



INTERNATIONAL LABOUR ORGANIZATION

REGIONAL OFFICE FOR ARAB STATES

Concept note

Support to Palestinian Cooperatives for Employment and Income Creation

Duration: 36 months

Implementing Partners: Palestinian Authority, Ministry of Labour, Directorate-General of Cooperatives, General Union of Cooperatives

Estimated Budget: US\$4,500,000

Brief Description: This Project falls within the framework of the ILO Palestinian Employment Programme and the strategy for the development of the labour sector in the occupied Palestinian territory, targeting economic growth and the creation of sustainable and decent employment opportunities. The project seeks to create more and better jobs at the grassroots and community levels through strengthening viable and member-controlled cooperatives to work as business enterprises. The project will assist the Ministry of Labour in establishing and operationalizing a new service structure, the General Commission for Regulating Cooperatives (GCRS), and turning weak and inefficient local cooperatives into viable business enterprises. It is expected that this initiative will contribute significantly to national income generation prospects, particularly for young women and men.

**Meeting on the ILO programme of technical cooperation
in the occupied Palestinian territory**

Geneva, 15 November 2010

I. Rationale and justification

According to a joint ILO/UNDP study of the Palestinian cooperative movement¹, 600 cooperatives are operational in the occupied Palestinian territories (oPt), the majority of which work in the agriculture and housing sectors. Whilst cooperatives have great potential to create jobs and contribute to socio-economic development, their role in the oPt is constrained by low membership coverage, limited economies of scale, insufficient financial resources, poor management performance, as well as prevailing Israeli restrictions. It is encouraging to note that national efforts in support of the cooperative movement have accelerated in recent years. In response to the vision outlined by the Thirteenth Government, the Ministry of Labour developed a strategy for the development of the labour sector, placing employment at the forefront of the national agenda. Cooperative development is one of the key priority areas outlined in the new strategy to ensure that cooperatives become viable business enterprises, owned and controlled by their members, creating jobs for the unemployed and contributing to national economic and social development.

In December 2009, at the request of the Palestinian Authority, the ILO provided technical assistance to the Government and social partners to support national cooperative reform efforts. A cooperative development policy and strategy was proposed by the ILO, laying the groundwork for the development of a unified cooperative law. The legislation was developed in keeping with the principles of ILO Recommendation 193 which advocates for the promotion of strong, autonomous and inclusive cooperatives that respond to the needs of their members. The new law was endorsed by the Council of Ministers in July 2010, and forwarded to the Palestinian President's Office for approval. Once operational, the unified cooperative law will end the "dual structure" of cooperatives in the West Bank and Gaza; the West Bank currently adheres to Jordanian law, while Gaza follows the Egyptian law. The law calls for the establishment of a new and semi-autonomous cooperative development administration, the General Commission for Regulating Cooperatives (GCRC), which will take over the functions of the Directorate General of Cooperatives in the Ministry of Labour. The GCRC will take over the functions of the Directorate General of Cooperatives of the Ministry of Labour, and will be represented by a tripartite Board of Directors comprised of relevant government agencies, the cooperative movement, and workers' and employers' organizations. By virtue of this new law, the GCRC will serve as an independent technical service delivery centre, providing cooperatives with technical assistance to improve their performance and upgrade their structures and operations.

II. Project development objective and outcomes

The project will *support ongoing efforts for the creation of decent and sustainable jobs in the oPt*. It will support the Ministry of Labour in establishing and operationalizing a new service structure, with a view to turning weak and inefficient local cooperatives into viable business enterprises owned and controlled by their members. The project aims to achieve the following outcomes:

- a. Cooperatives are better equipped to operate as independent member-owned business enterprises and to create jobs.
- b. A General Commission for Regulating Cooperatives is established and operational mechanisms in place as a support service for cooperatives.

The project will support the implementation of the ILO-supported cooperative development policy and strategy, which was instrumental in advocating for the development and endorsement of the

¹ The Palestinian Cooperative Movement: Problems and Prospects (a joint UNDP/ILO study undertaken in 2008 and updated again in 2009)

unified cooperative law. It will support a targeted number of cooperatives in specific sectors through capacity development and training to increase their management performance and enhance their business and employment creation potential. One thousand new cooperative members, half of them women, will be trained by a pool of cooperative extension workers to acquire new skills based on training needs and skills gaps. The cooperative extension workers will work as change agents and will be instrumental in turning existing cooperatives into sustainable business enterprises at the community level. Gender mainstreaming will be ensured through the selection of a number of women-only enterprises that will participate in the proposed capacity building programme.

