

**Ministry of National Economy
Palestinian Authority**

Industrial Promotion Project

Final Report

April 2023

JAPAN INTERNATIONAL COOPERATION AGENCY

PADECO Co., Ltd.

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Abbreviations

ABP	Association of Banks in Palestine
AEO	Authorized Economic Operators
AFD	Agence Française de Développement (French Development Agency)
ASEAN	Association of Southeast Asian Nations
ASEZA	Aqaba Special Economic Zone Authority
BAS	Business Advisory Service (Formerly Business Development Service)
BIE	Bethlehem Industrial Estate
BOP	Bank of Palestine
BP	Business Plan
CF	Cash Flow
C/P	Counterpart
CCIAs	Chambers of Commerce, Industry and Agriculture
CEAPAD	Conference on Cooperation among East Asian Countries for Palestinian Development
CEO	Chief Executive Officer
COD	Chemical Oxygen Demand
COGAT	Coordinator of Government Activities in the Territories
COVID-19	Coronavirus disease 2019
D/D	Detail Design
DEEP	Palestinian Families Economic Empowerment Programme (DEEP)
DFC	The United States International Development Finance Cooperation (Overseas Private Investment Corporation (OPIC) and USAID Development Credit Authority (DCA) merged in December 2019)
DG	Director General
EA	Engineering Association
EMS	Energy Management System
Enabel	Belgian Development Agency (Formerly Belgian Technical Cooperation: BTC)
EU	European Union
FPCCIA	Federation of Palestinian Chambers of Commerce, Industry & Agriculture
F/S	Feasibility Study
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)
GPS	Global Positioning System
HRM	Human Resource Management
ICT	Information and Communications Technology
ICR	Inception Report

IPIEA	Investment Promotion and Industrial Estate Agency (Newly established by merging PIEFZA to PIPA in April 2021)
IFC	International Finance Corporation
IRR	Internal Rate of Return
JAIP	Jericho Agro Industrial Park
JAIP Co.	JAIP Company
JCC	Joint Coordination Committee
JD	Jordanian dinar (JOD)
JDECO	Jerusalem District Electricity Company
JETRO	Japan External Trade Organization
JIC	Jordan Investment Commission
JICA	Japan International Cooperation Agency
JIFZ (JIE)	Jenin Industrial Free Zone (Jenin Industrial Estate)
JM	Jericho Municipality
KHB	King Hussein Bridge (Allenby Bridge)
LTO	Lease To Own
MONE	Ministry of National Economy
MOI	Ministry of Investment (Jordan)
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium-sized Enterprises
NE	National Expert
NIS	New Israel Shekel (Israeli new shekel: ILS)
NPA	National Policy Agenda
NPV	Net Present Value
O&M	Operation and Management
OST	On Site Training
OQ	Office of the Quartet (framework of USA, Russia, EU and UN)
OSBP	One Stop Border Post
OSS	One Stop Service
PA	The Palestinian (National) Authority
PalPro	Palestinian Business Prosperity Center (in JAIP) (formerly PICDEC)
PBI	Palestine Banking Institute
PD	Project Director
PDCA	Plan-Do-Check-Act
PFI	Palestinian Federation of Industries
PICDEC	Palestine Industrial Capacity Development Center (in JAIP) (old name)
PIEFZA	Palestinian Industrial Estates and Free Zones Authority (Old Agency)
PIF	Palestine Investment Fund
PIPA	Palestine Investment Promotion Agency (Old Agency)
PITA	Palestinian Information Technology Association of Companies
P/M	Person-Month

PMA	Palestine Monetary Authority
PMF	Palestine Maintenance Fund
PRIDE	Partnership for Regional Investment, Development and Employment
PPP	Public-Private Partnership
PTA	Palestine Trainers Association
PUMP	Palestine Upgrading and Modernization Program
PV	Photovoltaics
PWA	Palestine Water Authority
R/D	Record of Discussion
ROJ	Representative Office of Japan to the Palestinian Authority
SEC	Small Enterprise Center
SIDA	Swedish International Development Cooperation Agency
SNS	Social Networking Service
SPC	Special Purpose Company
TOT	Training of Trainers
TSS	Total Suspended Solids
UAE	United Arab Emirates
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
UNOPS	United Nations Office for Project Services
USD	United States dollar
WB	World Bank
WG	Working Group
WS	Workshop
WTO	World Trade Organization
WWTP	Wastewater Treatment Plant

