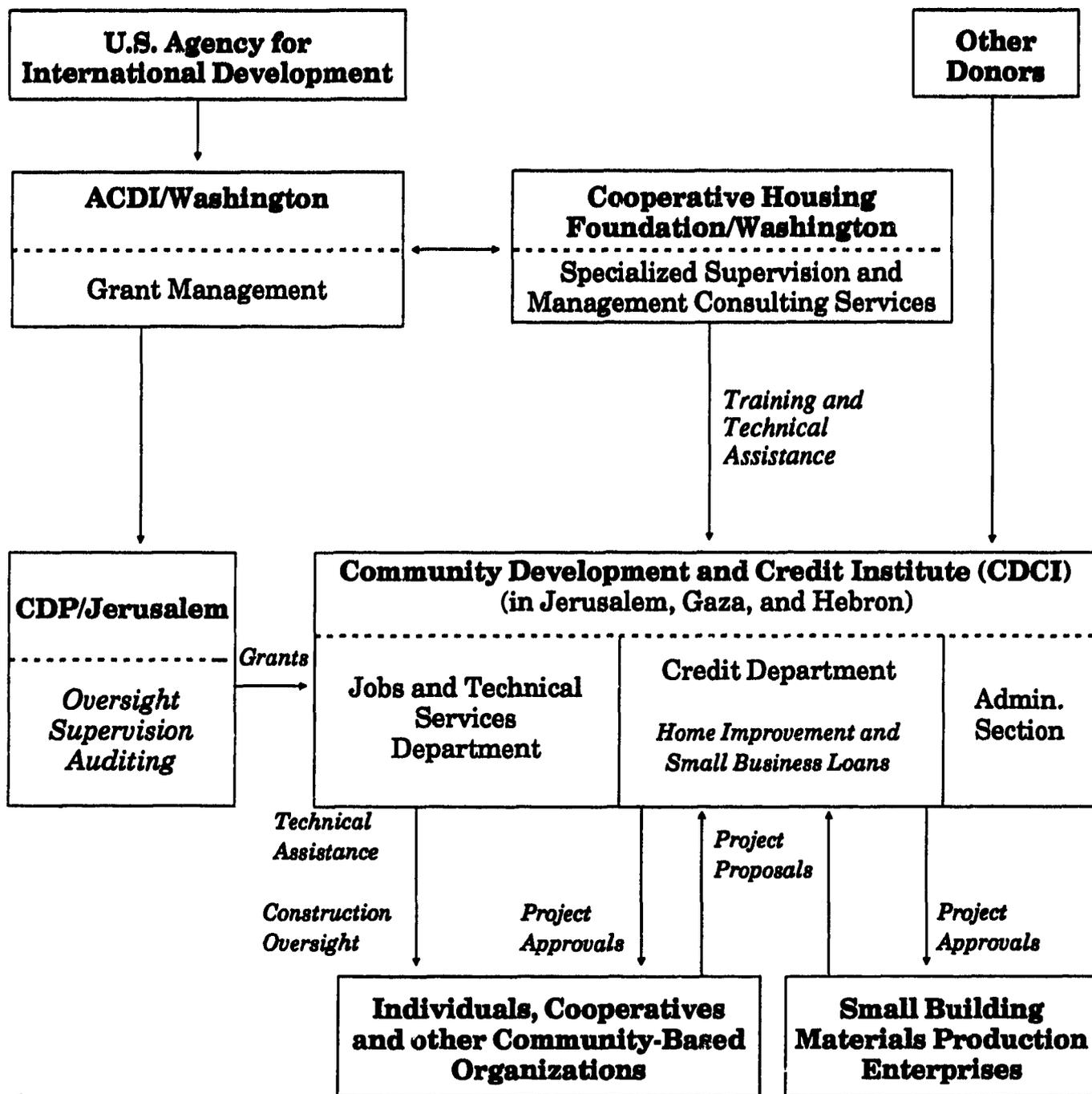
Goal -----	Indicators -----	Means of Verification -----	Assumptions -----
Improve quality of life of Palestinians living in West Bank and Gaza stimulating economic activity to create employment.	Employment opportunities created for Palestinians.	Comparison of payroll taxes in areas affected by project. Counting number of people employed by project.	Job opportunities will improve the quality of life of Palestinians. Authorities allow Palestinians to improve homes and expand community-based businesses.
Purpose -----			
Create an institutional capability in CDCI to implement home improvement and small business loans.	CDCI able to promote, implement and monitor home improvement and small business loan programs.	Staff trained Workshops held Guidelines & Procedures prepared	Authorities allow Palestinians to develop a capability to implement small business and home improvement loans.
Generate jobs in community-based organizations.	Employment opportunities created	Number of jobs created	Local commercial banks participate in project.
Create mechanisms to fund home improvement and small business loan programs.	Houses improved Community-based jobs expanded	Bank accounts Records Audits Loan Agreements	Workers available to participate in expansion of small business and construction industries.
Establish a mechanism to channel donor financial support to continue and expand project.	Revolving fund established for home improvement and small business loans.		Home owners borrow and repay to improve homes. Community-based business will borrow and repay money to improve their businesses.
Outputs -----			
Revolving fund created	Fund of equivalent of \$1.4 million dollars established.	Bank accounts Records	Funds available to create revolving fund.
Guidelines and procedures in place	Program guidelines & procedures prepared.	Reports	
CDCI staff hired and trained	Seven CDCI project staff hired and trained.	Trained staff working	CHF provides proper & timely advisory support.
Community-based businesses improved, expanded	15 small business loans	Loan Agreements executed	CDCI staff able to effectively promote and implement program
Home improvement loans made	352 home improvement loans	Site visits, reports, evaluations Loan agreements signed, site visits, reports, evaluations	Intended beneficiaries accept and repay loans. Building permits can be acquired with minimum delay and cost
Employment created	1868 of jobs created	Site visits, reports, evaluations	Construction materials available. Skilled and semi-skilled labor available.
Inputs -----			
Grant from AID	AID grant funds available: Year 1: \$539,746 Year 2: \$640,797 Year 3: \$673,297	AID grant funded Bank accounts Records	High rate of unemployed and under employed Palestinians.
Donations and/or loans from international donors	Donation and/or loans available: Year 2: \$100,00 Year 3: \$200,00	Disbursement and financial records of grant Reports Evaluations	Construction materials production enterprises exist that can be expanded to generate employment.
Mobilization of beneficiaries resources	Beneficiaries resources mobilized: Year 1: \$18,500 Year 2: \$45,000 Year 3: \$65,000	Disbursement and financial records of grant Reports Evaluations	Existing housing stock needs to be improved, and small businesses need resources
Technical assistance in small business and home improvement programs.	Technical assistance, 12.1 person months, provided	Records	CHF provides the personnel and conditions permit their deployment

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ANNEX D

Chart I

Program Management

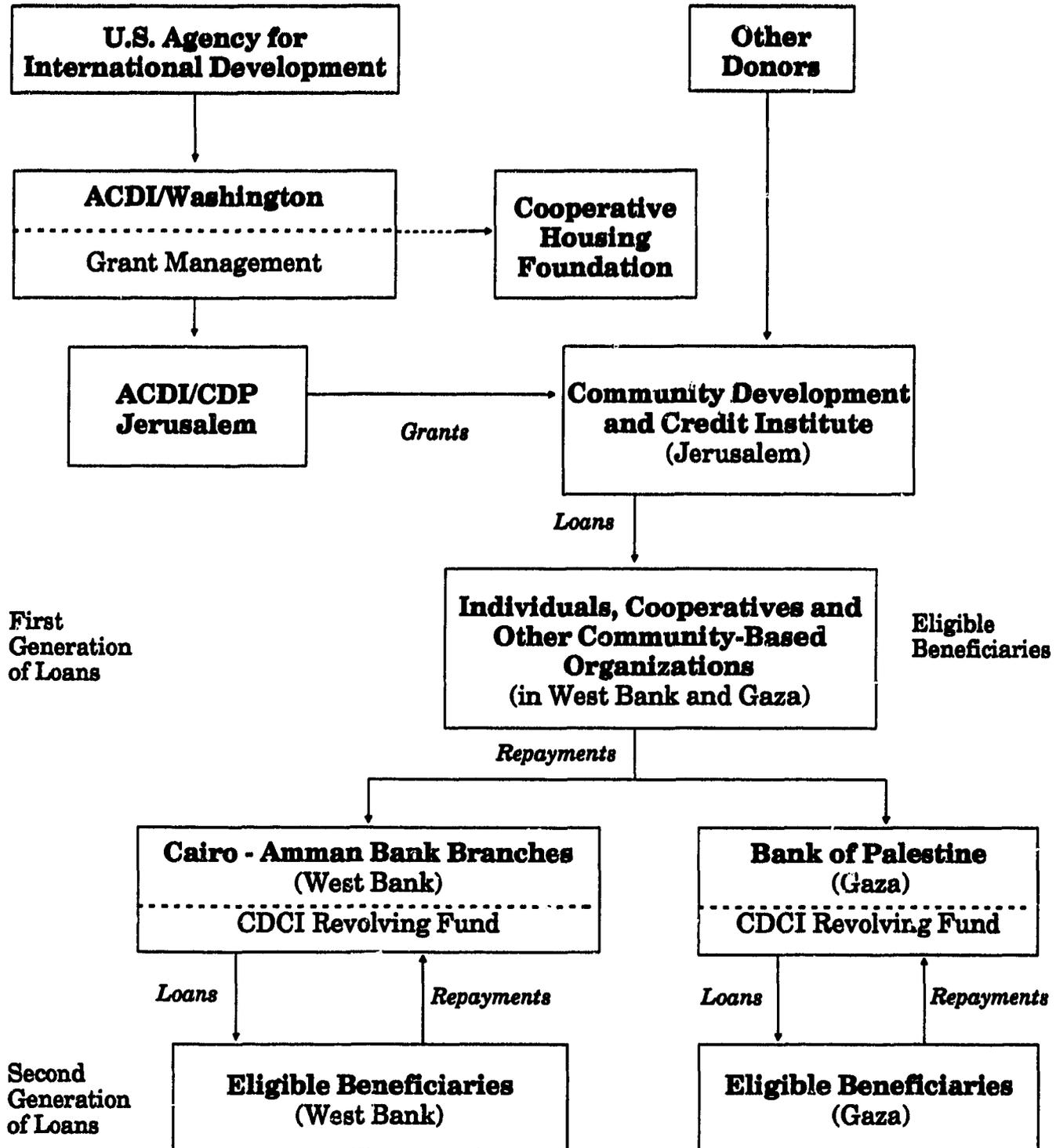


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ANNEX D

Chart II

Flow of Funds



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ANNEX E

Use of Capital Funds

	Year 1	Year 2	Year 3	Total
1. Funding				
AID Grant and Loan Fund	185,000	350,000	450,000	985,000
Other donors (cash)	0	100,000	200,000	300,000
Beneficiaries (10%)	18,500	45,000	65,000	128,500
Total funds available	203,500	495,000	715,000	<u>1,413,500</u>
2. Funding for home improvement loans	133,500	375,000	545,000	1,053,500
# of loans @ \$3,000/loan	45	125	182	352
3. Funding for small business loans	50,000	100,000	150,000	300,000
# of loans @ \$20,000/loan	2.5	5	7.5	15
4. Grants to support community-based organizations	20,000	20,000	20,000	60,000
Total funds available	203,500	495,000	715,000	<u>1,413,500</u>

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ANNEX F

CHF Resumes

JUDITH A. HERMANSON

PROFESSIONAL SUMMARY

An experienced and effective manager and policy analyst, Dr. Hermanson has held senior positions in several U.S. Government agencies and in private companies, both domestically and internationally. Her international experience includes most of sub-Saharan Africa, the Middle East, Asia, the Caribbean, and, most recently, Central and Eastern Europe. She has a broad and current understanding of international development issues and their interrelationships, and an outstanding record of successful program development. She has extensive experience in the design and management of shelter, community development and credit programs and is recognized for her expertise in the areas of institutional development and the informal sector. She has worked extensively in Islamic countries.

EMPLOYMENT HISTORY:

**Vice President and Regional Director for Europe, Africa and the Middle East
Cooperative Housing Foundation (CHF)
Washington, D.C.**

1986 - present

Has executive responsibility for activities in Europe, Africa and Middle East. Is one of two program Vice Presidents elected by Board of this 40 year old non-profit corporation. Reports directly to Chief Executive Officer and in his absence acts in his stead. Participates in CHF's overall policy making process, including monthly Board Executive Committee meetings and Annual Meetings. Day to day responsibilities include financial and personnel management, program development and oversight, and forward planning. In addition, as time permits, personally provides consulting services to CHF clients in areas of policy analysis, project implementation, and institutional development.

Programs strengthen indigenous capacity, improve living conditions and create employment opportunities. Self-help and generation/mobilization of domestic resources are key elements. Has diversified client base; has increased business volume substantially; has established excellent record of repeat clients, while adding new ones. Current clients include the World Bank, U.S. Agency for International Development, United Nations, international non-governmental organizations, host Governments and regional organizations.

**Chief, Africa Region Program and Training Division
Peace Corps
Washington, D.C.**

1984-1986

Directed program planning and training for Peace Corps in the largest program region: 100 projects in 24 Sub-Saharan African countries with 2,500 Volunteer development workers under a staff of approximately 100. Projects under direction of office were in areas of

JUDITH A. HERMANSON

community development, agriculture, education, health, small business, and women in development.

Responsibilities included budget allocations for program and training support, program policy and regional program strategy development, training design and contract management, forward program planning, design and implementation of evaluation/quality control systems, oversight of program staff in field. Supervised a professional staff of five. Introduced a computer-based system for monitoring program activities and resource management for the Region. Acted for Regional Director in his absence (including an extended period of approximately three months), during which carried out all budgetary, administrative, policy and representational responsibilities at the most senior management level within Peace Corps, including administration of \$40 million Regional budget.

**Deputy Regional Director for Africa
Cooperative Housing Foundation'
Washington, D.C.**

1983-1984

Developed shelter and income generation/employment creation programs for CHF and other clients and provided management oversight for CHF programs in Sub-Saharan Africa. Carried out short consulting assignments in Africa for various CHF clients.

**Executive Vice President and Senior Consultant
The Newman & Hermanson Company
Washington, D.C.**

1977-1983

Co-founded and was a principal shareholder in successful small private consulting/policy research company with annual billings in the \$1 million range and a subject emphasis on domestic and international housing and community development. Managed all aspects of company, including finance and administration. Diverse clientele included private businesses, U.S. Government agencies, and non-profit companies. Designed and directed major evaluation and policy research studies and developed/supervised the international development practice. Personally undertook variety of consultancies, including in areas of women in development, community and housing development, and regulatory reform. Sold company to International Business Systems, Inc. in 1982.

**Director, Office of Program Development and Evaluation
(Consumer Affairs and Regulatory Functions)
U.S. Department of Housing and Urban Development
Washington, D.C.**

1976-1977

Reporting to the Assistant Secretary in this innovative department of HUD, directed office

JUDITH A. HERMANSON

responsible for maximizing positive impact of various policies and programs on specific constituencies, including the elderly, handicapped, Native Americans and women-headed households. Directed 12 person professional staff with responsibilities that included policy analysis, evaluation, program planning, research and contract monitoring. In addition, developed and monitored systems to assure adequate participation on part of special constituencies in policy and rule-making process of the Department. Developed and advised Assistant Secretary on policy and program alternatives to modify program implementation, when necessary.

**Special Assistant to Commissioner and Vice Chairman
Consumer Product Safety Commission
Washington, D.C.**

1973-1976

As one of two advisors to a Presidentially-appointed member of newly-established regulatory agency, analyzed specific regulatory actions and their likely economic, social, and public health/safety impacts. Recommended alternative ways to address issues before the Commission; developed policy papers and other decision memoranda; represented the Commission to outside interest groups; designed innovative approaches to public participation in rule-making.

**Policy Analyst, Policy Development Division
VISTA/ACTION
Washington, D.C.**

1972-1973

Developed policy guidelines and procedures for domestic voluntary service to help to assure consistency of program approach at the community level (including guidelines for organizations sponsoring volunteers) and methods for evaluating and assessing impact and success. Also responsible for various aspects of administrative policy and monitoring adherence to same by 10 Regional offices. Carried out major study of VISTA Volunteers. Served as Acting Director of Division, reporting directly to Director of VISTA, for period of eight months.

Peace Corps Staff -- various positions

- | | |
|--|------------------|
| 1. Associate Peace Corps Director, Manila, Philippines | 1970-1972 |
| 2. Associate Peace Corps Director, Kampala, Uganda | 1970 |
| 3. Operations/Training Officer (Desk Officer), Washington, D.C. | 1968-1970 |
| 4. Assistant to Program Officer, Washington, D.C. | 1967 |

In these positions, was concerned with all aspects of training, program and administrative support for Volunteers working on community-based development activities in the field.

JUDITH A. HERMANSON

EDUCATION

Ph.D., The George Washington University, 1983
M.A., The George Washington University, 1968
A.B., magna cum laude, Smith College, 1967
The American College in Paris, 1965

HONORS/AWARDS

Phi Beta Kappa
Graduate Teaching Assistant
Outstanding Performance Award, Peace Corps, February 1986
Special Achievement Award, Peace Corps, October 1986
Listed "Who's Who in the East"

INVITED PAPERS

1. "The Human Factor and the Urban Environment," presented at 1991 International Development Conference, Washington, D.C., January 25, 1991.
2. "Low Cost Housing Development for South Africa," presented at South African Business Leaders Conference, Howard University School of Business, Washington, D.C., October 22, 1990.
3. "Urban Programs for Peace Corps in West and Central Africa: Potential and Responsibility," presented at Peace Corps Directors Initiative and Program Workshop, Banjul, The Gambia, August 27, 1990.
4. "A Private Sector Approach to Housing Delivery: Maximizing Resources," presented at the Second National Housing Conference, Gaborone, Botswana, February 14-16, 1990.
5. "Cooperative Housing and Its Application in Africa," presented at the National Seminar on Housing at Centre IWACU, Centre de Formation et de Recherche Cooperatives, Kigali, Rwanda, September 17-23, 1989.
6. "Housing Cooperatives: A Cost Effective Shelter Strategy," presented at Center for Housing Studies, ARDHI Institute, Dar es Salaam, Tanzania, April 10-15, 1989.
7. "Financing Low-Cost Housing through Cooperatives," presented at Annual Meeting of Shelter-Afrique, Nairobi, Kenya, May 24, 1988.

