

3.2 Establishing the Cooperative Bank

Due to the distinctive nature of cooperative credit, it is proposed to establish a specialized cooperative bank. The proposed bank might start out as part of the Palestinian Agricultural Credit Corporation (see 4.1 below), but it may be advisable to give it independence at a later stage. In this case the Bank would be managed by a board of directors nominated by the Joint Committee.

3.3 Substituting seasonal cash loans by services in kind.

It was indicated earlier (refer to the section on Cooperatives), that cash loans distributed by regional cooperatives to member farmers have been improperly used by borrowing members. Furthermore, scarcity of working capital was not considered a serious obstacle for developing West Bank agriculture, in contrast to the scarcity of modern techniques and services available to peasant farmers in rainfed areas. It is therefore strongly recommended to provide seasonal loans to eligible farmers in those areas in the form of improved technology, such as the provision of machine service and expertise needed in the spraying of weed killers, insecticides and in seedbed preparation.

The suggested project calls for providing interested farmers with recommended services at subsidized rates through a variety of intermediaries, such as cooperative societies, machine service units (see 5.5), voluntary agencies (see 4.4), and the Agricultural Development Corporation (see 4.5). The financial ramifications of the project will be evaluated in Table (XIV - I).

4.0 Agricultural finance

4.1 Establishing the Palestine Agricultural Credit Corporation (PACC).

This is one of the fundamental projects envisaged in this study for the purpose of developing West Bank agriculture. It is modelled on Jordan's Agricultural Credit Corporation (ACC), which has played a key role in developing Jordan's agriculture. The by-laws of PACC and the nomination of its board members would be approved by the Joint Committee. Its services will be available to all eligible borrowers, whether they are individual farmers, companies, or cooperatives (see 3.2).

The establishment of PACC is conceived as a major breakthrough in the present arrangement whereby agricultural loans are issued by the Joint Committee itself, and only to cooperatives or institutional entities. This procedure is markedly inefficient and inequitable, since it renders credit accessible only to a small and unduly privileged stratum of rich and powerful farmers. By delegating this job to a professional organization like the PACC it should be possible to reach farmers of a much wider spectrum and provide them with a more expedient service. Furthermore, in this way it would be exceedingly difficult for the Military Administration to obstruct the flow of funds, in contrast to its presently tight control of aid advanced to institutional recipients. Due to existing constraints PACC would be stationed temporarily in Amman.

The starting capital of PACC is estimated at JD 2.0 million, which is quite modest in comparison with Jordan's Agricultural Credit Corporation (JD 8 million) and Jordan's Cooperative Organization (JD 5 million). During the subsequent three years PACC capital would be raised to JD 4.0 millions.

4.2 Building institutions for the processing of PACC loans.