1. Project Outline

1.1 Project Background

Since 2006, the Japanese government has been promoting sustainable economic development of Palestine and regional cooperation under the concept of “Corridor for Peace and Prosperity”. Development of Jericho Agro Industrial Park (JAIP) is the flagship project of the above concept. JICA has been supporting this project since 2007 and it has strengthened the capacity of the Palestinian Industrial Estates and Free Zones Authority (PIEFZA) to improve operation and services in JAIP. With assistance from the Japanese government, Phase 1 of JAIP, 14 hectares (ha) in size, has been developed. Based on this achievement, Mr. Taro Kono, Foreign Minister of Japan, expressed support for upgrading the concept of “Corridor for Peace and Prosperity” focusing on the ICT sector and improving the logistics toward development of Phase 2 (47.5ha) in 2017.

Also, one of the issues for the economic independence of Palestine is promotion and development of micro, small and medium-sized enterprises (MSMEs) employing fewer than 20 staff. MSMEs contribute significantly to the economy of Palestine in terms of the number of enterprises (97 percent of all enterprises), and employment (87 percent of all workers). JICA implemented the “Project for Business Development Service Enhancement for MSMEs” from October 2014 to March 2017 and established a framework to provide Business Advisory Service (BAS) through National Experts (NEs) with coordination between the Ministry of National Economy (MONE), FPCCIA (Federation of Palestinian Chambers of Commerce, Industry and Agriculture), and PFI (Palestinian Federation of Industries). Under this project, 50 NEs were trained and pilot BAS was provided to enterprises including JAIP tenants. Also, the Action Plan was developed to establish and promote BAS.

These efforts by JICA have been reflected in the policy diagram in Palestine. For example, the National Policy Agenda (NPA) 2017-2022 shows that investment in strategic infrastructure, including industrial parks, is prioritized in sustainable development which is one of the three pillars in the policy agenda. Support for MSMEs is also prioritized in necessary policy intervention. Against the above background, JICA and the Palestinian Authority (PA) agreed to implement “Industrial Promotion Project” (the Project) to promote investment in JAIP and further development and promotion of MSMEs.

1.2 Project Objectives

The goals to be achieved are “increased investment in JAIP and revitalized SME businesses in Palestine”. These are expected to be realized through outputs including (1) Legal framework regarding Industrial Zones is analyzed and major revision points are proposed, (2) Business Plan for the Developer is reviewed, and its implementation is promoted, and (3) BAS is provided to MSMEs in Palestine in a sustainable way. The expected outcomes, outputs, and indicators (after completion and at the end of the project) are summarized as follows (the result of the baseline survey for tenant companies conducted in April-May 2021 is in Appendix 1 of Progress Report 3):

The indicators are included in Table 1-1.

Table 1-1: Outcomes, Outputs and Indicators

Component	Outcomes	Outputs	Indicators (at the end of project: around January 2023)	Indicators (after completion: around January 2026)
Component 1: Industrial park development	Policies and programs related to industrial parks are formulated, implemented, and continued.	Output 1: Legal framework regarding industrial zones (laws, regulations, by-laws, and concession agreements) is analyzed and major revision points are proposed.	Study report on legal framework and IPIEA Law and OSS bylaws drafted based on the study report.	Development of draft IPIEA Law Development of draft OSS bylaws
	Services to JAIP investors are improved.	Output 2: Business Plan for the developer is reviewed, and its implementation is promoted.	<ul style="list-style-type: none"> - Satisfaction rate of JAIP tenants - Number of JAIP tenants - Number of job creation in JAIP - Investment amount in JAIP - Development of Milestones for JAIP operation - Development of O&M guidelines - Clear schedule for Phase 2 development - Organization of promotion seminars - Operation rate - Reduction of CO2 emission 	<ul style="list-style-type: none"> - Three-fourths of tenants recognize that services including utility, logistics, incentives etc. have been improved. - Increase in the number of tenants in the industrial parks, investment amount, etc.
Component 2: BAS	Performance of BAS supported enterprises is improved.	Output 3: BAS is provided to MSMEs in Palestine in a sustainable way.	Performance change of companies provided with BAS right after the service provision, before and after COVID-19 pandemic	3/4 of performance (productivity, sales, profit and operating profit ratio) of BAS supported enterprises is improved.