RICHARD T. OWENS

PROFESSIONAL SUMMARY

Mr. Owens has acquired a wide range of experience working with housing and community upgrading programs in developing countries over the past 25 years. He has served as an advisor to both public and private institutions working with housing for low income families, designed projects to strengthen the capability of these institutions to more effectively develop their shelter or community upgrading programs, and monitored and managed technical assistance programs. Over the past five years, he has devoted considerable time to assisting in the planning and implementation of CHF's Cooperative Neighborhood Improvement and Job Program in six countries in Central America.

EMPLOYMENT HISTORY:

The Cooperative Housing Foundation

Cooperative Development and Training Advisor, Washington, D.C. (1985 to present)

Assess and evaluate shelter programs involving various types of community-based organizations, including housing cooperatives, sponsored by public and private institutions. Assess the capability of organizations to develop shelter programs with the participation of community-based organizations. Assess training needs and supervise the preparation of training and education materials. Participate in the preparation of project proposals.
Director, Operations and Administration, Wash., DC (1982 - 1985)

Responsible for general office administration and management. Monitored all contracts and grants for international activities. Coordinated program development and supervised activities of CHF's Regional Directors for its international programs.

Director, Latin America Programs, Washington, D.C. (1975 - 1982)

Responsible for the identification, promotion, development and monitoring of technical assistance agreements with local housing and cooperative institutions to assist them in the planning, design, implementation and evaluation of shelter programs for low income urban and rural families.

CHF Shelter Advisor, Lima, Peru (1973 - 1975)

Provided assistance to the Regional Organism for Development of the Area Affected by the 1970 Earthquake (ORDEZA) and the National Housing Bank (BVP) in the design, development and implementation of a \$25 million urban reconstruction program for lower-income families. Assisted in organization of two regional self-help housing offices for

RICHARD T. OWENS

development of such projects.

CHF Cooperative Housing Advisor, Honduras (1971-1973)

Provided assistance to the Honduras Federation of Housing Cooperative (FEHCOVIL) in the development of a \$2.4 million urban cooperative housing project financed by AID's Housing Guaranty Program in the preparation of cooperative documents; of training programs, materials, and courses for the members of the cooperative; and of documents related to the AID HG program. Assisted in the design and development of a low-cost, self-help rural housing program. Assisted in the preparation and administration of educational programs for its member cooperatives.

CHF Country Program Director, Panama City, Panama (1968 - 1971)

CHF Cooperative Advisor, Panama (1966 - 1968)

Assisted in the implementation of pilot urban and rural cooperative housing projects. Assisted with the creation and the institutional development of the Panamanian Foundation for Cooperative Housing (FUNDAVICO), a cooperative housing technical service organization. Coordinated CHF technical assistance including technical, management, legal and cooperative education inputs to FUNDAVICO to undertake a \$4.5 million loan program that financed five urban and 12 rural housing cooperatives.

Assisted with the development of the implementation plan for an urban improvement loan program for a total of \$4.5 million. Assisted the Panamanian National Housing Institute (IVU) in the preparation of guidelines for the small loan program, planning the expansion of production and distribution center for construction materials to carry out a small loan program in site and services and urban upgrading areas, the preparation of financial projections and budgets for implementation of program, and the preparation and supervision of sub-contracts under the loan to finance specific activities.

National Cooperative Business Association, formerly the Cooperative League of the USA,

Country Representative, Lima, Peru (1962 - 1966)

Assisted a national federation of community-based informal settlement organizations to promote cooperative and community development projects. Directed the federation's Cooperative Institute which offered classes on cooperative history, philosophy and organization to people living in informal settlements.

Assisted the Peruvian Federation of Housing Cooperatives (FECOVIPE) to develop cooperative educational guidelines and educational materials. Served as Director of

RICHARD T. OWENS

FECOVIFE's Cooperative Training Center that offered classes to members and directors of housing cooperatives. Served on FECOVIFE's Education Committee and was advisor to their Board of Directors on educational and promotional activities.

EDUCATION:

M.A. Mexico City College
B.A. Mexico City College
University of Colorado

WORKING LANGUAGES:

English, Spanish

REPRESENTATIVE ACCOMPLISHMENTS

Investigated the feasibility of establishing a cooperative housing technical service organization in Ecuador that will help low income families organized in housing cooperatives and credit unions to obtain better housing. November 1990 and April 1991.

Participated in a joint evaluation mission of the United Nations Centre for Human Settlements (HABITAT), Shelter Afrique, and the CHF to evaluate the National Building and Investment Corporation of Namibia, focusing on its use of community participation in its housing projects. November 1990.

Participated in an investigation of how informal settlements and non-governmental organizations in Guatemala and Honduras are dealing with environmental problems in such settlements. August 1990.

Conducted an in-depth evaluation of the CHF's cooperative neighborhood improvement and job program in Honduras. Interviewed seven of the intermediary institutions that the foundation is assisting and visited homes of program beneficiaries. May 1990.

Review training proposal presented to CHF from Honduran Federation of Housing Cooperatives (FEHCOVIL) which it had received from the Institute of Cooperative Formation and Education (IFC). Met with FEHCOVIL and IFC for in-depth analysis of proposal. Recommended additional explanations that were provided. Proposal accepted by FEHCOVIL and funded by CHF. February 1987.

Planned, coordinated and directed a three week seminar in Washington, D.C., for seventeen staff members of private, non-profit institutions that CHF is assisting in Central America ho

RICHARD T. OWENS

are responsible for cooperative training and education. The seminar covered democratic principles, cooperative principles and practices, training of trainers and preparation of training materials. October 1986.

Team leader for and primary author of an assessment of an Agency for International Development (AID) financed emergency housing program for selected Phase I Agrarian Reform Agricultural Cooperatives in El Salvador. Recommendations were adopted for the AID follow-up program. June, July 1986.

Assessed a proposal for a community upgrading project submitted to USAID Dominican Republic by the Instituto de Desarrollo Dominicano Integral. As the result of the assessment, USAID awarded a grant to the Instituto to undertake the activity. February 1986.

Participated in preparation of a feasibility study for a housing activity for members of a rural credit union in Belize. Met with members of the credit union interested in new housing, the credit union board of directors and the manger and board of the Belize Credit Union League in order to design program. Based on the feasibility study, CHF made loan for the activity. January 1986.

Participated in preparation of a feasibility study for a home improvement loan program with the Federation of Credit Unions of El Salvador. Visited three credit unions selected to participate in program to carry out survey of credit union, member's profile and demand for loans. Worked with Federation staff to design program. Based on feasibility study, CHF made loan to Federation. September 1986.

Assessed the capability of Department of Cooperative Development of Sri Lanka to plan the extension of the National Housing Development Authority's demonstration Rural Housing Sub-Program utilizing thrift and credit cooperative societies nationwide. November 1985.

Assessed the National Housing Development Authority of Sri Lanka's pilot project that utilizes the thrift and cooperative credit societies in its Rural Housing Sub-Program of its Million House Program. May 1985.

Developed a workshop statement and agenda on role of cooperatives for low income housing in Indonesia together with representatives of the Department of Cooperatives and the Ministry of Housing. CHF later participated in the workshop that was attended by representatives of public and private sector institutions working with shelter and community development programs. May 1985.

ELLIOTT THOMAS SMITH

PROFESSIONAL SUMMARY

Mr. Smith is experienced in the areas of construction management, community-based lending programs, and building materials enterprise development. He has worked extensively in the Islamic world and speaks Arabic fluently.

PROFESSIONAL EXPERIENCE

Assistant Program Officer/Africa and the Middle East. Cooperative Housing Foundation. 5/90 to present. Responsibilities include identification of areas for potential involvement for CHF in Africa, and the Middle East, and development and design of shelter and related credit programs. Liaison with government agencies and other organizations on project-related matters.

Currently responsible for planning, and overseeing on-going activities associated with the CHF's Project to Promote Environmentally Sound Practices in Urban Informal Settlements. This includes analysis of capabilities of local shelter institutions and the institutional development of local NGO partners, including design of community-based project financing programs.

In addition, evaluate and make recommendations on technical issues related to current housing reconstruction projects. Participate in design and execution of surveys and studies in self-help housing and related issues. Plan and oversee implementation of community development/upgrading projects.

Project Editor/Project Marketing Director. Theisen Communications/TC Press International. 10/89 - 1/90. Responsible for preparation of special economic reports published in The Washington Post, The New York Times, and The Los Angeles Times. Served as team leader to gather information; this included interviewing government leaders in host country and direction of overall team effort in information collection, strategy, marketing and sales. Wrote economic reports and interviews, prepared text.

Assistant Project Officer. U.S. Agency for International Development. Yemen Arab Republic. 1/87-1/88. Responsible for Rural Water Supply Project (044). Monitored USAID/European Community Self-Help Earthquake reconstruction project. Assisted in the release of U.S. funding provided through the PL-480 Food for Peace program. Started development of a new, sustainable, Rural Water Supply program using appropriate local technology for poorer Yemeni villages with higher water tables. Facilitated official U.S. Government evaluation and financial audit teams. Liaised with various Yemeni government

ELLIOTT THOMAS SMITH

ministries dealing with USAID projects.

Assistant Construction Engineer/Self-Help Earthquake Reconstruction Project, U.S. Peace Corps, Yemen Arab Republic, 11/84-11/86. Managed rural building center with permanent staff of 25, including foremen, drivers, warehouse managers and engineers, building over 135 houses in cooperation with their owners. Conducted instruction sessions in Arabic on earthquake resistant construction techniques and project policies.

Wrote a two-part proposal for the European Community and DHV Consulting Engineering on re-using the 5 earthquake reconstruction centers in an Integrated Rural Development Program. This proposal was designed to address: Water Supply, Sanitation Systems, Rural Electric, and Reforestation/Agriculture, and to be a replicable model for the rest of rural Yemen--partially implemented with EEC funding. Developed and implemented 2 local projects with local, Dutch, and German funding; U.S.\$ 1.7 million water project, and 4,000 tree reforestation project.

EDUCATION

Management Training Seminar, USAID, Yemen Arab Republic, 1988.

Arabic language instruction, Cross-cultural instruction, U.S. Peace Corps, 1984.

B.A. History with coursework in Economics, English and Political Science, Ohio Wesleyan University, Delaware, Ohio, 1984.

Languages: Spoken Arabic.

ANNEX G

Implementation Plan

<u>MAJOR TASKS</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
Sign Memo of Understanding*	x		
Assign/hire project manager	x		
Prepare CDCI project implemen. plan	x		
Assign/hire CDCI project staff*	x x	x x	
Prepare guidelines, procedures for project*	x x x x		
Identify potential borrowers	x x x	x x	
Prepare contractual agreements for home improvement loans	x x x		
Train CDCI staff in prep. of home improvement loan applications*	x x x	x x	
Identify intermediaries organizations	x x x x	x x x	
Promote home imp. loan activity	x x x x	x x x x x	x x x
Train intermediaries in promotion, processing of loan applications*	x x	x x	
Develop home imp. loan applications	x x x x	x x x x x	x x x
Benf. acquire official approvals	x x x	x x x x x	x x x
Mobilize beneficiaries contribution	x x x	x x x x x	x x x
Approve/reject loan applications	x x	x x x x x	x x x x
Sign home improvement loan agreement*	x x	x x x x x	x x x x
Disburse loan funds*		x x x x x	x x x x x
Create new jobs*		x x x x x	x x x x x
Make improvement on houses		x x x x x	x x x x x
Repay loans*		x x x x x	x x x x x
Monitor home improvement loans		x x x x x	x x x x x
Establish revolving fund*		x	
Revise, if needed, guidelines and procedures		x	
Prepare contractual agreements for small business loans	x x		
Train CDCI staff in preparation of small enterprise loan applications*	x x x	x x x	
Identify small businesses as possible loan beneficiaries	x x x	x x x	
Develop and promote small business loan application*	x x x	x x x x	
Acquire necessary off. approvals, if any	x x	x x x x x	
Approve/reject loan applications	x x	x x x x x	x
Sign loan agreements*		x x x x x	x
Disburse loan funds*	x	x x x x x	x x
Improve/expand small business		x x x x x	x x x x x
Create new jobs*		x x x x x	x x x x x
Repay loans*		x x x x x	x x x x x
Monitor small business loans		x	x
Evaluate project		x	x

* The key indicators of the project are marked with an asterisk.

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ANNEX H

Budget

**AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)
JOBS PROGRAM**

SUMMARY BUDGET

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	\$0	\$0	\$0	\$0
6. TRAINING	\$0	\$0	\$0	\$0
7. COMMODITIES	\$0	\$0	\$0	\$0
8. OTHER DIRECT COSTS	\$115,608	\$153,886	\$117,693	\$387,188
9. ACDI SUBTOTAL	\$115,608	\$153,886	\$117,693	387,188
10. INDIRECT COSTS @	45,087	60,016	45,900	\$151,003
	39%			
11. GRANT\CREDIT FUNDS	215,000	375,000	395,000	\$985,000
12. TOTAL ACDI COSTS	\$375,695	\$588,902	\$558,594	1,523,191
13. SUBCONTRACTS	\$87,261	\$70,002	\$70,627	\$227,890
14. TOTAL COSTS	\$462,956	\$658,904	\$629,220	\$1,751,080

**AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)
JOBS PROGRAM**

DETAIL BUDGET

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	\$0	\$0	\$0	\$0
6. TRAINING	\$0	\$0	\$0	\$0
7. COMMODITIES	\$0	\$0	\$0	\$0
8. OTHER DIRECT COSTS	\$115,608	\$153,886	\$117,693	\$387,188
A. Human Resources	\$57,000	\$94,294	\$71,170	\$222,464
Project Coordinator--Jerusalem @ \$1,400 per month	16,800	17,640	13,230	\$47,670
Engineering Coordinator--Gaza \$1,100 per month	13,200	13,860	10,395	\$37,455
Engineer/Coordinator--Hebron \$1,150 per month	0	14,490	10,868	\$25,358
Program Promoter--Gaza \$750 per month	9,000	9,450	7,088	\$25,538
Program Promoter--Hebron \$800 per month	0	9,600	7,560	\$17,160
Secretary \$275 per month x 3 half-time	6,600	10,395	7,796	\$24,791
Payroll Added Costs 25%	11,400	18,859	14,234	\$44,493

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	LINE ITEMS	YEAR I	YEAR II	YEAR III	TOTAL
B.	Office	\$40,800	\$30,913	\$25,013	\$96,725
	Jerusalem Rent (1/2 CDCI)	4,800	5,040	3,969	\$13,809
	Hebron Rent (1/2 Elec. Union)	0	683	537	\$1,220
	Gaza Rent (1/2 CDP)	1,800	1,890	1,483	\$5,178
	Utilities	4,000	6,300	4,961	\$15,261
	Supplies	4,800	8,000	6,615	\$19,415
	Communications	5,400	9,000	7,442	\$21,842
	Fixtures and Furniture	12,000	0	0	\$12,000
	Computer Equipment	8,000	0	0	\$8,000
C.	Transportation	\$12,708	\$21,180	\$15,885	\$49,773
	Mileage 5 staff 800 km. per month @ 0.285 /km.	8,208	13,680	10,260	\$32,148
	Insur. 5 cars @ \$1,500 /yr.	4,500	7,500	5,625	\$17,625
D.	Local Consultants	5,100	7,500	5,625	\$18,225
9.	ACDI SUBTOTAL	\$115,608	\$153,886	117,693	387,188
10.	INDIRECT COSTS @ 39%	\$45,087	\$60,016	\$45,900	\$151,003
11.	GRANT\CREDIT FUNDS	\$215,000	\$375,000	395,000	\$985,000
12.	TOTAL ACDI COSTS	\$375,695	\$588,902	\$558,594	\$1,523,191
13.	SUBCONTRACTS	\$87,261	\$70,002	\$70,627	\$227,890
14.	TOTAL COSTS	\$462,956	\$658,904	\$629,220	\$1,751,080

A. COOPERATIVE HOUSING FOUNDATION (CHF)
 JOBS PROGRAM

LINE ITEMS	YEAR I	YEAR II	YEAR III	TOTAL
1. SALARIES (including payroll added costs)	\$19,505	\$12,990	\$12,990	\$45,485
Project Manager 20 days year I 15 days year II 15 days year III @ \$231 per day	4,620	3,465	3,465	\$11,550
Project Advisor A 45 days year I 25 days year II 25 days year III @ \$193 per day	8,685	4,825	4,825	\$18,335
Project Advisor B 50 days year I 35 days year II 35 days year III @ \$100 per day	5,000	3,500	3,500	\$12,000
Secretary 15 days year I 15 days year II 15 days year III @ \$80 per day	1,200	1,200	1,200	\$3,600
2. PAYROLL ADDED COSTS	\$0	\$0	\$0	\$0
3. ALLOWANCES	\$0	\$0	\$0	\$0
4. TRAVEL, TRANSPORTATION AND PER DIEM	\$35,400	\$21,420	\$21,420	\$78,240
A. Travel	\$21,200	\$12,900	\$12,900	\$47,000
Airfare 5 trips year 1 3 trip years 2 3 trip years 3 @ \$4,000 per trip base	20,000	12,000	12,000	\$44,000
Local Travel	1,200	900	900	\$3,000
B. Transportation	\$0	\$0	\$0	\$0
C. Per diem @ 100 days year I 60 days year II 60 days year III @ \$142 per day	\$14,200	\$8,520	\$8,520	\$31,240

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LINE ITEMS		YEAR I	YEAR II	YEAR III	TOTAL
5. CONSULTANTS		\$0	\$12,500	\$13,125	\$25,625
Project Evaluation (Mid-term and End)		0	12,500	0	\$12,500
6. TRAINING		\$0	\$0	\$0	\$0
7. COMMODITIES		\$0	\$0	\$0	\$0
8. LOCAL AND OTHER DIRECT COSTS		\$4,620	\$4,620	\$4,620	\$13,860
Communications @	\$90 per month	1,080	1,080	1,080	\$3,240
Printing @	\$25 per month	300	300	300	\$900
Postage, Courier @	\$120 per month	1,440	1,440	1,440	\$4,320
Miscellaneous @	\$150 per month	1,800	1,800	1,800	\$5,400
		-----	-----	-----	-----
9. CHF DIRECT COSTS SUBTOTAL		\$59,525	\$51,530	\$52,155	\$163,210
10. INDIRECT COSTS @	142.2% of salary	27,736	18,472	18,472	\$64,680
		-----	-----	-----	-----
11. TOTAL CHF		\$87,261	\$70,002	\$70,627	\$227,890
		*****	*****	*****	*****

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CONTRIBUTIONS TO PROGRAM

AID and Non-AID (cash and in-kind)

Non-AID contributions

	<u>Funds</u>	<u>Percentage</u>
Cash: Other donors	300,000	
Beneficiaries (10% cash)	128,500	
In-kind: Beneficiary equity, and self-help @15% of loans	192,750	
Total Non-AID:	621,250	26%
Total AID Contribution	<u>1,751,080</u>	<u>74%</u>
Total project value	2,372,330	100%

ATTACHMENT 1

LOKEN 13-POINT LIST

The following notes refer to Ms. Lokin's thirteen point list of items in her letter of March 15, 1991 to be addressed in the proposals. Almost all questions are answered in the three proposals, but the following responses are listed to ensure total compliance.