At the institutional level, the project will support the establishment and operationalization of the General Commission for Regulating Cooperatives (GCRC). This will be done through the finalization of the national cooperative strategy, the model by-laws, and the GCRC's internal rules, regulations and procedures. Additionally, a Cooperative Development Fund will be established to finance innovative projects proposed by the local cooperatives. These efforts will contribute to reducing the rate of unemployment, with approximately 5,000 new jobs expected to be created by cooperatives in targeted areas and sectors. The project will also assist cooperative unions in developing service structures for the common use of cooperative societies. This will enable cooperative members to offer better technical support services.

III. Project Strategy

To support the national cooperative movement, the project will work at both the institutional and community levels. It will implement a capacity development programme for local cooperatives and will support the operationalization of GCRC with a view to strengthening the structures and services of cooperative unions and the General Union of Cooperatives. The proposed initiative falls within the framework of the Palestinian Employment Programme. It aims to stimulate economic growth and promote sustainable and decent employment opportunities. The Cooperative Branch at ILO Geneva, which provides regular policy advice to Member States on cooperative development and policy and has the overall global perspective, will provide the necessary technical support throughout the project's implementation.

Relevance

This project is an important contribution to the national development efforts of the Palestinian Authority targeting job creation and poverty reduction. More specifically, the project contributes to the ongoing reform process of the Ministry of Labour, which seeks to promote an enabling environment for greater decent work opportunities. It further supports the labour sector strategy, with particular reference to the national priority on promoting the cooperatives sector, including the adoption of the unified cooperative law, the establishment of an agency to regulate cooperatives, as well as putting in place a funding mechanism for sustainable financing support to cooperatives. The project contributes to Outcome 3 of the ILO Programme and Budget for 2010-2011 on sustainable enterprises, and specifically to the Programme Outcome PSE102 "Entrepreneurship development and women economic empowerment promoted".

Project Partners

The project will be implemented in close partnership with the General Directorate of Cooperatives of the MOL, the GCRC, and the General Union of Cooperatives. The Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) and the Palestinian General Federation of Trade Unions (PGFTU) will be strategic project partners contributing to project activities as members of the Board of Directors of GCRC. Partnerships with civil society organizations will be established to ensure extension of project achievements to the grassroots level. Similarly, a close

collaboration with UNDP will ensure linkages to poverty eradication initiatives at the local level.

Target Beneficiary Groups

The target groups benefiting from this intervention are existing and potential members of cooperatives, particularly in support of local women producers and households in the West Bank and Gaza. The General Directorate of Cooperatives, the GCRC's Board of Directors, staff of primary cooperatives and their unions, as well as the General Cooperative Union will be the direct beneficiaries of the project. The project will work with extension workers from selected cooperatives to ensure interventions target key activities of the value chain, from productivity to marketing and networking opportunities.

Sustainability plan

One year before the end of the project, a sustainability plan will be developed with national stakeholders to ensure the handover of the project to partners. The proposed sustainability plan will cover a number of key areas and interventions including: (i) appropriate measures are taken to ensure the continued operation of the GCRC and its linkage with the Cooperative Development Fund; (ii) strategic linkages are established with key institutions and organizations to increase the absorptive capacity of cooperatives through new investments and value chain possibilities, and to develop the career potential of staff of cooperatives; and (iii) employers' and workers' organizations form an integral part of the GCRC Board of Directors.

IV. Duration and Budget

The Project will be implemented in two phases over 36 months, with a target start date of January 2011. The first preparatory six months will lay the groundwork for the project and will work with the General Directorate of Cooperatives of the MOL to pave the way for the establishment of the GCRC, as well as to identify the types and models of cooperatives to be strengthened and replicated in the oPt. The remaining period will focus on: (i) developing the skills and know-how of the GCRC to provide development services to local cooperatives; (ii) providing training and advisory services to strengthen local cooperatives and their unions; and (iii) operationalizing the Cooperative Development Fund to finance cooperatives.

The overall budget of this project is estimated at a total budget of US\$4,500,000. A detailed breakdown can be made available on request.

For further information, please contact

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