1.3 Project Period

The project period is four years from March 2019 to March 2023. It is separated into two terms: the 1st Term from March 2019 to April 2022 (14 months) and the 2nd Term from July 2020 to March 2023 (33 months). This Final Report covers the results of the first and second phases of the project.

1.4 Project Site

The project site for Output 1 and 2 is in Jericho. The project site for Output 3 is in the whole of the West Bank in Palestine. Also, the pilot site for Output 3 is in Ramallah/Jerusalem and Jericho. However, pilot activities and trainings will be conducted in Ramallah and Jericho and activities in Ramallah will be organized in cooperation with the Chamber of Commerce of Ramallah and Jerusalem. The COVID-19-related activities (Task 3-8) have been implemented remotely, hence the support company is selected from other areas such as Hebron.

1.5 Project Implementation Structure

The chairperson of the Joint Coordination Committee (JCC) is the Minister of MONE, Project Directors (PD) of Output 1 and 2 is the CEO of IPIEA (Investment Promotion and Industrial Estate Agency) and the PD of Output 3 is the Director General (DG) of Industry and Natural Resources, MONE. Other stakeholders in each output are summarized in Table 1-2. Coordination with private companies and organizations can also be considered.

Table 1-2: Project Stakeholders

	Output 1: Legal framework	Output 2: Business plan	Output 3: BAS
Chairperson	Minister of MONE		
Project Directors (PD)	CEO of IPIEA		Director General (DG) of Industry and Natural Resources, MONE
Other stakeholders	IPIEA	IPIEA	Industrial Development and Planning Dept., MONE
	Legal Department of MONE	JAIP Co.	FPCCIA
	JAIP Co.	-	PFI

In April 2021, PIEFZA was integrated with the Palestine Invest Promotion Agency (PIPA) and IPIEA was established. Currently IPIEA is in the process of merging former PIPA and PIEFZA Law. Related to this decision, Dr. Ali Shaath was replaced at the end of February by Mr. Haytham Wahidi, the former deputy MONE Minister, and he became PD of Output 1 and 2. Also, Mr. Haytham Wahidi was replaced by Ms. Ghadeer Hithnawi in August 2022. The management of IPIEA has been vacant since Acting CEO retired in December 2022, and Mr. Ahmad R. Hajhasan was appointed CEO in March 2023.

In JAIP Co., the Chairman of the Board of Directors changed from Mr. Bassam Walweel to Mr. Khalid Anabtawi in November 2020 and the GM changed from Mr. Nasr Atyani to Mr. Marwan Kittani in July 2020 in the second phase.

Regarding the BAS component, the former Deputy Minister of MONE Ms. Manal Farhhan, who was the PD of the previous BAS project, returned to her position on January 24, 2021. In April 2021, Mr. Khader Daraghmeh was officially assigned to the position of DG of Industry and Natural Resources, MONE and became the new PD for the BAS component. Ms. Maysa Abu Ajeena, an assigned staff at Industrial Development and Planning Dept., MONE, was transferred to the Ramallah field office in December 2021 but will remain as assigned staff from MONE to the project.

1.6 Overall Plan of Operation

The plan of operation for each task of the Project is shown in Figure 1-1.

2. Project Activities and Results

2.1 Project Inputs

2.1.1 International Experts

The actual assignments assumed by international experts are shown in Table 2-1 (Appendix 28).