1. **Travel:** Under its present grant, ACDI asks AID/W concurrence on all travel. ACDI also agrees to conform to travel restrictions that may be in place at any time.
2. **Geographic distribution:** Each proposal deals with this subject, as well as our letter to Mr. Lawhead of April, 1991. For the CDP extension, it is estimated that 30% of project funds will be used in the Gaza strip. This percentage would obtain for running costs, technical assistance, training and grants/loans. It should be noted that in the case of the Jobs Program, a larger percentage of the capital funds are anticipated to be spent in Gaza (60%) because the program will not begin in the West Bank until Jan. 1993. In the Women's Enterprise project, 25% of project resources will be spent in Gaza.
3. **Previous Evaluations:** Please refer to Mr. Jerry Lewis' letter to Ms. Kristin K. Lokin on March 22, 1991 dealing specifically with this subject. Also refer to the project proposals themselves.
4. **Program Performance Indicators:** Please refer to the evaluation section and logframe in each proposal.
5. **Loan and Credit Components:** See Jobs program for loan terms. See previously submitted CDP loan guidelines for the on-going loan program.
6. **Procurement:** ACDI agrees to the "Buy America" clause.
7. **Markings:** ACDI does not make commodity distributions. However, it does credit USAID on all publications emanating from the CDP office.
8. **Format:** Proposals have conformed to the guidance provided.
9. **Activities:** Each proposal has indicated the additional activities funding that is required.
10. **Controls:** Please refer to the management and organization sections in each proposal.
11. **Linkage/Sustainability:** Please see CDP extension proposal for a complete discussion of this.
12. **Coordination:** Please refer to each proposal, where this is discussed in the "Coordination with local organizations" section.

13. Government of Israel Approvals: See each proposal for a discussion of this. With the exception of the rural electrification program, CDP has not had difficulties with approvals from the CIVAD. The major problem in 1990 and 1991 has been the need to obtain passes for WBG employees, which has significantly constrained mobility of staff. It is still a problem, but has been taken up at a high level with Israeli authorities by the US Embassy and Consulate, the entire body of PVOs and by ACDI/CDP directly.

ATTACHMENT 2

FINANCIAL INFORMATION NEEDED BY GRANT OFFICER

1. Procurement

ACDI's procedures conform to the requirements set forth in OMB Circular A-110 (Administrative Requirements for Grants to Non-profit Organizations). ACDI is audited annually in this respect by external auditors, Arthur Young & Company who have been mandated to perform such audits by the Inspector General's office of USAID.

ACDI and the subgrantees, National Rural Electric Cooperative Association (NRECA), National Cooperative Business Association (NCBA), Volunteers in Overseas Cooperative Assistance (VOCA) and Cooperative Housing Foundation (CHF) are all U.S. cooperative development organizations and PVOs. As such most receive central support grants from U.S. AID, have had substantial contractual and grant arrangements with AID and are therefore familiar with AID procurement and financial reporting procedures.

Neither ACDI nor the subcontractors will have any significant procurement in the project. The only subcontractor procurement will be relatively small quantities of books and publications, audio visual or computer equipment, electrical testing equipment and miscellaneous equipment. There may be some large electrical equipment to be procured and AID procurement regulations will be adhered to.

2. Selecting and Monitoring Subgrantees

Each of the subgrantees will be a U.S. PVO or cooperative that is a member of the U.S. Overseas Cooperative Development Committee (OCDC). Each of these organizations has a specialty in one or more types of cooperative business so selection will be based on each organization's established specialty and capability.

A subcontract will be negotiated for each assignment which could include provision of long- and/or short-term consultants and support services including small-scale procurement of specialized equipment and supplies. ACDI has standard procedures for examining vouchers and making advances. Subgrantees submit vouchers to ACDI for reimbursement on a monthly basis and make all records available for audit or inspection by ACDI and AID.

3. Report of Cumulative Expenditures

The requested funding is to be added to an existing grant and a report of cumulative expenditures will be provided separately to the Grant Officer.

4. Long-term Personnel Policy

ACDI's personnel policy regarding allowances and travel has been closely patterned on those normally provided to AID contractors. Past policy manuals have been approved. A copy of ACDI's policy manual has been submitted to AID for review and will be provided separately to the Grant Officer.

5. Local Personnel Policy

ACDI's local personnel policy has been closely patterned on the policies of other AID-assisted PVOs working in the WBG. A copy of the policy will be submitted to the Grant Officer.

6. Financial Statements

Copies of our audited financial statements for the past three years will be submitted to the Grant Officer.

**Cooperative Development Project
West Bank and Gaza**

Proposal

**Women's Private
Sector Enterprises**

Submitted to:
U.S. Agency for International Development
Washington, D.C.

Submitted by:
Agricultural Cooperative Development International
50 F Street, N.W., Suite 900
Washington, D.C. 20001
Phone: (202) 638-4661
Fax: (202) 626-8626

In collaboration with:
The Overseas Cooperative Development Committee

May 1, 1991

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ABBREVIATIONS

ACDI	Agricultural Cooperative Development International
ACU	Agricultural Cooperative Union
ADCC	Arab Development and Credit Company
ADS	Arab Development Society
AGREXCO	Agricultural Export Company (of Israel)
AID	Agency for International Development
AIVA	Association of International Voluntary Agencies
AMIDEAST	America - Mideast Educational and Training Services
ANERA	American Near East Refugee Aid
CDP	Cooperative Development Project
CDCI	Community Development and Credit Institute
CDS	Cooperative Development System
CDO	Cooperative Development Organization
CHF	Cooperative Housing Foundation
CIVAD	Civil Administration
CRS	Catholic Relief Services
EC	European Community
EDG	Economic Development Group
EEC	European Economic Commission
EOP	End of Project
GAAP	Generally Accepted Accounting Principals
GNP	Gross National Product
GOI	Government of Israel
ICA	International Cooperative Alliance
JD	Jordanian Dinar
LOP	Life of Project
MIS	Management Information System
NCBA	National Cooperative Business Association
NIS	New Israeli Shekel
NOVIB	Dutch PVO
NRECA	National Rural Electric Cooperative Association
NGO	Non-Governmental Organization
OCDC	Overseas Cooperative Development Council
PAMSC	Palestinian Agricultural Marketing Service Center
P/M	Person Month
PVO	Private Voluntary Organization
PVO	Private and Voluntary Organization
SCF	Save the Children Federation
USAID	United States Agency for International Development
UNDP	United Nations Development Program
UNCDF	United Nations Capital Development Fund.
VOCA	Volunteers in Overseas Cooperative Assistance
WBG	West Bank and Gaza
WID	Women-In-Development

WOMEN'S PRIVATE SECTOR ENTERPRISES IN THE WEST BANK AND GAZA

I. EXECUTIVE SUMMARY

The goal of this proposal is to empower women to participate in the economy. The strategy envisioned is to provide business support services specifically targeted at women entrepreneurs and women's organizations involved in productive projects.

The economy of the West Bank and Gaza (WBG) is in ruins with millions of dollars of external payments lost, regulatory controls that disrupt the flow of capital, goods and laborers, and unemployment estimated as high as 35 percent. The disruptions of daily life have amplified the deteriorating economy and led to an increase in female-headed households, and substantial and increasing numbers of women in the labor force in Israel who are no longer willing or able to leave their communities for work, women in need of supplementing sharply reduced family incomes, women who have become the sole support of their families, and graduates entering the job market for the first time.

There are numerous programs of support for business in WBG but none addresses the needs of women in economic development. Existing productive projects initiated by Palestinian women's organizations have not achieved the desired economic impact due to five factors: 1) their primary purpose is not business development, 2) the women managing the projects lack business skills, 3) assistance is difficult to obtain, 4) basic business concepts are not well understood, and 5) the size of the projects limits their ability to generate resources for their own support such as market studies or consumer analyses.

The proposal speaks of a "culture of business" which is a way of characterizing the multiple skills and knowledge needed to establish and operate a successful enterprise under the highly stressed environment found in the WBG. A fair number of family enterprises do exist and prosper in spite of the adverse circumstances. One purpose of this project is to unlock that knowledge and make it available to key women's organizations and individual entrepreneurs.

While the Palestinian economy obviously needs to develop industry at a range of scales and in a wide variety of sectors, much of the emphasis needs to be on developing quite small production units. Such an emphasis allows the development of new knowledge and skills in production, management and marketing, minimizes the number of jobs at risk if a new enterprise fails, makes it possible to duplicate successful businesses, and conserves investment capital. In our view, attention to the smaller end of the scale is vital to solid development of the entire WBG economy; it is especially crucial when the development of employment opportunities for women is in question, as women's experience in industrial production is even less than that of men.

Increased academic education and vocational skills training can do little to help women workers and would be workers to support their families in the absence of a significant increase in workplaces able to hire them. The generation of meaningful employment and

adequately paid women in the WBG clearly requires the establishment of a substantial number of new workplaces. Such workplaces need to be in or near the communities where the women live, and need to minimize the day-to-day mixing with men. Given the economic development imperatives in the Occupied Territories, most of these workplaces need to be negated in production rather than trade and services, at least until a robust small-scale industrial base can be developed.

This project targets two specific objectives in the AID strategy for the WBG. First, it will lead to an increased capacity of non-public institutions to support economic activity in the Occupied Territories through creation of a non-profit institution to assist private enterprise organizations. Second, the new institution will promote WBG economic growth by facilitating market entry, market access, management and production in the agricultural and manufacturing sectors and by stimulating community-based income generation.

The \$790,00 of AID funding requested will support five local advisors--one coordinator, one senior business advisor and three business advisors--who will be trained to work intensively with a minimum of twenty productive projects sponsored by women's organizations and ten women entrepreneurs providing training and on-site technical and managerial interventions designed to introduce specific improvements in the enterprises. Local and expatriate consultants will be provided to allow for assistance in identified technical areas not covered by the expertise of project staff. Training manuals, relevant publications, in-depth studies of microenterprise in the WBG, comprehensive rosters of business support resources, and up-to-date information on credit will all be made available. Should additional funding become available, this proposal should be increased to \$1,147,000 in order to provide for additional technical assistance and an additional year of implementation.

The project will commence under the umbrella of CDP and build on its experience providing similar inputs to WBG cooperatives. However, the primary purpose is to create an independent, sustainable Palestinian organization with staff trained in program management, basic business skills, training methods, and outreach functions to continue providing services to meet the needs of the women's sector. The organization, in turn, will have created a demand for the services it offers such that businesswomen and women's organizations in the WBG are willing to pay for relevant business support.

Several measures address the sustainability of the local organization at project end. A fee-for-service structure will be implemented from the outset, although since this is still a novel idea in the WBG, fees will initially be nominal. It is not expected that such fee income will cover more than 25 percent of operating expenses. Given the widespread commitment to small enterprise development programs among donor agencies, it is reasonable to expect that a local PVO which has shown results from such a program would find additional sources of financial support.

II. THE PROJECT

A. Perceived Problem

1. Economy in Ruins

The economy of the West Bank and Gaza (WBG) suffers from structural flaws (e.g. no proper public sector), and from extreme vulnerability to outside events such as the devaluation of the Jordanian dinar (JD). The most recent shock to the economy has been the Gulf crisis. Writing at the end of February, one source said "An estimated \$120 million in repatriated funds, \$90 million in tourism revenue and \$105 million in sales and transport to Iraq and Gulf states has already been lost as a result of the Gulf crisis."¹ These losses represent the equivalent of one and a half months of the total GNP of the Occupied Territories, and do not include losses to industry or agriculture.

Joel Bainerman, writing in the *Jerusalem Post*, focuses on Israel's policy to replace Palestinian workers in Israel with Russian immigrants. He notes that the Palestinian workforce totals 281,000, with another 15,000 men joining the search for work each year, that industrial employment of Palestinians in Israel has decreased from 17,000 to 10,700 since June 1990, and that some estimates of unemployment in the Occupied Territories are as high as 35 percent.² In addition, there is a further significant problem of under-employment among the nominally unemployed.

Another aspect of the flawed economy is that increases in education levels have not been matched by increases in local job opportunities. Mr. Bainerman asserts that there are 13,000 unemployed Palestinian university graduates as a result.

On the micro level, the distorted regulatory environment in WBG places many constraints on businesses. These include erratic taxation, problems in raw materials supply, disruption of internal transportation services, lack of access to export markets, and very little business support infrastructure such as credit facilities.³ All these constraints have been exacerbated by the Gulf crisis and its aftermath.

¹ "State of Siege Continues", *PHRIC Information Bulletin*, Arab Studies Society, Jerusalem March 3, 1991. Figures taken from a report to the European Community by the Co-ordinating Committee of International NGOs.

² "Russians, da, Palestinians, la", Joel Bainerman, *Jerusalem Post*, Vol. LIX, No.17720, April 12, 1991, page 16.

³ cf. Roy 1989

2. Social Upheaval of Intifada

One significant local effect of the Palestinian *intifada* (uprising) has been the creation of new social structures. In rebelling against the Israeli occupation, young men and women have altered traditional social patterns and values. This process of social change is still unfolding, but Palestinian women are already expressing concern that the important role they have played in the *intifada* be reflected in the social structure that results from it. One specific area of this concern is women's new role in the Palestinian economy.

3. Status of Women in Economic Development

Traditional values in the WBG militate against women working outside their homes, except on family farms. The worsening economic conditions described above, however, have been exacerbated by an increase in female-headed households and resulted in substantial and increasing numbers of women in the labor force. Women now in need of work include those formerly in the labor force in Israel who are no longer willing or able to leave their communities for work, women in need of supplementing sharply reduced family incomes, women who have become the sole support of their families, and graduates entering the job market for the first time.

A large proportion of working Palestinian women are employed in their homes sewing precut fabrics for Israeli factories at extremely low wages.⁴ While subcontracting from Israeli factories is a chief mode of production in a number of industries, and employs men as well as women, women are concentrated in the garment industry and are paid substantially less than men.⁵

The experience of workers, both male and female, in this exploitative situation in no way prepares them to establish independent enterprises, even if they have the investment capital needed to do so. Workers have no opportunity to learn critical managerial or technical skills which are vital to business creation such as how to obtain raw materials or set prices, cutting and finishing, production planning or staffing. In addition, they are totally isolated from knowledge of their product's market, despite the fact that a significant amount of their production is sold in the WBG.

4. Current Business Support Programs

There is now widespread recognition of the urgency of the need for business development in the WBG, both to generate employment opportunities and to increase economic independence. This recognition has resulted over the past several years in a proliferation of

⁴ Rockwell, 1985

⁵ Roy, 1989; Senioris, 1990.

business support programs, chiefly for start-ups of new businesses. While all of these programs are working to strengthen the Palestinian economy, none of them focuses exclusively on women in economic development programming, i.e. provision of support in the form of training in both business and production skills to individual women or women's groups to develop, operate, or enhance their own small businesses.

5. Culture of Business

One of the key problems for those wishing to support increased development of small enterprises in WBG is the lack of a widespread culture of business in Palestinian society. There is neither a sense of commerce in the air, as in Greece or Lebanon, nor a small-scale industrial mentality as in Cairo or Alexandria. The reason for this is clear. As in a number of other countries in the region, business *per se* has never been a prestigious occupation. Palestinians have such a marked preference for professional occupations that there is an overabundance of university graduates in medicine and engineering, well beyond the absorptive capacity of the society. Business, on the other hand, has traditionally been the province of particular families. Over time, members of this community have developed multiple links with one another, and generally lower levels of social interaction with people outside, so that the business community can be described as a subculture within society.

Families in this community pass their business knowledge and skills from generation to generation but do not readily share them with outsiders, except their own workers (who appear to be the primary initiators of new small businesses other than the families with whom the tradition lies). The children of these families absorb business skills and understandings almost as they breathe the air. In the smaller businesses in particular, they are often likely to accompany their fathers to work, where they begin absorbing the knowledge needed to one day operate the business, or, equally well, some other kind of business. The understandings they gain and the contacts they make can be applied to any future business endeavor.

The social networks of the families are made up of people who can communicate effective methods of dealing with constraints, help access markets, share raw materials supplies, provide credit when needed, and mediate partnership disputes. In short, members of this subculture are equipped with the necessary skills and contacts to operate small businesses successfully.

These businesses are well adapted to the environments in which they work, although they often measure up poorly according to classical business evaluation methodology along indices such as separation of ownership and management, maintenance of depreciation accounts, etc. A study of industry in Bethlehem⁶ examines 138 small factories, nearly 60 percent of which have less than 6 employees and 80 percent of which have less than 10 employees, and argues that these small businesses rarely fail. Similar results have been found concerning small

⁶ Salman, 1988.

businesses elsewhere in the Middle East. Larger businesses, organized in a more "rational" fashion, often fail, as do small businesses started as investments by persons from outside the business culture.⁷

This sector and its body of knowledge and expertise is little known in the WBG. Until quite recently, even students in the business schools of the local universities have had almost no contact with the small businesses in their society, and their curriculum has been oriented toward a scale of business which is quite rare in this environment, as well as being based on sets of assumptions about business which have not always been tested against the reality of the WBG. By contrast, vocational training programs are oriented toward producing workers, not small businessmen, and thus students graduate without knowledge of business practice.

6. Specific Problems in Women's Production Programs

Annex A gives a brief description of a number of production programs run by existing women's organizations. Various problems in these programs have diminished economic impact, and five main factors have reduced effectiveness:

a. Primary purpose not business development

The organizations sponsoring these programs were established for purposes quite different than business development: political independence in the case of the grass roots organizations, and relief in the case of the charitable societies. Consequently, their production programs are awkwardly tacked onto an existing structure.

b. Managers lack business skills

Individuals managing the production programs themselves lack business skills and experience in business management, and their chief models are other programs of the same sort, limiting their sources of ideas. In other words, these programs are being carried out in isolation from the real business community in the WBG by people who are not from the business culture. They have neither an intuitive sense of what will work in the market, nor formal skills for conducting market analysis. All concentration is on getting a production line established, with little concern during project design and start-up for market potential, pricing, or quality control.

c. Assistance hard to obtain

These organizations are having problems identifying and accessing the needed knowledge and skills. No mechanisms have been developed for benefitting from the experience of businessmen or businesswomen in society, and even where technical consultation is

⁷ Oldham and Tamaa, 1987; Oldham and Tamaa, 1990.

obtained, the form of the consultation normally renders it difficult to integrate recommendations into the business design or operation. Program managers are acutely aware that they need to improve their production projects if they are to become independent of subsidies and are attempting to identify sources of expertise to provide advice, but they need considerable support to be able to accurately diagnose where the problems lie and to institute remedies. Given their level of experience with production projects, more intensive support is needed than most of the existing business support organizations can provide.

d. Business concepts not understood

While existing programs are having an impact on attitudes toward women's work, they are not establishing viable businesses. With a few notable exceptions such as En'Ash El Osra, most charitable societies or grass roots women's organizations are uneasy about the idea of earning or calculating profit. They perceive earning profit from production activities as somehow contradicting concern for the welfare of women workers. The concept of profit as a measure of business success and how to use it to strengthen the enterprise needs to be understood by these groups, along with many other basic business concepts.

e. Size limits resources

The multiplicity of small programs to support small enterprise, both those specifically for women and those for mixed groups, are currently suffering from a problem analogous to that of small businesses in general: size and resource constraints militate against these organizations themselves identifying, accessing and/or producing all of the resources they need (e.g., Arabic-language training materials in the case of small enterprise programs or marketing outlets in the case of small producers). At the same time, there is no institutional framework allowing cooperation and resource-sharing.

The problems facing women's productive programs are not a lack of resources in the society or in the region, or a lack of the ability to learn the required skills and knowledge; rather they can best be summarized as women's organizations not participating in the culture of business.

7. Project Rationale: the Generation of Employment for Women

While the Palestinian economy obviously needs to develop industry at a range of scales and in a wide variety of sectors, much of the emphasis needs to be on developing quite small production units. Such an emphasis allows the development of new knowledge and skills in production, management and marketing, minimizes the number of jobs at risk if a new enterprise fails, makes it possible to duplicate successful businesses, and conserves investment capital. In our view, attention to the smaller end of the scale is vital to solid development of the entire WBG economy; it is especially crucial when the development of

employment opportunities for women is in question, as women's experience and skills in industrial production are even less than those of men.

Increased academic education and vocational skills training can do little to help women workers and would-be workers to support their families in the absence of a significant increase in workplaces able to hire them. The generation of meaningful and adequately paid employment for women in the WBG clearly requires the establishment of a substantial number of new workplaces.

Such workplaces need to be in or near the communities where the women live, and to minimize the day-to-day mixing with men. Given the economic development imperatives in the Occupied Territories, most of these workplaces need to be engaged in production rather than trade and services, at least until a robust small-scale industrial base can be developed.

8. Fit with AID's Currently Funded Activities in the Region

The proposed project targets two specific objectives in the AID strategy for the WBG. First, it will lead to an increased capacity of non-public institutions to support economic activity in the Occupied Territories through creating a non-municipal, non-profit institution to assist private enterprise organizations. Second, the new institution will promote WBG economic growth by facilitating market entry, market access, management and production in the agricultural and manufacturing sectors and by stimulating community-based income generation.

B. Background/PVO Track Record

CDP has been working with cooperatives in the WBG for five years, in a program quite analogous to the one described here. Needs assessments 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 and serve as agendas for planning development programming for these groups.

Over the past eighteen months, CDP began focusing on women in economic development issues. A woman advisor was hired by CDP to begin working with women's cooperatives and to investigate the potential for strengthening women's participation in mixed cooperatives. This work has shown that female participation in mixed cooperatives continues to be highly constrained by cultural traditions of male dominance in the public sphere, such that women are rarely able to participate in significant ways in decision making in these cooperatives. While women's cooperatives of course do not face this problem, they are few in number and it is difficult under current circumstances to register new cooperatives.

CDP therefore began 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 most active women's cooperatives, CDP's support of other women's programs to date has consisted of their inclusion in a marketing workshop held in February 1990 (agenda and participants shown in Annex B) and in a seminar on the state of the art of women's economic programming in the WBG and identification of needs for support services held in September 1990 (agenda and participants shown as Annex C).

The latter seminar was followed by a lengthy meeting with a small group of the participants to discuss details of program design and the institutional framework to be utilized. This *ad hoc* steering committee met again to review the draft proposal. 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 program.

C. Project Goal and Purpose

1. Goal

Empower women to participate in the economy both as proprietors and employees of viable productive enterprises.

Contributing to this goal will strengthen the Palestinian economy by developing the small business sector and by developing options for productive employment. In addition, it will support the over-arching goal of CDP: improving the quality of life for Palestinians.

2. Purpose

Establish a Palestinian institution to provide business services to women-owned and operated enterprises.

This project proposes to encourage the generation of employment for women in small, culturally appropriate productive activities through the provision of business services. Business services include developing options for productive employment, preparing market and feasibility studies, compiling rosters of available skills and resources, providing training in specific skills (technical and managerial) needed for successful enterprises, and on-site technical assistance. A logical framework matrix is included as Annex D.

At this time, credit is not included because it is felt that there are a number of potential sources of capital. If experience shows that existing credit programs cannot meet the needs of women's microenterprises, a future proposal may well envisage a credit program being added to the services available through the project.

The major objective of the program is to institutionalize its activities within a local PVO. There is strong sentiment among the women's organizations that such a PVO needs to be women-operated and acceptable to a broad spectrum of political groups through clear neutrality. However, at present there is no women's organization in the West Bank or Gaza which is both able to assume responsibility for the development of the program described here and acceptable as a partner in development to the broad spectrum of women and women's groups who are being targeted for support. In addition, the existing women's organizations have multiple spheres of activity, and are not therefore able to concentrate on the task of developing the needed support functions.

Two newer organizations claim a neutral political stance. One, the Academic and Professional Women's Association, is now being formed. Another, the Women's Resource Center, is affiliated with the Federation of Women's Action Committees but is now attempting to establish a degree of autonomy from the parent organization. Either one may ultimately be able to take on the management of project activities, but neither organization is in a position at present to commit itself to continuing the program after the conclusion of the project.

In countries with a benign or even supportive government, microenterprises receive a wide variety of subsidized services from government agencies and programs. This project proposes to establish a local non-governmental organization to fill this role for women-owned and operated enterprises in WBG. It is unlikely that a private firm can become viable providing individuals in a highly stressed economy services that are normally subsidized. Nonetheless, the aim is to have income cover 25 percent of local operating costs by the end of project.

D. Project Elements

1. Inputs

Long-term technical assistance

168 person-months of Palestinian staff (Coordinator, Senior Business Advisor,
3 Business Advisors, Librarian/Secretary)

Short-term technical assistance

10 person-months of Palestinian consultants
7.5 person-months of expatriate consultants

Training

5 person-months of third-country training for Coordinator, Senior Business Advisor
and Business Advisors in business advisory service programming

Commodities

Occupancy including furniture, equipment and utilities

2. Outputs

- **Five women trained and experienced in providing business advisory services;**
- **520 person-days of training in appropriate business skills for potential women business owners;**
- **Appropriate training curricula, manuals, and study materials, including case studies of WBG women's enterprises, developed, field tested, printed and used in ongoing work promoting small business;**
- **Relevant publications and media available in a learning resources center;**
- **16-24 long-term and 20-30 short-term consultancies provided to women's organizations and enterprises;**
- **In-depth studies of consumer buying practices and of the functioning of the small-scale manufacturing sector completed addressing such topics as factors which predispose to success and failure of new businesses, the structure of wholesale markets, local pricing systems, and a range of products which are targeted for new production centers;**
- **Comprehensive rosters of resources available to women-owned businesses established and updated regularly covering technical, training, and human resources, especially businesswomen and entrepreneurs in the wider society to serve as role models and as consultants;**
- **Up-to-date information on the credit facilities for which women-operated businesses are eligible, including the terms and conditions of credit, loan size, and application requirements;**
- **A network of information and training exchange among programs in small enterprise promotion in the West Bank/Gaza and relevant programs in Egypt, Jordan and Sudan.**

3. Project Units and Sites

At the recommendation of the steering committee, the project will operate initially under the umbrella of CDP. Project offices will be in the CDP head office in Jerusalem and the CDP branch office in Gaza City where the coordinator and senior business advisor, respectively, will work. The three business advisors will be selected from each of three regions: Nablus

(and the North), Center (Ramallah, Jericho, Bethlehem), and Hebron. It is expected that they will be resident in those regions and able to work out of their homes in order to have ready access to individuals and organizations.

Following CDP's current practice, formal training courses of general interest will be held mostly in Jerusalem and Gaza City, while more specialized training courses may be held in other cities or towns. Business advisory work will be carried out on-site at the locations of enterprises which are to be selected on the basis of agreements between the project and the organizations and individuals concerned.

4. Project Managers and Responsibilities

Staff of the project will include a project coordinator, a senior business advisor, three business advisors, and a secretary/librarian. The CDP Project Director will be responsible for project oversight, but ongoing management will be the responsibility of the coordinator.

There is considerable expertise within the current staff of CDP in business management and business skills, and this expertise will be drawn upon in the design of training courses and referral of problems encountered in the field by the business advisors. Resources are also budgeted for local consultants to carry out tasks which are too time-consuming for referral to CDP staff (e.g., studies of consumer spending patterns) or which are outside their expertise (e.g., specific production technologies).

An expatriate consultant with expertise in women-in-development and small business support programming will play a major role throughout the project's life. The consultant will be involved in selecting project staff and will work intensively with them to develop their professional capabilities, including:

- Development of work plans and schedules for both the project itself and the business advisory work to be carried out under partnership agreements with women's organizations,
- Development of feedback loops to allow for improving both planning and performance,
- Establishment of criteria for beneficiary selection,
- Procedures for subcontracting of various activities and oversight of work,
- Establishment and management of the referral system for technical problems,
- Supervisory skills,
- Documentation of lessons learned and reporting to project manager and grantor, and

- **Integration of new knowledge into the system of service provision.**

5. Project Beneficiaries

This project is being established to infuse business understanding and business skills into the women's economic sector in the WBG. As such, it has multiple direct beneficiaries, including:

- **Nine women's organizations now undertaking economic programming, which will benefit from strengthening of capacity to establish and operate small businesses on an economically viable basis. These organizations claim a membership of 20,000 and currently sponsor 75 productive projects which produce income for 3,000 women.**
- **Employees of the women's organization programs will benefit from an opportunity to increase their incomes and from enhanced job security. The total number of employees is estimated to be 70; the project plans to assist 20 programs with approximately 20 staff that generate income for 1,000 women.**
- **Individual women owning or wishing to start up small businesses will benefit from access to sources of training in business skills and from enhanced access to sources of expertise and support. While it is difficult to quantify this group, the project will aim to reach at least ten such women.**
- **The coordinator and business advisors of the program will benefit through the establishment of a new professional niche for those concerned with women in economic development.**
- **More broadly, the women's movement as a whole will benefit through enhanced visibility of women in economically viable enterprises.**

Identification of specific beneficiaries from among the target groups and individuals for business services will depend upon demand, need assessments, and formulation of partnership agreements with these groups and individuals. Prioritization of topics for skills training courses will also be based on need assessments. A wide variety of types of groups and individuals are included within the beneficiary pool.

6. Relation with Other Programs

This program is intended to establish a framework within which women entrepreneurs and women's productive programs can be provided a wide range of inputs needed to establish a culture of business. The concept of a culture of business by definition entails multiplex social networks through which information can move and skills be transferred. The program will draw heavily on existing resources for business promotion in the local society and in the region, which generally need tailoring to women's needs. It will also involve a wide variety

of institutions in program activities, chiefly via subcontracts to carry out basic studies, undertake development of training materials/courses, provide technical consulting services, etc. It is not intended, however, to duplicate resources or programs already in existence. An early priority will be promotion of a working group of PVOs and other institutions dealing with small enterprise promotion to function either under the umbrella of the Association of International Voluntary Agencies (AIVA) or under a revolving sponsorship of members. This working group can be the channel of communication between small enterprise promotion programs in the WBG and those elsewhere in the region, and also with the local programs targeted at other levels of business development.

A number of local and international organizations are involved in providing support to Palestinian businesses. Brief summaries of their programs are attached as Annex E. They can be roughly categorized into three streams of activity, as follows:

a. Support of entrepreneurs

The first stream of business support and promotion focuses on supporting individual entrepreneurs to establish new businesses or to rehabilitate or upgrade existing ones. This stream is chiefly concerned with establishing modern businesses which are quite sizable by WBG standards, and with development of industrial capital and viable financial institutions. While some small businesses have received support from these programs, the trend is clearly away from the small-scale sector. The original activities within this stream were mostly in the form of establishing institutions to provide credit, later expanding to include links between the universities and the business sector to enhance technical support functions. A limited amount of formal management and technical training is also being offered by this group of institutions to the wider business community.

The clientele of these institutions appears to be chiefly composed of experienced businessmen and people who can afford to provide a substantial part of the investment capital in a new business from their own resources. Emphasis is placed on businesses which allow for import substitution, or which in other ways are believed to make particularly important contributions to Palestinian economic development. It is expected by many that these institutions will be the nuclei of banks and investment houses if a Palestinian state were established. Few women are included in these programs, as members of boards of directors, staff or beneficiaries.

This stream includes the programs of the Economic Development Group, the Technical Development Corporation, the Business Center of UNDP, and the Human Resources Development Program of AMIDEAST.

b. Business as employment

A second stream consists of support for the establishment of businesses in order to generate employment for the person actually opening the business. These are in many cases people

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"buying themselves jobs," as opposed to engaging in true entrepreneurial activity. Nevertheless, the businesses supported by these programs appear to be succeeding in providing considerable employment relative to investment. One reason for this success is that they can be readily duplicated.

The clientele reached by these programs includes substantial numbers of people who are opening little businesses or beginning income-generation activities in their homes because they have no alternative employment prospects, not because it is their personal aim to become businessmen. Most such businesses require a much lower level of initial investment and skills than those in the first stream. They probably cannot be expected to grow very large, and are unlikely to employ workers other than the owner himself. More women are involved in these programs than in the first sort, both as decision-makers and as beneficiaries, though the greatest number of women beneficiaries are engaging in income-generation activities rather than businesses per se.

A considerable amount of work is being carried out in support of this sort of business by U.S. PVO's including ANERA, Catholic Relief Services, and Save the Children.

c. Women's production programs

The emphasis on women's production programs and a very large part of women's new entries into business endeavors, have been under the auspices of women's organizations: charitable societies, grassroots organizations, and, to a much lesser extent, cooperatives. Annex A contains brief descriptions of the organizations on which the following analysis is based.

Legally registered cooperatives are not playing a major role in women in economic development programming, for two reasons. First, female participation in decision-making in mixed cooperatives continues to be constrained by cultural traditions of male dominance in the public sphere, such that women are rarely able to participate directly in significant ways in such cooperatives. Second, the current emphasis on women in economic development arose after it had become difficult to register new cooperatives, thus there is only a handful of registered women's cooperatives. At the same time, however, much of the economic programming of other types of women's groups are structured as informal cooperatives.

The grass roots women's groups are organizations established as the women's arm of the major Palestinian political groupings. As such, their primary aim is the attainment of a political settlement on the Occupied Territories. Feminism and the definition of women's role in the new state have also been important issues for these organizations from the outset. Production programs are a much more recent activity, though one which has assumed more importance during the *intifada*.