Table 2-1: Project International Experts Assumed Assignments (All Period)

No	Name	Position	Assignment Period	Field Assignment Person-Month (PM)	Home Assignment Person-Month (PM)	Total Person-Months (PM) All Period
1	Takeo Matsuzawa	Chief Advisor /Industrial Park Development	Mar 2019 - May 2019	1.07	0.25	1.32
2	Yuichiro Motomura	Chief Advisor /Industrial Park Development	Jan 2020 - Dec 2021	0.20	1.37	1.57
3	Teruki Takahashi	Chief Advisor /Industrial Park Development /Business Strategy	Jan 2022 - Mar 2023	4.07	1.53	5.60
4	Teruki Takahashi	Deputy Chief Advisor /Business Strategy	Mar 2019 - Dec 2021	4.74	6.43	11.17
5	Chikako Kasai	Deputy Chief Advisor /Training Planning-2	Jan 2022 - Mar 2022	1.63	2.94	4.57
6	Lucy Duncan	Industrial Park Development-2	Oct 2020 - Feb 2023	0.00	11.57	11.57
7	Ryoichi Ozawa	BAS Institutional Development	Mar 2019 - Mar 2022	4.13	2.24	6.37
8	Katsumi Kurita	Industrial Park Operation & Management	Mar 2019 - Apr 2020	1.07	2.28	3.35
9	Hiroaki Tomita	Industrial Park Infrastructure Development	Dec 2021 - Mar 2022	0.00	0.90	0.90
10	Tadashi Kubota	Industrial Park Infrastructure Development-2	Apr 2022 - Jul 2022	0.00	0.60	0.60
11	Kazutoshi Machida	Investment Promotion /Training Planning	Mar 2019 - Oct 2022	9.20	6.24	15.44
12	Takahiro Tanabe	Investment Promotion /Training Planning	Nov 2022 - Mar 2023	1.03	0.40	1.43
13	Wang Xiaru	Investment Promotion-2	Jan 2022 - Mar 2023	0.37	3.13	3.50
14	Chikako Kasai	Training Planning-2	Apr 2021 - Dec 2021	0.00	1.00	1.00
15	Yoshiya Nakagawa	Logistics-1	Jul 2019 - Mar 2023	1.60	2.64	4.24

No	Name	Position	Assignment Period	Field Assignment Person-Month (PM)	Home Assignment Person-Month (PM)	Total Person-Months (PM) All Period
16	Oide Kazuharu	Logistics-2	Jul 2019 - Oct 2021	0.43	0.30	0.73
17	Fatemeh Maosuleh	Logistics-3	Nov 2022 - Mar 2023	0.00	1.58	1.58
18	Ryo Fujimoto	Financial Management	Jun 2019 - Sep 2022	2.40	2.46	4.86
19	Shinobu Fujita	Marketing	Mar 2019 - Jan 2023	4.06	5.38	9.44
20	Mitsuo Tamada	Quality /Productivity Management	Mar 2019 - Feb 2023	3.17	7.17	10.34
Assignment in Palestine and Japan Total				39.17	60.41	99.58

2.1.2 Local Staff

In this Project, the following local staff and consultants have been hired to support project activities and studies.

Table 2-2: Expert Team Local Staff

	Name	Position	Period	Place
1	Mr. Basem Abu Muhsen	Driver	Mar 2019 to Feb 2023	Ramallah
2	Ms. Suzan N. Barakat	Project Coordinator (Industrial Park Development)	Sep 2019 to Mar 2023	Ramallah/ Jericho
3	Ms. Sabrein Nassar	Project Coordinator (BAS)	Mar 2019 to Mar 2023	Ramallah
4	Ms. Rasha Al Ghanem	BAS Training Coordinator	Mar 2019 to Mar 2023	Ramallah
5	Ms. Veronica Wakileh	Local Consultant (Industrial Park Infrastructure Development Monitoring)	Sep 2019 to Mar 2023	Ramallah/ Jericho
6	Mr. Raed Rajab	Local Consultant (survey on COVID-19-related Activities of other Development Partners)	Jun to Jul 2020 (10 days)	Ramallah
		BAS Monitoring & Evaluation	Jun to Aug 2022 (7 days)	Ramallah
7	Mr. Yousef Tawafsheh	BAS Coordinator (Cost sharing with FPCCIA)	Feb 2020 – Dec 2020	Ramallah
8	Mr. Mohammad Odai	Ditto	Jan 2021 to Jan 2023	Ramallah
9	Mr. Said Sabri	Local Consultant (Logistics)	Jun 2021 (10 days) Mar 2022 to Feb 2023 (60 days)	Ramallah/ Jericho
10	Ms. Mais Abu Ein	Local Consultant (Logistics)	Nov 2022 to Feb 2023	Ramallah/ Jericho
11	Mr. Raed Nassar	Local Consultant (Legal Study)	Jun to Oct 2022	Ramallah

2.2 Summary of the Project Activities

This report includes the Progress of the Project against the outputs over the period.