By and large, these production programs concentrate on establishing production lines within the institutional framework of the women's organization itself. One reason for this is the

nature of the products being made (for instance, biscuit manufacture is much more efficient with an industrial production line and commercial equipment than when carried out at home); another is the commitment to getting women out of their homes as a critical ingredient of social empowerment policy. These programs have not had difficulty obtaining investment capital, and thus can operate on a larger scale than the small entrepreneur programs described under stream two. Typically an on-site production project may employ 8-15 women.

The programs of the charitable associations are chiefly concerned with providing incomes for households, rather than opening businesses. They often have secondary goals of providing consumer items at low cost to needy families or to the community as a whole. While some of these programs also have women working on organization premises, many of them hand out piecework for women to do in their homes or collect products being made in the households. By and large these programs concentrate on traditional women's activities such as Palestinian embroidery, pickling, sewing and knitting. As in the case of the grass roots organizations, the management of these programs is usually provided exclusively by staff of the organization, and the rest of the participants are involved only in production.

The clientele served by programs described under the first two streams are not addressed by the proposed project. The focus of activities on women and on micro-enterprise development make it unique among projects in WBG.

Pre-service training for program staff is to be at the Near East Foundation Small Business Advisory Center, either in Cairo or Amman, and it is anticipated that on-going institutional links between the two programs will be developed (see Annex F for a sample training program). It is anticipated that agreements can be reached for sharing of training materials and case studies among the CDP-sponsored program, the Near East Foundation programs in Egypt, Sudan and Jordan, and the AMIDEAST program in Jordan, along with others in the region yet to be identified.

7. Cost per Direct Beneficiary

Our estimate of direct beneficiaries from project interventions is 1,010 women. This yields a cost per direct beneficiary of \$790. This figure does not take account of the family members of the women who will directly benefit. Using an average family size of 6.6 would give 6,666 beneficiaries and yield a cost per beneficiary of \$119.

8. Project Approvals by Government of Israel & CIVAD

At a meeting on April 14, 1991 with Brigadier general Fredy Zach, Deputy Coordinator for the Occupied Territories, and his staff, CDP was informed that the Government of Israel's highest priority is the creation of jobs for Palestinians in WBG. General Zach said he saw no problem with the proposed approach as long as activities were coordinated with the Civil Administration.

E. Expected Achievements and Accomplishments

1. Expected Improvements

Many changes in the environment for women's business activities are expected in the WBG at the end of three years. The project will have created an independent organization, with staff well trained in program management, basic business skills, training methods, and outreach functions. The organization, in turn, will have created a demand for the services it offers such that businesswomen and women's organizations in the WBG are willing to pay for relevant business support.

2. Planned Duration of Support

The duration of project support is 36 months. Were additional funds available we would have requested for 48 months and programmed more advisors and consulting. A policy is to be adopted from the beginning of the project to charge nominal fees for service, but these are unlikely to cover more than a very small portion of the costs of project operation during the three years of AID funding requested; it should be expected that the need for external funding will continue past that time, albeit at a lower level. Given the widespread commitment to small enterprise development programs among donor agencies, however, it is reasonable to expect that a local PVO which has shown results from such a program would find additional sources of financial support.

3. Indicators

Indicators of progress will include the completion of the various activities making up the annual work plans for the project. In addition, walk-ins and other requests for services of all types will be monitored to assess the extent to which program services are becoming known and valued.

Performance indicators will be in terms of numbers of applications for courses, number of persons trained in basic business skills, numbers of requests for long and short-term business consultancies or for information and materials, achievement of various objectives such as preparation of Arabic training materials in specific business skills areas and completion of studies of specific macroeconomic issues, and correspondence with relevant organizations elsewhere.

Performance indicators for long-term consultancies with specific women's businesses will be based on the initial business diagnosis in each case, but are expected to include items such as installation of a double-entry bookkeeping system, amendment of marketing strategy, appointment of a project manager, and institution of quality control systems.

4. Local Organizations Involved

This program arose from cooperation with women's organizations in the WBG. A broad spectrum of such organizations has been consulted to examine production projects, discuss production programming and needs for support services. A one-day seminar was held in September 1990, to discuss the goals and purposes of current production projects and to examine needs for support services. As a follow-up, a small *ad hoc* steering committee was formed to advise CDP on project strategy and implementation.

It is intended that this kind of interaction with the organizations be sustained over the lifetime of the project. A central mode of this cooperation will be for the *ad hoc* group to develop into an advisory board made up of representatives of the women's organizations and women business experts. Design of formal training courses and business advisors will be based on needs assessments carried out in cooperation with the women's organizations.

A variety of types of local partnerships will be formed during the lifetime of the project. The chief local partnership will be with the local agency which will assume long-term responsibility for the program, beginning during the second year of the life of the project. Other partners will include the libraries to house training and resource materials, and the businesses and business programs for which long-term consultancies are being provided.

F. Program Management

1. Organization

The project will be managed as a self-contained department of CDP in order to allow for ready breaking away as an independent institution. Planning for independence will begin during the first year, with the decision as to the long-term institutional framework to be made within 18 months of start-up, followed by a transition to complete independence by the end of the third year of the project.

It needs to be clear that the interaction between CDP (and the institution ultimately chosen to carry on the program and the women's groups) will not deal with issues other than production and affiliated commercial projects. Its purpose vis-a-vis these groups is to strengthen their women's activities; larger organizational purposes, whether political or charitable, are essentially irrelevant to the economic projects so far as the business support function is concerned. The one partial exception is the need for productive projects to have full-time managers, which they sometimes do not, but even here the purpose is to improve production, not to meddle in the internal affairs of these organizations.

The Project Coordinator will be responsible to the ACDI/CDP Chief of Party for the management of this activity. Job descriptions for this post and for the business advisors are provided in Annex G.

2. Implementation Plan

Included as Annex H.

G. Sustainability

1. Financial

Payment for business support services is a novel idea in the WBG. The experience of the fledgling business consultancy groups which are attempting to provide technical feasibility studies as a commercial proposition is that they are finding customers for their services, but these customers do not expect to pay for the advice they receive. This program will institute a fee-for-service structure from the outset for participation in formal training courses and for on-site business consultancies. However, it is not expected that such fees will cover more than minor amounts of program costs.

Over time, as the program develops credibility among its clientele, higher rates can be charged for services. However, it is not realistic to think of such an institution becoming fully self-supporting even over the long run, if it is to carry out the needed activities. On the other hand, this type of program has come to be recognized internationally as potentially making a critical contribution to economic development and generation of employment opportunities, and it is reasonable to expect that a record of effective service delivery on the part of the local institution would enable it to generate external donor support.

2. Management

Development of an institutional framework capable of providing business support services to the production programs of the women's organizations and to businesswomen in the WBG and ensuring that this institutional framework can continue to function once it becomes independent of CDP requires building of an independent management capability from the outset.

The intensive training in business and project management in which the coordinator and business advisors will participate will establish a basis for developing this institution and these personnel to operate independently. A key task of the expatriate consultant will be to assist Palestinian staff to apply the training and master those skills needed in an independent organization.

3. Institutional

In-depth discussions with the leadership of the women's organizations and other organizations interested in small business promotion in the WBG indicate that most of these organizations are deeply concerned about the lack of coordination among the various programs now under way and feel an urgent need for a resource-sharing function. However, at the same time,

there is no single institution which is now prepared to take over the management of a program of this scale, nor is there any well-established institution which has sufficient credibility with the other women's organizations to be able to serve the sector as a whole.

Given that all of these organizations are new to the small business promotion activities (as in the case of the grassroots organizations and many of the charitable organizations) they are undertaking and/or are limited to restricted geographical spheres (as in the case of most of the charitable organizations), it is reasonable that the program be instituted under the auspices of CDP, which already has substantial experience with economic programming and with program support resources in the WBG. CDP obviously cannot be the long-term institutional home of the program.

While decision-making about the long-term institutional home or homes of this program is premature at this point, it is critical that the need to make a determination on this issue be kept up-front in program design and planning from the outset. There are some candidate organizations which would be acceptable to the target organizations, such as the Academic and Professional Women's Group now being established in Jerusalem, the Business Development Center being established at Bethlehem University, and possibly the Women's Resource Center in Jerusalem. It is also possible that the staff of the project may elect to establish a new organization which they would themselves manage.

H. Evaluation

1. Ongoing

Evaluation is to be an ongoing function of this project. Part of the methodology of provision of business advisory services will be the formulation for each organization/individual served of a formal agreement between CDP (and beginning in Year Two, the local institution which is to take the program over) stipulating the services which are to be performed, the goals of the consultancy in terms of tangible results,⁸ the schedule of the consultancy, and the contributions of both parties to the consultancy. The agreement will also indicate the fees to be charged and provide for termination if the agreement is not being adhered to. Recommendations for steps to be taken in attaining each objective will be made by the advisor in writing to the organization.

This will allow the establishment of a learning curve, by which the coordinator and business advisors can build understanding of how to interact effectively with their clientele, make realistic estimates of time investments required to achieve various types of objectives, and prioritize types of interventions in a given business. These agreements, and progress toward accomplishing their objectives, will also be a supervisory tool, a provision for feedback

⁸ e.g., relevant personnel mastering double-entry bookkeeping, establishment of relations with wholesalers, specific increase in production and sales, etc.

allowing for fine tuning of formal training courses, and an ongoing guide to problem areas in business consultancy which may require attention from the coordinator, business advisors, and local consultants. This internal evaluation process is to take place on a monthly basis, via meetings between the coordinator and business advisors to review events of the month, and is to be carefully documented by the coordinator.

Evaluation of the impact of the formal skills training courses will also be ongoing. Within six weeks of each training intervention, participants will be visited to assess the extent to which the new skills have been integrated into business practice in their organizations, and to identify reasons for non-utilization. Once again, this follow-up on training will allow for fine tuning of the training modules as well as for evaluation of the training.

2. Mid-Term

The mid-term evaluation will be conducted in-house, by ACDI personnel. It will consist of two parts: review of the implementation plans and schedules, achievements, modification of the plans based on field experience; and consultation with the groups and individuals receiving services from the program to assess the impact of these services on the performance of their businesses. Given the high level of internal monitoring and evaluation planned for this project from the outset, it is expected that the concentration in the mid-term evaluation will be on "lessons learned," allowing for a realistic charting of the path of the organization which will begin to take over this project immediately after the mid-term evaluation.

3. Final

It is assumed that USAID will undertake the final evaluation for the project. The ongoing system of evaluation of project targeting and impact to be instituted from the beginning is intended as a management tool for the program but will also provide a major asset at the time of the final evaluation.

I. Reporting

Internal documentation and evaluation will be an ongoing function, with the preparation of annual, quarterly and monthly plans containing schedules and targets or progress indicators. Achievements will be measured against these plans on a monthly basis, not only to assess performance but to allow for revision of schedules and targets on the basis of field experience.

Semi-annual progress reports will be submitted to USAID for the duration of the project. They will report on the indicators described above and in the logframe (Annex D). The outline and format will follow guidelines established by USAID.

J. Budget

See Annex I.

K. Financial Information Needed by Grant Officer

See Attachment 2.

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ANNEX A

Notes on Women's Organizations with Existing Production Programs

A. Cooperatives

1. Sureef Women's Cooperative for Knitting, Sewing and Embroidery

This cooperative has 400 members from five villages and refugee camps, but normally only the members from Sureef itself are active. Perhaps 700-1000 women are taking embroidery work, 250 of them from Sureef. Membership in the cooperative is 20 dinar. Legal age for joining is 18, but many below this age need work. The elected board of directors has five members.

Since the beginning of the intifada, the amount of work has not increased, but the number of people needing work has, with the result that individual women are getting much less work to do. The cooperative does not do food processing, but women in their homes are preserving of tomato juice and vine leaves, producing grape preserves, jamid (dried milk), melban (grape leather), cheese, oil, pickles, dried tomatoes (though this has decreased), dried molokhia (a green leafy vegetable), and dried figs.

There is no electricity in the cooperative, or in the town, and UNDP is preparing to supply a generator. Preparations are now under way to begin a quilting project, like that of Save the Children/Amman, which integrates traditional embroidery into quilts. Products of this group are sold through the Mennonite Central Committee shop. The sewing group is currently using two machines just for finishing the embroideries.

2. Salfet Women's Cooperative (Nablus)

This cooperative has eight women members, all unmarried, who receive cut garments from middlemen who get them from Israeli factories, and sew them up to the point of buttonholes and buttons, returning them to the middlemen who pass them back down the line for completion. These merchants pay their rent and electric bills. There are a dozen or more industrial sewing machines, buttonholers, buttoners, thread winders, and industrial scissors, but the women are unable to operate anything but the sewing machines and winders. The women have never invested in fabric and produced on their own. None of them knows how to draw or use a pattern. They do not sew for themselves. They have never gotten in touch with local merchants to see if there is any possibility of working for them. They report that local shops sell mostly Israeli-manufactured garments. The women say that they cannot take matters into their own hands vis-a-vis the cooperative's administration, the middlemen, the merchants, or training institutes because they are unmarried and therefore lack the protection of a husband to defend their coming and going in public. At the same time, their memberships lapse when they get married--the cooperative has lost a number of members to

marriage since foundation. They also report that the charitable organization in the same town also produces for Israeli factories, though it also produces some garments for sale in Khalil and Ramalla.

3. Kalandia Cooperative

This association was registered in 1958. The first organization to register under the cooperative laws was Ramallah for Handicrafts, and Kalandia is the second, but the first of its type established within a refugee camp anywhere in the world. It began with 12 girls, each contributing 1/2 dinar, started with production and then began a loan program. In 1967 everything was confiscated by the Israelis, including products and equipment. In 1968, the cooperative received a loan from ICC to rebuild and in 1981, the Cooperative Bank in Amman extended a loan of 25,000 Jordanina dinars. Land for the cooperative's building was contributed by UNRWA.

Twelve girls are employed on monthly salaries to produce school uniforms, dresses, and nightgowns. Training on knitting machines is undertaken in the summer, production in the winter. Embroidery is machine produced by other than cooperative members. About 500 girls are attached to this center which maintains a nursery school for 125 children.

B. Grass Roots Women's Organizations

1. Federation of Palestinian Women's Action Committees

This organization did not begin with a production orientation, but has added this in response to the needs of the women.

Initially production projects fell under the general directorship of the organization, but failed to prosper causing a separate department to be established within the organization to handle production. Even this is inadequate, because the projects are widely scattered and because the women are being trained from the start. This organization focuses on housewives, many of whom have little education and have not previously held jobs. The need for training is ongoing and cannot be met by weekly visits. Production managers agree that the organization urgently needs training of trainers, so that they can prepare people on-site to produce the bulk of the work. Currently they do not recover all production costs.

The first union project was the cookie factory at Abbassan. Initially eight women worked part time in the afternoons at a nursery run by the union, but now have their own facility and, until recently, had produced 400-500 kg/day. Some of the women have left, the market has become difficult, and a much smaller level of production is being achieved. The second project was a sheep/goat farm with 85 animals, with the herd serving as the main source of milk for a dairy factory, though additional milk is purchased from local farmers. Initially production was 150 liters/day, with 85 from its own herd, but reduction of the herd by disease, which killed nearly half the animals, has decreased production to 60 liters.

Consultations with veterinarians and dairy specialists have not resolved these problems. There are also problems in bottling. The milk factory produces milk, yogurt, labna, and cheese, and gives some of its production to the cookie factory. Another union project involved the production of enameled brass at 'Essawiyya.

Additional activities include a training center in Rafah for knitting, and a second at a Gaza camp which has three machines for training and one for production and will shortly begin giving loans to women for the purchase of mechanical knitting machines (\$4000 each). This camp center received a loan for upgrading production of du-a, zatar, and coffee, to allow for grinding on the premises.

Pickling projects exist in Gaza, with one group also sustaining a two-loom rug weaving project in Khan Younis where members are trained in traditional rug weaving by a Bedouin woman. Save the Children is funding and helping to organize this program as well as marketing the products and improving their quality quality.

This organization has a strong preference for having women work together in a central location, both on feminist grounds and in order to allow for supervision. Moassasset El Najda, an Arab/American women's association, is one of the institutions supporting this association.

2. Union of Palestinian Women's Committees

The Gaza program has a juice concentrate factory, with all production sold locally, mostly in commercial shops but some in bazaars, with total production of about 2,500 gallons/month. In addition to pickles and jams, the program has three women workers who, with their own investment, are producing 15 kg of cookies per day. Other activities under the federation's supervision are:

- * In-home dairying;
- * Production of school uniforms in one Gaza camp, which during the summer, manufactures school clothes, nightgowns and t-shirts. This plant is financed by the Norwegian government.
- * Knitting and sewing centers in various camps. Some of these groups wish to produce baby food but lack appropriate formula.

Kindergartens, Language Classes (English and Hebrew), and various Relief Activities

The West Bank branch has production cooperatives, including a dairy cooperative which has peasants participating with their cows as shares, and production and marketing handled cooperatively. Also the Saeer Lufa Cooperative, where lufa (a gourd which is used as a scouring pad) is cultivated by villagers, spun and woven.

3. Federation of Palestinian Working Women's Committees

Started in 1989 in Gaza, the federation maintains nursery schools in various camps and also offers literacy training. Its activities include in-home production of du-a and zatar (prepared spice mixtures), jams (carrot, grape, date), okra and hot peppers. Women assemble by block, eight or so to a group (termed cooperative), to produce, and sell through the general. Women themselves often approach shops to market the goods. The federation's leadership is specialized in various areas, but there is no production leader. The men in the camps are not very enthusiastic about this group, and is facing problems in organizing its work.

4. Union of Palestinian Women's Social Work Committees, Gaza

This group has been producing cookies for four months and filling special orders of other foods. They are also reclaiming land for household gardens to be planted by groups of women, using drip irrigation, with support of Save the Children. The group sells its products, including knitted goods, in its own shop in Gaza.