2.3 Task 0: Common Items

0-1: Discussion/confirmation of implementation structure

Since the project consists of the two components of Industrial Park Development and BAS and there are various stakeholders, the project has been supervised by the Joint Coordination Committee (JCC) and the working group for each output was established in Term 1 and will continue working in Term 2 as well. During the period without field assignments due to the COVID-19 pandemic, the WG meetings were held online.

- Joint Coordinating Committee (JCC): JCC is organized about once a year to discuss and approve the draft annual plan of the project, and to check the progress of the activities and the achievement of the goals. The Project Team, as a member of the JCC, supports the implementation of the JCC in collaboration with the Project Director /Chairperson of the JCC (Minister of MONE), the CEO of IPIEA, who is the PD, and the Director of the Department of Industry and Natural Resources of MONE, and will utilize the JCC to facilitate the project activities. The 1st JCC was organized in July 2019 and the 2nd JCC was organized in October 2021. The 3rd JCC was organized in February 2023.
- Working Groups (WGs): WGs have been established for each output in order to confirm the progress of milestones (see Appendix 1 for the outline and Appendix 2 for details) among related organizations, and to discuss and decide specific activities in the case. Regarding the WGs for each activity, MONE Legal Department, IPIEA and JAIP Co. participate in Output 1, IPIEA and JAIP Co. participate in Output 2, and MONE Industrial Development Planning Division, FPCCI and PFI participate in Output 3. As a member of the WGs, the Project Team supports the organization of WGs and participates in the consultations and provides advice, etc. For Output 1 and 2, JAIP Co., a private company, is also a member of WGs, and the Project Team took care to provide advice and technical support that would contribute to the realization of the shift from relying on Japanese government financial support to self-sufficient management of the industrial park development and management.
- For Output 3, WGs met online in November 2021 to report on the progress of the new BAS training and to share the revised BAS Vision and Action Plan and to finalize the TOR of E-learning outsourcing. The final WG meeting was held in early February 2023 to review the results of BAS provision, etc. and confirm the direction of future BAS provision.

The 1st JCC was organized in July 2019, and project activities and implementation structures were agreed by stakeholders (the MOM is attached as Appendix 3). The 2nd JCC was organized in October 2021. As mentioned above, due to the integration of PIEFZA and PIPA, it became difficult to complete the activities within the implementation period of the previous plan with the former PIEFZA as the C/P, and the IPIEA requested an extension of the project period and support for the formulation of the IPIEA law. As a result of discussion with the C/P, in order to ensure the sustainability of the project, the IPIEA requested to extend the project period and assist in the formulation of the IPIEA law, as well as to support JAIP Co. which is the developer of JAIP, whose business situation is deteriorating due to the high development cost of JAIP and non-payment of lease and service fees from tenants, and to promote the development and operation of JAIP. JCC reviewed the current progress of Output 1 and 2 (JAIP) and Output 3 (BAS) and agreed on milestones and KPIs for the project extension period and signed a MOM to agree on the revision of the Record of Discussion (RD) to extend the project period. (The revised RD and JCC are attached as Appendix 4 and 5.) The third JCC focused on project sustainability after project completion. (Minutes of the meeting are attached as Appendix 6.) Regarding JAIP development, costs were estimated based on the detailed design study for Phase 2 Stage 1 conducted by JAIP

Co. It was agreed to establish an overall competitive lease rate considering the electricity rate, whose price is expected to be reduced by the installation of the solar power system, and the water rate, whose price is expected to be reduced by the construction of deep wells. It was agreed for BAS to reflect the content of BAS in MONE's policy documents and that BAS activities would be specified in the jurisdiction of MONE's responsible departments and personnel. It was also agreed that MONE and FPCCIA would work together to revise the Vision and Action Plan on a regular basis.