5. Palestinian Agricultural Relief Committees (PARC), West Bank

PARC concentrates on providing support to small farmers across the WBG. It carried out research on women's economic activities in three villages of the West Bank and found that women were doing 80 percent of the agricultural work, but that all of the training was being directed at men. While home processing of agricultural products and small animal husbandry had declined almost to extinction, under the intifada they have begun again. Women formed small cooperatives for training in food production, processing, and quality control.

In the beginning, work was performed without any specialized equipment, but as the women began to produce and sell, equipment was upgraded and they now have fixed centers and better equipment, such as boilers and vacuum pumps. The women members were extremely reluctant to market their own goods, and tried to rely on PARC, which initially worked with them to purchase supplies and equipment and sell products. Now the women handle all these tasks themselves.

Other women's projects have included goat loans, whereby women in two to three villages are given goats and repay by giving the first kid to the committee to give to someone else until everybody in the community has a goat. PARC is also opening tiny hatcheries to get around Israeli restrictions on independent production, and has established egg production units in various villages and camps. These are cooperatively owned, with PARC donating the chickens. There is also a program for giving chicks to those who wish to rear them at home.

6. PARC, Gaza

The same program exists in Gaza but began more recently. Two agricultural engineers, both women from the camps have been trained in outreach, and are working intensively with

women from the poorest households. Activities include rabbit breeding, chicken rearing, food processing.

C. Charitable Societies

1. Belt Jala Child Care Society

This benevolent society was established in 1944, with maternal and child health care, student loans, library, small housing project, and embroidery. About 200 woman are producing embroidery. A clothing production line was established in 1989, producing as its staple product women's housedresses and a range of other products on order. The quality excellent and production appears to be well organized. The demand for embroidery is inadequate due to high prices. This has led to experimentation with alternative products, such as embroidered belts, greeting cards, trim for necklines of blouses, insets for skirts, coasters in stands. The society offers training in computers, typing, and Spanish.

2. Arab Women's Union, Bethlehem

This union was started in 1948 with emergency care. In 1952-53 it was registered as a union, providing relief aid for students. In 1967 began an embroidery project and started a school for retarded children. In 1988 it producing an array of frozen vegetables in season, jams, juices, some traditional foods, and cooked foods on order. A number of donors contributed, with the largest amount coming from a Kuwaiti bank. The prices are higher than the markets, but quality is very high. Quantities are small, such as the processing of 500 kg of green beans. The union said that this program is not intended to make a profit but to produce, employ women, and cover its own costs. They sell to shops directly in Bethlehem and in Jerusalem. Although there is considerable industrial food processing equipment in this project, and American canning jars are being used for vegetable canning and jams, some things are done with very simple tools, such as the hand-frenching of green beans, an extremely labor-intensive process, and the labeling of containers. The group complains that demand for products is down in the Bethlehem area due to intifada, and so the need is for a refrigerated truck which would allow them to seek markets farther afield.

3. En'Ash El Osra

This is a charitable society with production and service activities in central premises and in regional centers around the West Bank. At the central premises of the association, production lines are in operation for clothing, cookies, and production of prepared foods on order, in addition to other activities which include a boarding school for orphans and others whose parents cannot take care of them, a library, and various educational programs. The production lines appear to be well designed and well managed. There is a wide range of training programs under way and a substantial library for use by women and girls. The cookie factory operates on a sound business footing, and produces enough profit to subsidize other activities of the center as well as to pay for its own expansion. It produces on a

substantial scale with quite good quality; products range from single cupcakes wrapped separately for sale to schoolchildren, to items packed by the dozen or kilogram.

This society has 5,000 women carrying out embroidery in villages. It also has 20 training/production centers in the countryside which began training on manual sewing machines and very simple work, but are expected to graduate to much more sophisticated production. Four villages have reached the stage of full production, under the terms of which they receive industrial machines. In this system the directors of the village centers are the key personnel and must be very well trained and devoted to their work.

4. Palestinian Women's Union, Gaza

Established in 1964, this organization now has branches in Khan Yunis, Rafah, and Beit Hanoun. Its main objective is to raise the living standard of Gazan women and families. The union maintains four kindergartens, a nursery school, several literacy centers, three libraries, and several crochet, sewing, knitting, and embroidery centers to train women. PWU helps to sell women's products through a permanent exhibition on its premises in Gaza.

Each center has a social worker to study the needy cases. PWU helps needy families and provides detainees with pullovers. In the education sphere, they offer some needy students school uniforms and shoes, give prizes to gifted students, and provide scholarships to needy university students. They also make contributions to institutions and hospitals.

5. Annahda Women's Associations

Since its establishment in 1925, Annahda (AWA) has dealt with different types of humanitarian activities such as financial aid to needy families, embroidery, illiteracy, intensive training courses in special education, a medical clinic, and scholarships. In addition the AWA runs a center for mentally retarded children. In this center children, both males and females, are taught mathematics, language skills, fine arts, sports and social skills during the first stage. Then they receive further training in vocational skills, such as carpentry, painting, handiwork and embroidery, and animal husbandry. AWA succeeded in placing some adults in local factories; others work in the center. Their products are used mainly by AWA, the excess is sold to educational agencies according to order, usually kindergartens.

AWA also has an educational toy library, and a boarding residence for handicapped students. It is staffed by three coordinators, a cook, and a cleaning woman in addition to a counsellor who works with individual students for two hours daily.

ANNEX B

**Workshop on Marketing Skills
February 1990**

Program and Participants

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Cooperative Development Project

مشروع التنمية التعاوني

AGENDA

Tuesday Feb, 20

- | | |
|--|-----------------|
| 1. Registration | 8:00 - 9:00 a.m |
| 2. Opening | 9:00 - 9:45 a.m |
| a- Acquaintance
b- What is CDP
c- Objectives of the Workshop
d- Schedule presentation | |
| 3. Break | 9:45 - 10:00 |
| 4. Session I | 10:00 - 11:30 |
| Definition of Marketing and its components
Brief Lecture local marketing practice
Subgroups discussions
Reporting back to the plenary group | |
| 5. Brief presentation about participating groups | 11:30 - 12:30 |
| 6. Lunch | 12:00 - 1:30 |
| 7. Session II | |
| Identification of consumer's needs
Brief Lecture
Practice in the local market
Sub-groups discussions
Reporting back to the plenary group | |
| 8. Evaluation of the 1st day | 3:00 - 4:00 |

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P. O. Box 21759 Jerusalem • Telex 9312130019 (VBR G)

تلفون ٣٢٢٠٩٢ ، ٨٢٨٦٩٢ (٠٢) فاكس ٩٧٢-٢-٨١٢٦٩٢
ص.ب. ٢١٧٥٩ - القدس تليكس ٩٣١٢١٣٠٠١٩

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Wednesday Feb, 21

- | | |
|--|---------------|
| 1. Brief Presentation - continued | 8:00 - 9:00 |
| 2. Session III | 9:00 -10:00 |
| Quality assurance and Quality control | |
| Brief Lecture | |
| Presentation of local Practice | |
| Sub groups discussions | |
| Reporting back to the plenary group | |
| 3. Break | 10:30 - 10:45 |
| 4. Analysis of some economic organizations | 10:45 - 12:00 |
| 5. Field visit and lunch | 12:00 - 1:30 |
| 6. Quality control - Retailer's view | 1:30 - 2:30 |
| 7. Summing up session | 2:30 - 3:30 |
| Evaluation | |
| Work plan for each group | |



Cooperative Development Project ♦ مشروع التنمية التعاوني

LIST OF PRESENTERS

NAME	POSITION	QUALIFICATION
1- Dr Hind Salman	Bethlehem University Director of Business Development Center	Ph.D Business Administration
2- Dr. Ramzi Sansur	Beir Zeit University 1- Assistant Prof. 2- Director of Env.and Occup. Health Center	Ph.D Environmental Health
3- Mr. Saro Nakashian	Beir Zeit University Director of Business Adm. Department	M.B.A - Marketing
4- Dr. Hala Attallah	Beir Zeit University Coordinator of the special prog. for first year students	Ph.D Dev. Psychology
5- Dr. Lamis Abu-Nahleh	Beir Zeit University Coordinator of the prog. of English Language Skills.	Ph.D Eng. Linguistics
6- Mrs. Abla Naser	Friends Girls School President	B.A. Psychology
7- Mr. Issa Deeb	Siniora Factory Food Technician	B.S. Org. Chemistry Diploma quality control Diploma Food processing
8- Mrs. Carol Morton	Saint Andrews Church Craft Aid Shop Organizer	M.A.
9- Mr. Ahmad Abdeen	Bethlehem Plastic Factory President	Geology Swedish Royal Univ.
10- Mr. Assad Abu-Khalil	Assatex Clothing Factory President	Dress Designing Germany

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♦ تلفون ٣٢٢٠٩٢ ، ٨٢٨٦٩٢ (٠٢) فاكس ٩٧٢-٢-٨١٢٦٩٢
٩٣١٢١٣٠٠١٩ تليك ٢١٧٥٩

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LIST OF ATTENDEES

PARTICIPANTS

Aida Kawas
 Hind E'lsian
 Amneh El-Agha
 Nawal Hawash
 Fatmeh Subeih
 Abla Ghanem
 Zena El-Akel
 Haleemeh Nassar
 Victoria Canawati
 Julia Dabdub
 Jamalal Abu-Yousef
 Haifa Al-Su'd
 Su'ad Abu-Abbara
 Sahar Isleem
 Rukayah Takruri
 Sama Farhan
 Siham Abbasi
 Rasmieh Ziadeh
 Wajeaha Dari
 Huda Abu-Awad
 Hiam El-Malki

GROUPS

Hamilat El-Teeb
 Action Committees
 Working Woman
 Working Woman
 Hizma Woman Company
 YWCA
 Soreef Woman Cooperative
 Soreef Woman Cooperative
 Bethlehem Women's Union
 Bethlehem Women's Union
 Agriculture Relief Committee
 Action Committees
 Beit Jala Child Care Society
 Action Committees
 Agriculture Relief Committee
 Kalandia Cooperative
 Agriculture Relief Committee
 Kalandia Cooperative
 Action Committees
 Social Work Committees
 Social Work Committees

GUESTS : Fatmeh Jabril, Claude Izagole, Abeer Ammury, Dorris Salah, Nora Kort, Nihaya Hammudeh, Salwa Hudeib, Iliane El-A'araj, Sandra Habash.

CDP STAFF : Jack Edmondson, David Davies, Krystyna Edmondson, Nuhad Judeh, Nijad Ghanam, Haifa Baramki, Holly Hagopian, Nadia Handal, Lina Attallah.

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ANNEX C

Seminar on Role of Palestinian Women in Economic Development September 1990

Program and Participants

Seminar Title: "The Status of Palestinian Women in Production"

Location: Notre Dame Hotel, Jerusalem

Date: September 25, 1990

AGENDA

- 9:00 - 9:20 Reception and registration
- 9:20 - 9:30 Opening speech
- 9:30 - 9:50 First paper: "The economic situation in the occupied territories and the role of the productive woman at present."
by: Dr. Hisham Awartani
- 9:50 - 10:10 Second paper: "The economic status of the palestinian woman "Is it moving towards independence or dependence?"
by: Dr. Suha Hindieh
- 10:00 - 10:45 Aims and goals of feminine economic movement audience participation.
- 10:45 - 11:00 Discussion session "A": Discussion of aims and goals and prioritizing them.
- 11:00 - 11:30 Break
- 11:30 - 12:00 Discussion session "B": Aims and goals developing a list of priorities.
- 12:00 - 1:00 Lunch
- 1:00 - 2:30 Discussion session "C": Problems arising in implementing the projects and in reaching the aims and goals of these projects, how to deal with these problems, and in what areas is support needed from outside sources.
- 2:30 - 3:00 Evaluation and conclusion.

PARTICIPANTS

1. Halimeh Nassar
Sorif Women Coop - Sorif
2. Sawsan Abu Fara
Sorif Women Coop - Sorif
3. Maha El Khayat
Union of Women Committees for Social work - Ramallah
4. Carol Morton
St. Andrews Hospice - Jerusalem
5. Jameeleh Sahilieh
CRS - Jerusalem
6. Suhad Khasho
CRS - Jerusalem
7. Abla Nasser
Friends Girl's School - Ramallah
8. Ihsan Ateih
Arab Studies Center - Jerusalem
9. Sana Abu Dakka
Union of Women Action Committees
10. Maysun Ibrahim El Athan
Save the Children - Gaza
11. Nuha El Buhais
Union of Women Committees for Social work - Gaza
12. Ibtisam Salem
Agriculture Relief Committee - Gaza
13. Amneh El Jayar
Agriculture Relief Committee - Gaza
14. Heather Grady
Save the Children - Gaza
15. Suhaila Janho
UNRWA - Jerusalem
16. Ligoni Samara
Arab Women's Union - Bethlehem
17. Itaf Rasas
Arab Women's Union - Bethlehem
18. Maha Saka
Union of the Working Women Committees - Jerusalem
19. Sahir Dajani
Mennonites Central Committee - Jerusalem
20. Yusra Shower
Ladies Charitable Society - Hebron
21. Reem Abbushi
Save the Children

22. Mira Rizik
Save the Children
23. Hind Salman
Bethlehem University
24. Lamis Abu Nahleh
Beir Zeit University
25. Ghada Rabah
ANERA - Jerusalem
26. Hala Ataallah
Beir Zeit University
27. Hisham Awartani
Al-Najah University
28. Islah Abd El-Jawad
Beir Zeit University
29. Clodette Habash
Pontifical Mission - Jerusalem
30. Rukaya Takturi
Agriculture Relief Committee - Jerusalem
31. Lubna Darakawi
Jenin Charitable Society - Jenin
32. Haitham Manasra
Union of Women Committees for Social Work - Ramallah
33. Suha Hindieh Mani
Women Information and Research Center
34. Hind Khoury
Bethlehem

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ANNEX D

Logical Framework

Goal	Indicators	Means of Verification	Assumptions
Empower women to participate in the economy as owners or employees of viable, productive businesses.	Increase of women-owned and operated businesses in WBG	Survey	Economy as a whole can support expanded employment and new businesses Capital available
Purpose	Indicators	Means of Verification	Assumptions
An institution providing business services to women-owned and operated businesses.	Organization registered, staffed and functioning in WBG Organization covers 25 percent of its expenses from revenues	Books of organization Requests for consultancies, applications for training courses	GOI registration Other donors initiate support
Outputs	Indicators	Means of Verification	Assumptions
Current information on business services, WBG economy, consultants readily available Relevant published resources and training materials available Relevant training courses held on fee basis /participants pay fees	Project database and rosters Holdings of resource center(s) Specific charges resulting from training Tuition fees paid Specific, agreed results, such as market study used as basis for new project, quality assurance program introduced, double-entry bookkeeping installed Consulting fees paid Shared resources, Palestinians trained in other countries in region, nationals from other countries visit WBG, a joint training activity with other country	Requests for information, referrals Individuals & organizations seek listing Records of use of materials, posters displayed in client enterprises Project records Client interviews Consulting records, client interviews	GOI regulations don't stifle innovation Organizations willing to implement recommendations of consultants or lessons learned in training courses Organizations willing to pay at least nominal fees for training courses Funding for specific activities can be obtained from external donors Organizations willing to pay at least nominal fees for consultants
Consultants provided on a fee basis Regional network of specialists established			

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Inputs	Indicators	Means of Verification	Assumptions
1 Consultants	1.1 Expatriate Consultants Year 1--10 person weeks Year 2--10 person weeks Year 3--10 person weeks	Financial records, reports, database	Appropriate staff work with project
	1.2 Local Consultants Year 1--12 person weeks Year 2--12 person weeks Year 3--16 person weeks	Financial records, database	
2 Training	2.1 Staff Development Year 1--4 participant months annual staff retreats	Financial records, reports	GOI allows staff to travel outside WBG and Palestinians to attend training courses
	2.2 Business Skills Training Year 1--90 participant days Year 2/3--135 participant each	Financial records, reports	
	2.3 Small Enterprise Support Programming Year 1--40 participant days Year 2/3--60 participant days each		
3 Commodities	Computer and Printer Desktop Publishing Equipment Resource Material		
4 Other Direct Costs	4.1 Local Staff Year 1--1 Coordinator 1 Senior Advisor 3 Business Advisors Year 2/3--1 Coordinator 1 Senior Advisor 3 Business Advisors 1 Librarian/Secretary	Financial records Financial records	

ANNEX E

Notes on Organizations with Business Support Programs

A. Support of Entrepreneurs

UNDP Business Development Center, Jerusalem

This unit was opened by UNDP to develop a business services center. Work began with a survey of manufacturing concerns, with a research team composed of graduate students to carry out interviews in 600 companies and 40 co-ops (WBG). On this base, it was concluded that the major needs of industry in the Territories is for improved management and quality control. The program was thus divided into four components: 1) feasibility study, 2) education, 3) finance and audit, and 4) international trade. Studies are complete, but not yet released, and conclusions other than those listed above are not being shared as yet. A program of training courses and seminars was held in September 1990. The seminar had several components including: loans, provision for overseas training, and design of an industrial development strategy allowing targeted investment of UNDP training, technical, and financial resources.

The director of the center has stated that it is an objective of the program to have as many women as possible involved because his experience has shown that women are generally very organized managers. Thus, no particular measures have been taken to ensure their participation other than equal opportunity. It seems highly likely that this center will focus on production units much larger than those concerning women.

AMIDEAST, Jerusalem

AMIDEAST is preparing to implement a series of training programs in business and some specific production skills for the wider WBG business community as part of its human resource development program. There will probably be considerable scope for cooperation with this program, but until the program is more defined, it is difficult to specify how extensive the overlap in objectives will be.

B. Business as Employment

ANERA Small Enterprise Program, Jerusalem

This program has been under way for almost a year, working with charitable organizations, mostly those for women. The program supplies technical assistance and equipment to small businesses established by these organizations. The program manager is a graduate of Bir Zeit business school, and previously worked with En'Ash El Osra to put their enterprises onto a sound business footing. Now he is trying to do the same with other charitable organizations. Conditions of assistance include the establishment of a position for project

manager, the development of a feasibility study by the group itself (ANERA may help with this but will not do it itself), the separation of enterprise accounts from organizational accounts, and the building of incentives to workers into the system. The ongoing programs are knitting, sewing, and food processing, but he is hoping to move into new areas.

Catholic Relief Services, Jerusalem

The small enterprise department began in May 1988 with an emphasis on agribusinesses such as poultry farms and animal husbandry. The initial program consisted of group grants (for groups with at least six members). The money was used for machinery, working capital, or other costs. The maximum grant was \$24,000, though most were considerably smaller (the smallest to date was \$4,000 for animal husbandry). An exceptional grant of \$32,000 was given to 72 olive wood workshops in Bethlehem to establish marketing channels abroad. They hired a marketing manager, a secretary, and an accountant and prepared a brochure. Since June, only loans have been made, these to individuals and groups but the agency is moving in the direction of individual loans, as it requires an extraordinary level of effort to establish groups and the consensus of the international development community is beginning to go with individual enterprises. By and large these loans average about \$2000.

Some enterprise development work is also being carried out under the women's program. Current projects include a food processing project at Beit Kahel in Hebron, which is run by 15 women. CRS has provided a vacuum cooker, a steam cooker, and a grape juicer. The latter two were designed by a resident food processing specialist, and manufactured locally. They are expected to be available in area markets soon. There is also a food processing center in Jericho, being jointly supported by CRS and ANERA, which is concentrating on more traditional food products. The remaining projects include a sewing production line at Beit Jalla and another at Marat Rahah. For both of these projects, training is being provided at the Rosary Sisters Training Center, itself supported by CRS, where the best quality equipment is used for training purposes.

Save the Children, Gaza

Most of the work of Save the Children is being carried out in cooperation with local organizations. Women's programming addresses the needs of the poorest families, and is focusing closely on developing self-sufficient production activities mostly on a group format. A rapid rural assessment study has been done to further explore the needs and priorities of women in two Gazan communities.

Among other programs, Save has supported a group of Gazans in setting up a business advisory office in Khan Younis. This office helps those who come by with information on tax procedures, accounting, suppliers. A data base on sources of raw materials and other commonly requested items of information is now being developed. Save also has advised some co-ops and has helped arrange for feasibility studies with an office in Gaza city.

C. Other Organizations (in alphabetical order)

Arab Thought Forum, Jerusalem

Research institute examining multiple facets of Palestinian society, with heavy focus on economic status in general. No specifically WID research under way, but Forum has issued an annotated bibliography of its library holdings in the field. Currently preparing for publication a study of industry in the West Bank. Library open to all, usually seven days a week.

Arab Thought Forum, Gaza

The newly-established branch of ATF/Jerusalem conducted a study of women in a Gaza camp. The study gathered full work histories from 100 households (two-percent), including approximately 220 women, and was completed in late 1990. As well, a program in cooperation with ATF, utilized professors from Gaza University to train 20 women university graduates in fieldwork methods. As part of their training, they will carry out mini-studies in Gaza, and the best will be selected for employment as WID researchers.

A study of Gazan industry based on a nearly 100 percent sample of factories with eight or more workers, and an "informal" sample of smaller shops was completed in December.

Gaza Business Advisory Services

This is a small business advisory firm which concentrates chiefly on industrial feasibility studies. At present, the firm performs three to four feasibility studies per month. The firm charges for its services, with reduced rates for PVOs.

Kafr Nu'mi Cooperative for Animal Production

This cooperative began in 1985 with 25,000 JD. The smallest subscription was 200 JD and the most allowed was one-fifth of total capital. There were 35 founding members, and currently there are 88, 30 of whom are women. Members explain the high participation of women and the election of a woman president by the fact that care of livestock is traditionally a woman's task. Initially this coop focused on dairy production, but when the price of feed rose and those of dairy products and meat decreased, they suspended this operation and now producing broilers and eggs. Water is a problem because the village is not connected to the pipe network and so must have it delivered. They now are trying to acquire a tractor to transport water, spray crops, and haul garbage. Chickens are sold through a marketing cooperative in Ramallah, through their own store (which also sells supplies), and in the general market. A local PVO is giving loans to individual villagers, and the cooperative testifies to reputation but does not guarantee the loans (two other villagers guarantee each loan, but not through the cooperative).

This village also has a charitable society, the Bil'in/Kafr Nu'mi Cooperative for Social Cooperation, which was originally financed by Bread for the World to assist with women's income-generating activities including production of flat basketry, various food processing activities, embroidery and sewing. Their handiwork products are sold at the Ramallah Handicraft Center. Today this program is run entirely by local women.

Khan Younis Business Consultant Office

This is a non-profit company established in 1989 by a group of business professors from the Islamic University of Gaza to offer business consulting services to the private sector in Gaza. Many Gazans have sought the services of this firm, but most of them have come for help in terminating partnerships. The firm is very much interested in participating in a wide range of business development activities in Gaza, but the principals report that it will take time to get the business community to recognize the value of consulting services. At present the firm does not charge for its services.

Mennonite Central Committee, Jerusalem

The Mennonite Central Committee operates a shop for sale of the embroidery produced by Sureef Cooperative, and is working intensively with the cooperative to transfer more of the management of production and marketing to the women.

Near East Council of Churches, Gaza

The NECC has a women's training program which concentrates on training in knitting and sewing for production. Under conditions of the intifada, a decision was made to have women produce on the premises. Now there are two production centers, a knitting center which produces pre-sale items and a sewing center where individual garments are made on order, with customers providing materials. There is enough work but as the intifada continues things have become increasingly difficult. Knit goods are sold at the center although during the first year of intifada, the knitting supervisor and a student tried to get orders from Gaza shops. They visited three without success and abandoned their efforts. NECC would like to be able to give knitting machine loans but lacks the resources to do so.

Palestinian Society for the Study of International Affairs, Jerusalem (PASSIA)

A research organization with multiplex activities, PASSIA has had an American anthropologist working on gender issues in Palestinian society for the past year.

UNRWA, Gaza

Income generation and a self-support program are under the welfare department and work in cooperation with the projects department, the institutional location of the CD Project, which is run by a British PVO. This group operates a small enterprise credit program, with loans of

\$15,000 and up which includes women. One loan was given to a group of 20 women to produce fruit juice concentrate. CD trains UNRWA staff to carry out loans programs. They also have been trained in feasibility analysis, women's programs, and projects for the disabled. UNRWA itself gives loans of \$5,000 - \$7,000 and used to give grants for small enterprise to people receiving rations, but many refused such projects because once they began earning money, their rations were cut. Now the program targets those who qualify for rations on income grounds but don't get them, such as those with sons 18 and older. These are soft loans with 2-3 years maturity and 2-3 percent interest.

UNRWA has 10 training centers in Gaza, all giving one-year courses in sewing, manual and mechanical knitting, embroidery, and cooking. They award a certificate upon completion of a course. Many women used to work in subcontracting to Israeli factories, so UNRWA is trying to encourage them to form groups for independent production. What this encouragement consists of is not clear but projects include production of juice concentrate and saheb (a powdered plant substance used to make traditional pudding).

There is also a self-support project with nine centers for training in embroidery. UNRWA markets the production, partly through its shop in Gaza. There are women's activity centers, which are social clubs for women in the camps, which have sewing and knitting machines which the women can use as they like. One camp has a hairdressing course for which women provide their own supplies. The founder, a hairdresser now charges for her work and sells cosmetics on the premises.

Women's Resource Center, Jerusalem

This center was founded by the Union of Palestinian Women's Action Committees to carry out research on women in development in the WBG and to produce literature on women in development available for the general public. It currently is distancing itself from its parent organization in order to emphasize its service function to the sector as a whole. This center is quite young and is not yet well equipped, but the library is growing rapidly and the research group has begun to produce scholarly papers based on a large survey of the working conditions of women employees of Palestinian factories.

YMCA, Jerusalem

The YMCA has a new program to help youthful victims of the intifada, both boys and girls, reintegrate into society. According to need, beneficiaries of this program are given medical care, physiotherapy, psychotherapy, vocational training, and job placement. Thus far, most of the vocational training and placement has been for young men, but development of a program for young women is a high priority of the agency.

ANNEX F

NEF Training Program

TOPICS FOR TRAINING OF COORDINATORS AND BUSINESS ADVISORS

*(Sample Topics from Near East Foundation Program
for Adaptation to CDP Needs)*

Sequence for Small Business Program Staff in PVOs

Module 1: The Contemporary Climate of Small Business Development

Module 2: Business Skills (The Individual Entrepreneur)

Module 3: Promoting Income-Generating Activities

A. Transferring Knowledge and Skills

- 1. Behavioral Skills for IGA Knowledge and Skills Transfer**
- 2. Training**
- 3. Technical Assistance**

B. Financial Services

- 1. Coordination with Banks and other Financial Institutions**
- 2. Design and Management of Credit Schemes**

BUSINESS SKILLS SEQUENCE

- Module 1: Assessing Potential for Self-employment; Generating Business Ideas**
- Module 2: Defining Products and Services**
- Module 3: Assessing Production Costs**
- Module 4: Planning for Finances**
- Module 5: Determining Potential Profitability**
- Module 6: Legal Concerns in Business Start-up**
- Module 7: Marketing Potential; Organization of Production Resources**
- Module 8: Effective Financial Management**
- Module 9: Product/Service Promotion**
- Module 10: The Balance Sheet as a Practical Tool**
- Module 11: Promoting Small Business for Women, Program Design and Training Techniques**

Promoting Income Generation Activities



May 3rd - June 6th, 1991

Promoting Income Generation Activities



Introduction

Small-scale enterprises play an important role in the development process. They create new employment, mobilize local resources, and provide services to the local community. Moreover, a thriving small business sector encourages balanced development by helping redistribute wealth and opportunity throughout the local economy. Government departments, training institutions, agencies and extension services, commercial or development banks and business associations are all types of agencies currently involved in enterprise promotion. Those who are involved in this work need an opportunity to share experiences, to observe different approaches and to develop effective strategies.

This program provides an opportunity for those involved in promoting income generation activities (IGAs) in various organizations working in the field around the Arab world to learn and exchange ideas. Participants will have the opportunity to review current developments and to assess the success of recent initiatives in enterprise promotion, as well as be able to focus on their own particular needs and skills required to promote IGAs.

The Center For Development Services has acquired regional experience in promoting IGAs and

in the design of training programs appropriate to the Arab countries.

Target Participants

This program is designed for individuals and agencies involved or newly participating in the field of promoting IGAs, including the staff of the following types of organizations:

- Government departments responsible for programs to promote income generation activities;
- Training institutions concerned with the training of entrepreneurs;
- Agencies and extension services which offer advice, financial support and technical assistance to local entrepreneurs;
- Commercial or development banks with special interests in small enterprise lending;
- Business associations attempting to encourage the growth of local small businesses.

Participants attending this program may have responsibility for the direction of projects in the field, or be specialized staff at headquarters. While being an Arab citizen is not a must, participants must have a good command of written and spoken Arabic in order to be able to fully participate in the program.

Objectives

The overall goal of this program is to enhance the knowledge and skills of the participants to design and run effective Income Generation Activity promotion programs. At the completion of this training program the participants will be able to:

- See economic development programs in a broad economic perspective and in the context of overall development strategies;
- Understand the small business sector, distinguish between levels of economic activity and identify subsequent training needs (according to specific target groups);
- Design programs for assisting small-scale enterprises;
- Organize and manage effective and sustainable enterprise development programs that are responsive to the needs of local entrepreneurs;
- Understand and apply effective business management skills;
- Identify, appraise and select local entrepreneurs and businesses with real potential for success;
- Assess the needs of individual businesses;
- Advise and counsel local entrepreneurs to enable them to make effective use of management skills and local resources.

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Program Structure

The program is divided into clear themes, giving coherency and structure to the overall program. The program will be divided into four such themes, the first concentrates on the role of

development agencies in economic development; the second focuses on the viability of running a small business; the third on the role of the trainer/motivator in effectively promoting IGAs, while the fourth concentrates on the promoter's role in designing and managing IGA programs. This schematic approach enables the participants to focus their thinking on the different components of IGA promotion.

The program is built around a series of lectures, case studies, exercises, attachments and field visits which relate to the environments in which participants implement their IGA programs.

Participants will work, individually and in small groups, on case studies and other materials. These case studies will have been prepared by the participants themselves, based on guidelines sent to them in advance. These case studies will be used to stimulate discussion and may also be the basis of participants' action plans for implementation upon their return home.

The program is designed to introduce participants to different approaches and to explore some of the underlying issues in the IGA promotion process. Thus, in addition to lectures and case study reviews the participants will be involved in group discussions and a variety of exercises.

Field visits and attachments are an integral part of the program, and participants will be directly involved with small businesses and entrepreneurs to gain direct experience with the kind of businesses they will be working with.

Contents

The detailed content of the program will depend on the activities of the participants who are finally selected, but subjects to be covered should include the following:

Economic Development: participants will be introduced to some of the major debates in economic thought, such as issues of growth vs. distribution, and broad economic considerations such as historical paths of development and economic strategies. Relations will be drawn between macroeconomic structures and community and household level economics. Within these broad

frameworks participants will discuss the role of development organizations in economic development;

- Rural and Regional Enterprise:** participants will review the success of various programs designed to promote IGAs in regional and rural locations, and will study the potential for IGAs in rural communities and the practical use of appropriate technologies;



- Program Experience:** participants will be given the opportunity to visit some innovative approaches to promoting IGAs. Participants will study a number of these programs through visits, individual attachments, and discussions;

Business Skills: participants will identify the business skills required for starting up a small business, and will acquire the training necessary to deliver these skills to their respective target groups. Examples of the business skills that will be addressed are feasibility studies, marketing, financial and technical management, entrepreneurship characteristics, and business structure;

Entrepreneurship and Enterprise: participants will identify the personal characteristics which contribute to entrepreneurial success, and the issues arising from working with such entrepreneurs;

Apprenticeship: participants will work in a small business to get to know the needs of such businesses and the ingredients of success.

- Client Relations:** participants will be introduced to different dimensions of client relations, and the problems posed by dealing with clients from different "cultures", due to their education level, gender or backgrounds;

Trainer/Motivator: as persons responsible for encouraging the potential entrepreneur, participants will enhance their skills and knowledge of the opportunities available; the technical business skills needed to assist small businesses, the relational abilities to stimulate entrepreneurship and the discovery of latent talents that may be marketable;

- Promoter:** participants will improve their promoter skills in planning, organizing and operating Income Generation Activity programs;

- Program Design:** participants will be introduced to the various aspects of designing programs, defining goals, writing proposals, preparing budgets, and ways of communicating with donor agencies.

Action Commitment

To ensure some practical application of material presented in the PIGA course, every participant will be required at the end of the program to present a specific "Action Commitment" which he or she proposes to implement on their return. "Action Commitments" are prepared in consultation with the Center for Development Services staff and will be followed up by personal visits, indirect contacts or correspondence.

Staffing

The program will be under the direction of Mr. Ahmed Abou El Yazed, of the Small Business Services at the Center for Development Services. He will be joined by additional members of the Center and others who have experience in promoting and working with income generation programs.

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ANNEX G

Job Descriptions and Qualifications of Personnel

Program Coordinator

The Palestinian Program Coordinator has overall responsibility for management and coordination of the program, and reports to the ACDI/CDP Chief of Party. She is responsible for managing the planning, operation, monitoring and evaluation activities of the project, and for reporting to CDP and preparing draft reports to USAID. She is also responsible for coordinating relationships with the advisory board and other relevant organizations, for training courses, and the management of short-term consultancies to the project. In addition, she is responsible for overseeing the business advisory services in the field in her area.

She should have experience in project or business management, and also experience in development/outreach programming. The business experience ideally should be hands on experience in private sector business, but might also be a master's degree in business administration. She should be a person of perceived neutrality vis-a-vis the women's political organizations, but respected by the various groups.

Senior Business Advisor

This individual will be responsible for all program activities in Gaza and report to the Program Coordinator. She will work with the Coordinator in planning, management, monitoring and evaluation activities. Her qualifications are to be essentially the same as those of the coordinator, but complementarity of background is to be sought in recruitment: if the coordinator has expertise in business management, the Senior Business Advisor should have expertise in development programming, and vice versa.

Business Advisors

The Business Advisor is responsible to the Program Coordinator to carry out field activities in her geographical region as well as in her area of technical specialization. Activities include identification of appropriate groups and individuals for the project to work with, needs assessment, coordination with relevant organizations in her area, development and delivery of training courses, and responsibility for consulting interventions.

Business advisors should be selected to represent a variety of skills and expertise. All should be university graduates, fluent in English, with writing skills, initiative, and a demonstrable ability to work closely with a team. It is highly desirable that all have a business degree and/or several years of experience in operating a small business. Other possible qualifications might include engineering or specific technical areas such as textiles or food

technology. Experience in women in development programming is also important. All must be willing and able to travel extensively, both in their areas of work and for training abroad. The business advisors should not be strongly identified with a particular women's organization.

Secretary/Librarian

In addition to providing clerical support in both Arabic and English, this individual will have responsibility to manage materials and media generated or obtained by the project. This will include coordination with existing centers to share resources and references.

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ANNEX H

Workplan

1. Pre-Project Activities

A number of activities will be undertaken by CDP prior to the start-up of the project which will contribute to the work of CDP with cooperatives and at the same time provide a basis for carrying out the proposed WIED program. These activities are part of the existing CDP program and are therefore not formally included in the project proposed here, but are outlined below because of their relevance to the WIED program.

- a. **Sending of four women-in-economic-development workers to the Near East Foundation small business advisory center in Cairo or Amman for intensive training in business skills and small business support service provision, and to observe small enterprise promotion programs and the small-scale production sector through site visits.**
- b. **Completion of data base on the productive projects of women's organizations, including information on products, organization of production, sources of finance, methods of costing and pricing, marketing methods, structure of production section vis-a-vis organization as a whole, level of employment, etc.**
- c. **Development of detailed rosters of support services available to small enterprise promotion programs and to small businesses, based on formats to be developed by the project, to include basic information relevant to economic development support programming, as follows:**
 - * **Credit facilities**
 - * **Technical services**
 - * **Training programs, local and international**
 - * **Small business support programs**
 - * **Program funding sources**
 - * **Libraries, research centers and other institutions in the WBG with collections on business skills, women in economic development, business and industry in the WBG, industrial and commercial registries, and other materials of relevance to the WIED program, and encouragement of indexing links among these agencies**
 - * **Study of very small-scale business in the WBG, to identify local strategies for opening and sustaining small businesses, factors which predispose to success or failure, sources of investment capital, scope of activities, etc., and to identify women and men who may be able to advise on small enterprise support programming for women and to ascertain characteristics of women-owned businesses, including past business experience, sources of investment capital, scope of activities, etc., to result in a characterization of Palestinian small-scale**

business in general and to develop a dynamic picture of constraints on women in small businesses, as well as to identify needs of this potential target group for business support activities and willingness to participate in training programs.

- * Review of legal requirements and procedures for the opening and operating of a small business, and preparation of manual for proprietors

2. Year One Activities

- a. Recruiting a Program Coordinator and a Senior Business Advisor, one for Gaza, one for West Bank;
- b. Recruiting three Business Advisors (bringing total to four, one from Gaza and three from West Bank);
- c. Sending four small business advisors and two coordinators for a one-month training course in Egypt or Jordan;
- d. Establishment of a working committee on small enterprise development with program directors from national and international PVOs working in the WBG;
- e. Establishment of a program advisory committee of production project directors in the women's sector and women experts on small business;
- f. Preparation of action plan for Year One formal training and extension program;
- g. Formulation of agreements with 4-6 production projects for long-term business consultation;
- h. Provision of short-term business consultations and referrals to businesses as requested;
- i. Preparation and implementation of three modular training courses in business skills, with consultants as trainers;
- j. Preparation and implementation of project management training course;
- k. Provision of small business learning resource materials to two existing centers, one in Gaza and one in the West Bank; and
- l. Preparation of publication(s) for use in small enterprise programs based on rosters and circulation of these materials to relevant organizations

3. Year Two Activities

- a. Follow-up on attendees at training seminars to assess the degree to which they have been able to integrate skills taught in training courses into their organizations and production programs, identification of constraints on integration;**
- b. Modification of three business skills training materials according to experience under (a) above, publication and distribution;**
- c. Repeat of three modular training courses, with coordinators/business advisors as trainers;**
- d. review of the experience of extension work during Year One, demand for various types of services among the women's organizations and women-owned businesses, and preparation of work plan for Year Two;**
- e. Hiring of two additional business advisors, one in Gaza and one in the West Bank;**
- f. Provision of one-month training course in Egypt or Jordan for these staff;**
- g. Formulation of agreements for operational business consultancy services with 12-18 women-owned businesses;**
- h. Provision of short-term business consultancies on request;**
- i. Preparation of demand studies in Gaza and the West Bank to identify consumer products in demand in the local market and which can be produced with moderate level of investment and technology which are candidate for detailed feasibility studies;**
- k. Preparation of six case studies of women-owned businesses, including both program-sponsored and private sector businesses, for use in future training programs;**
- l. Identification of an institution to take over program management or establishment of a new institution to be operated by project staff, and initiation of the transfer of administrative responsibility;**
- m. Repeat of the training modules given during Year One for new group of trainees;**
- n. Development and implementation of three new training modules; and**
- o. Mid-term evaluation of project.**

4. Year Three Activities

The third year of project development will continue activities undertaken in the first and second year, based on experience of the program to date, and will focus on supporting the development of a viable institution for promotion of small business among women.

ANNEX I

Budget

Women?

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)

SUMMARY BUDGET

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	28,879	29,847	32,179	\$90,905
6. TRAINING	41,500	26,500	27,500	\$95,500
7. COMMODITIES	16,750	6,750	5,000	\$28,500
8. OTHER DIRECT COSTS	103,431	124,825	130,866	\$359,122
9. ACDI SUBTOTAL	\$190,560	\$187,922	\$195,545	574,027
10. INDIRECT COST @ 39.0%	74,318	73,289	76,263	\$223,870
11. TOTAL ACDI	\$264,879	\$261,211	\$271,808	797,897

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)

DETAIL BUDGET

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	\$28,879	\$29,847	\$32,179	\$90,905
A. Expatriate Consultants	\$24,379	\$24,932	\$25,397	\$74,708
1 WIED consultant year I 6 weeks @ \$220 per day 5 work days each week	6,600	0	0	\$6,600
1 Prod. feas. consultant year I 4 weeks @ \$250 per day 5 work days each week	5,000	0	0	\$5,000
1 WIED consultant year II 6 weeks @ \$231 per day 5 work days each week	0	6,930	0	\$6,930
1 Prod. feas. consultant year II 4 weeks @ \$260 per day 5 work days each week	0	5,200	0	\$5,200
1 WIED consultant year III 6 weeks each \$243 per day 5 work days each week	0	0	7,277	\$7,277
1 Prod. feas. consultant year III 4 weeks @ \$265 per day 5 work days each week	0	0	5,300	\$5,300
DBA @ 4.25% of fees	493	516	535	\$1,543
Travel @ \$550 per trip base for WIED consultant	550	550	550	\$1,650
Travel @ \$2,000 per trip base for Product feasibility consultant	2,000	2,000	2,000	\$6,000
Medevac Insurance @ \$40 a month per consultant	80	80	80	\$240
Per Diem @ \$142 a day,	9,656	9,656	9,656	\$28,968

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	LINE ITEMS	YEAR I	YEAR II	YEAR III	TOTAL
B.	Local Consultants	\$4,500	\$4,915	\$6,782	\$16,197
	3 Consultants first year, 4 weeks each \$55 per day 5 work days each week	3,300	0	0	\$3,300
	3 Consultants second year, 4 weeks each \$58 per day 5 work days each week	0	3,465	0	\$3,465
	4 Consultant third year 4 weeks each \$64 per day 5 work days each week	0	0	5,082	\$5,082
C.	Local travel	1,200	1,450	1,700	\$4,350
6.	TRAINING	\$41,500	\$26,500	\$27,500	\$95,500
	Staff Development	24,000	1,000	2,000	\$27,000
	In-Country	1,000	1,000	2,000	\$4,000
	Third-Country	23,000	0	0	\$23,000
	Business Skills Training 15 participants each session 2 sessions first year 3 days per session \$100 per day	9,000	0	0	\$9,000
	Business Skills Training 15 participants each session 3 sessions second year 3 days per session \$100 per day	0	13,500	0	\$13,500
	Business Skills Training 15 participants each session 3 sessions third year 3 days per session \$100 per day	0	0	13,500	\$13,500
	Small Enterprise Support Programming 10 participants per session 2 sessions first year 2 days per session \$100 per day	4,000	0	0	\$4,000
	Small Enterprise Support Programming 10 participants per session 3 sessions second year 2 days per session \$100 per day	0	6,000	0	\$6,000

LINE ITEMS		YEAR I	YEAR II	YEAR III	TOTAL
Small Enterprise Support Programming 10 participants per session 3 sessions third year 2 days per session \$100 per day		0	0	6,000	\$6,000
Training Material Development		4,500	6,000	6,000	\$16,500
7. COMMODITIES		\$16,750	\$6,750	\$5,000	\$28,500
Computer and Printer		10,000	0	0	\$10,000
Desk Top Publishing Equipment		3,000	0	0	\$3,000
Resource Center (Library)		3,750	6,750	5,000	\$15,500
Office Equipment		0	0	0	\$0
8. OTHER DIRECT COSTS		\$103,431	\$124,825	\$130,866	\$359,122
1 Coordinator @ 36 months beginning mo	\$1,250 month x 1 of year I	15,000	15,750	16,538	\$47,288
1 Senior Advisor @ 36 months each beg. mo	\$950 month x 1 of year I	11,400	11,970	12,569	\$35,939
3 Business Advisors @ 36 months each beg. mo	\$900 month x 1 of year I	32,400	34,020	35,721	\$102,141
1 Librarian/Secretary 24 months beginning mo	\$750 month x 1 of year II	0	6,300	6,615	\$12,915
Payroll Added @	25%	14,700	17,010	17,861	\$49,571
Local Travel		8,181	9,600	10,080	\$27,861
Publications		5,250	7,350	7,718	\$20,318
Supplies		5,625	7,875	8,269	\$21,769
Office Rental		3,000	4,000	4,000	\$11,000
Utilities		1,125	1,500	1,575	\$4,200
Communications		6,750	9,450	9,923	\$26,123
		-----	-----	-----	-----
9. ACDI SUBTOTAL		\$190,560	\$187,922	\$195,545	\$574,027
10. INDIRECT COSTS @	39%	\$74,318	\$73,289	\$76,263	\$223,870
		-----	-----	-----	-----
11. TOTAL ACDI		\$264,879	\$261,211	\$271,808	\$797,897
		*****	*****	*****	*****

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Budget Notes

1. SALARIES

The project is envisioned as being managed in the field by CDP's Chief of Party. This cost is already accounted for in the CDP proposal; therefore, no long-term expatriate salaries are budgeted for in this proposal.

2. PAYROLL ADDED COSTS

No payroll added costs are included in the proposal because no long-term expatriate salaries are budgeted.

3. ALLOWANCES

No allowances are included in the proposal because no long-term expatriate salaries are budgeted.

4. TRAVEL, TRANSPORT AND PER DIEM

All consultant and local travel and per diem is budgeted under "consultants" or "other direct costs" below.

5. CONSULTANTS

The proposal envisions utilizing the skills of Linda Oldham as a WID specialist. Ms. Oldham's home of record is Cairo, Egypt, and she has indicated her interest in being involved with the project on a long-term, continuing basis without a long-term, continuing presence. Ms. Oldham is budgeted for six weeks of field-work each year.

In addition to the WID specialist, the project requires the expertise of a product/process feasibility consultant each year to identify niches which women-owned and operated enterprises in WBG can fill.

The project will require local consultants each year for various business and enterprise skill training, technical training and assessment, and feasibility study preparation.

6. TRAINING

For success, this proposal requires that the Palestinian women hired as Coordinator, Senior Business Advisor and Business Advisors participate in formal business skills training in Cairo or Amman during the first quarter of the project. The costs for this training including travel, per diem, tuition and miscellaneous charges are budgeted at

\$4,600 per person. A nominal sum is budgeted each year for a staff-retreat to allow the advisors to hone their skills.

Training sessions are budgeted at \$100 per day per participant. In the first year, two Business Skills Training workshops are planned, as well as two Small Enterprise Support workshops. In the second and third years of the project, three workshops are planned in each subject.

7. COMMODITIES

One micro-computer and one desk-top quality printer are planned to be purchased for the project.

8. OTHER DIRECT COSTS

Funds are budgeted to employ one project coordinator for 36 months, one senior advisor for 36 months and three business advisors for 36 months each. In addition, one Librarian/Secretary is budgeted for 24 months, beginning in the first month of the second year of the project.

Travel, publications and supplies are estimates based on the level of local field effort. Office rental and utilities are budgeted to cover the pro rata share of CDP's office space utilized by the project.

Counterpart Contributions

1.	Training offered by staff trained in third country (\$100 x 5 staffers)	20,000
2.	Participant time while attending courses (\$100/day time 5,200)	52,000
3.	Participant transport	12,000
4.	European donor contributions	175,000
	Total	259,000
	Percent	32.5 percent

ANNEX J

References

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ANNEX L
Supplementary Budget

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)

SUMMARY BUDGET

LINE ITEMS	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
1. SALARIES	0	0	0	0	\$0
2. PAYROLL ADDED COST	0	0	0	0	\$0
3. ALLOWANCES	0	0	0	0	\$0
4. TRAVEL, TRANSPORT AND PER DIEM	0	0	0	0	\$0
5. CONSULTANTS	53,403	60,830	62,921	42,214	\$219,368
6. TRAINING	42,500	68,400	50,000	50,000	\$210,900
7. COMMODITIES	20,500	24,150	6,750	6,750	\$58,150
8. OTHER DIRECT COSTS	159,056	247,575	279,799	224,867	\$911,297
9. ACDI SUBTOTAL	\$275,459	\$400,955	\$399,470	\$323,831	1,399,715
10. INDIRECT COST @ 39.0%	107,429	156,373	155,793	126,294	\$545,889
11. CREDIT FUNDS	0	0	0	0	\$0
12. TOTAL ACDI	\$382,888	\$557,328	\$555,263	\$450,125	1,945,604
13. SUBCONTRACT TOTAL	\$0	\$0	\$0	\$0	\$0
14. TOTAL PROJECT BUDGET	\$382,888	\$557,328	\$555,263	\$450,125	\$1,945,604

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ATTACHMENT 1

Loken 13-Point List

The following notes refer to Ms. Loken's thirteen point list of items in her letter of March 15, 1991 to be addressed in the proposals. Almost all questions are answered in the three proposals, but the following responses are listed to ensure total compliance.

1. **Travel:** Under its present grant, ACDI asks AID/W concurrence on all travel. ACDI also agrees to conform to travel restrictions that may be in place at any time.
2. **Geographic distribution:** Each proposal deals with this subject, as well as our letter to Mr. Lawhead of April, 1991. For the CDP extension, it is estimated that 30% of project funds will be used in the Gaza strip. This percentage would obtain for running costs, technical assistance, training and grants/loans. It should be noted that in the case of the Jobs Program, a larger percentage of the capital funds are anticipated to be spent in Gaza (60%) because the program will not begin in the West Bank until January 1993. In the Women's Enterprise project, 25% of project resources will be spent in Gaza.
3. **Previous Evaluations:** Please refer to Mr. Jerry Lewis's letter to Ms. Kristin K. Loken on March 22, 1991 dealing specifically with this subject. Also refer to the project proposals themselves.
4. **Program Performance Indicators:** Please refer to the evaluation section and logframe in each proposal.
5. **Loan and Credit Components:** See Jobs program for loan terms. See previously submitted CDP loan guidelines for the on-going loan program.
6. **Procurement:** ACDI agrees to the "Buy America" clause.
7. **Markings:** ACDI does not make commodity distributions. However, it does credit USAID on all publications emanating from the CDP office.
8. **Format:** Proposals have conformed to the guidance provided.
9. **Activities:** Each proposal has indicated the additional activities funding that is required.
10. **Controls:** Please refer to the management and organization sections in each proposal.
11. **Linkage/Sustainability:** Please see CDP extension proposal for a complete discussion of this.

12. Coordination: Please refer to each proposal, where this is discussed in the "Coordination with local organizations" section.

13. Government of Israel Approvals: See each proposal for a discussion of this. With the exception of the rural electrification program, CDP has not had difficulties with approvals from the CIVAD. The major problem in 1990 and 1991 has been the need to obtain passes for WBG employees, which has significantly constrained mobility of staff. It is still a problem, but has been taken up at a high level with Israeli authorities by the US Embassy and Consulate, the entire body of PVOs and by ACDI/CDP directly.

ATTACHMENT 2

Financial Information Needed by Grant Officer

1. Procurement

ACDI's procedures conform to the requirements set forth in OMB Circular A-110 (Administrative Requirements for Grants to Non-profit Organizations). ACDI is audited annually in this respect by external auditors, Arthur Young & Company who have been mandated to perform such audits by the Inspector General's office of USAID.

ACDI and the subgrantees, National Rural Electric Cooperative Association (NRECA), National Cooperative Business Association (NCBA), Volunteers in Overseas Cooperative Assistance (VOCA) and Cooperative Housing Foundation (CHF) are all U.S. cooperative development organizations and PVOs. As such most receive central support grants from U.S. AID, have had substantial contractual and grant arrangements with AID and are therefore familiar with AID procurement and financial reporting procedures.

Neither ACDI nor the subcontractors will have any significant procurement in the project. The only subcontractor procurement will be relatively small quantities of books and publications, audio visual or computer equipment, electrical testing equipment and miscellaneous equipment. There may be some large electrical equipment to be procured and AID procurement regulations will be adhered to.

2. Selecting and Monitoring Subgrantees

Each of the subgrantees will be a U.S. PVO or cooperative that is a member of the U.S. Overseas Cooperative Development Committee (OCDC). Each of these organizations has a specialty in one or more types of cooperative business so selection will be based on each organization's established specialty and capability.

A subcontract will be negotiated for each assignment which could include provision of long- and/or short-term consultants and support services including small-scale procurement of specialized equipment and supplies. ACDI has standard procedures for examining vouchers and making advances. Subgrantees submit vouchers to ACDI for reimbursement on a monthly basis and make all records available for audit or inspection by ACDI and AID.

3. Report of Cumulative Expenditures

The requested funding is to be added to an existing grant and a report of cumulative expenditures will be provided separately to the Grant Officer.

4. Long-term Personnel Policy

ACDI's personnel policy regarding allowances and travel has been closely patterned on those normally provided to AID contractors. Past policy manuals have been approved. A copy of ACDI's policy manual has been submitted to AID for review and will be provided separately to the Grant Officer.

5. Local Personnel Policy

ACDI's local personnel policy has been closely patterned on the policies of other AID-assisted PVOs working in the WBG. A copy of the policy will be submitted to the Grant Officer.

6. Financial Statements

Copies of our audited financial statements for the past three years will be submitted to the Grant Officer.

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