0-2: Monitoring

Based on the above activities, WG meetings are planned to be held once in two to three months to check the progress of the activities, to confirm the achievement status of each WG member based on the monitoring indicators set in the inception report, and to share the impediments to the activities and points to be considered in the future. While IPIEA and JAIP Co. staff have been proactively discussing issues since the Director of JAIP in IPIEA took charge, important discussions beyond the responsibility of the Director of JAIP (e.g., approval of business plans, improvement of JAIP management system) are no longer discussed. In the future, in addition to the regular WG meetings, it is desirable to hold a high-level WG meeting including the CEO of IPIEA and the Chairman of JAIP Co. when important issues arise, and to discuss policies to solve the issues at a high level.

0-3: Inception Report

ICR was drafted in June 2019 and approved by the stakeholders in the 1st JCC organized in July 2019.

2.4 Task 1: Output 1

1-1: Analyze the Laws and by-laws and policy regarding industrial zones (PIEFZA law and industry-related laws, etc.) of Palestine in consideration of laws and regulations in other countries and consider points to be revised and propose recommendations

Based on the case analysis in Jordan, Egypt and UAE, the local consultant drafted the final report for a legal framework study through communication with IPIEA, JAIP Co. and JAIP tenants. Also, the main points including land ownership, incentives, OSS and concession agreement were summarized in the summary report (Appendix 7). The progress of the study and results have been shared with PIEFZA during the study and PIEFZA drafted the new PIEFZA Law based on the findings in the legal framework report including land ownership, incentives, OSS and foreign investment promotion.

However, it became necessary to merge the PIEFZA Law and PIPA Law and to develop the IPIEA Law since PIEFZA and PIPA was merged and it was agreed that the Project Team supported IPIEA to draft IPIEA Law. JICA Project Team drafted IPIEA Law (Appendix 8) based on the issues identified through project operation such as penalties for those who do not operate their factories for a long time and/or not following guidelines including for wastewater treatment and incentives for industrial park tenants in July 2022. The draft IPIEA Law was submitted to the MONE Minister and board of directors of IPIEA to get comments from them in August 2022 and was submitted to the council of ministers in November 2022 with approval from the BOD of IPIEA. Once council of ministers approves the draft law, then it will be submitted to Office of the President to get official approval and activate the law. The following are the details specified in the IPIEA bill based on the above study:

- Land ownership: If the Cabinet approves and agreed upon by IPIEA and the developer in the concession agreement, it is allowed to sell the land to the developer.

- Incentives: incentives for industrial parks include a corporate tax exemption for a certain period of time and VAT and customs duty exemption on equipment and spare parts. In addition, foreign companies will be allowed to obtain the same incentives as Palestinian companies. Additional incentives may be granted in the Incentive Package Contract if necessary.

1-2: Analyze and make recommendation for revision of the standard form of concession agreement

Based on discussion with PIEFZA and JAIP Co., it is thought by the project not to revise the concession agreement during the previous project's time. As per the request by PIEFZA, the local consultant drafted the standard form of concession agreement (Appendix 9) in July 2020 based on analysis of the concession agreements of JAIP, Jenin Industrial Free Zone (JIFZ), Bethlehem Industrial Estate (BIE) and Gaza Industrial Estate (GIE) and international ones, such as in Jordan.

1-3: Analyze and propose improvement for One Stop Services

It was clarified with MONE and the Palestinian Investment Promotion Agency (PIPA) that the process to obtain business licenses to establish a business in Palestine for the foreign investors is shown in the following chart. It was confirmed that companies run by Arab Israelis can establish their business through the same process as companies in the Palestinian Territory. The necessary documents and application fee is differ based on the form of the business entity and detailed information is summarized in Appendix 10.

Regarding One Stop Service (OSS), the scope of service provision (scope of permits and licenses to be issued under the OSS scheme) and the implementation structure were unclear due to the lack of a legal basis. Also, since the flow for obtaining permits and licenses clarified in the previous phase was only for domestic companies, the flow for foreign companies was not clear. Therefore, during the first phase, we confirmed with MONE and PIPA the procedures for establishing a business for a foreign company, and the flow shown in the figure below was confirmed. The Business Registration procedures are summarized in Appendix 10, as the required documents and application fees vary depending on the type of organization.

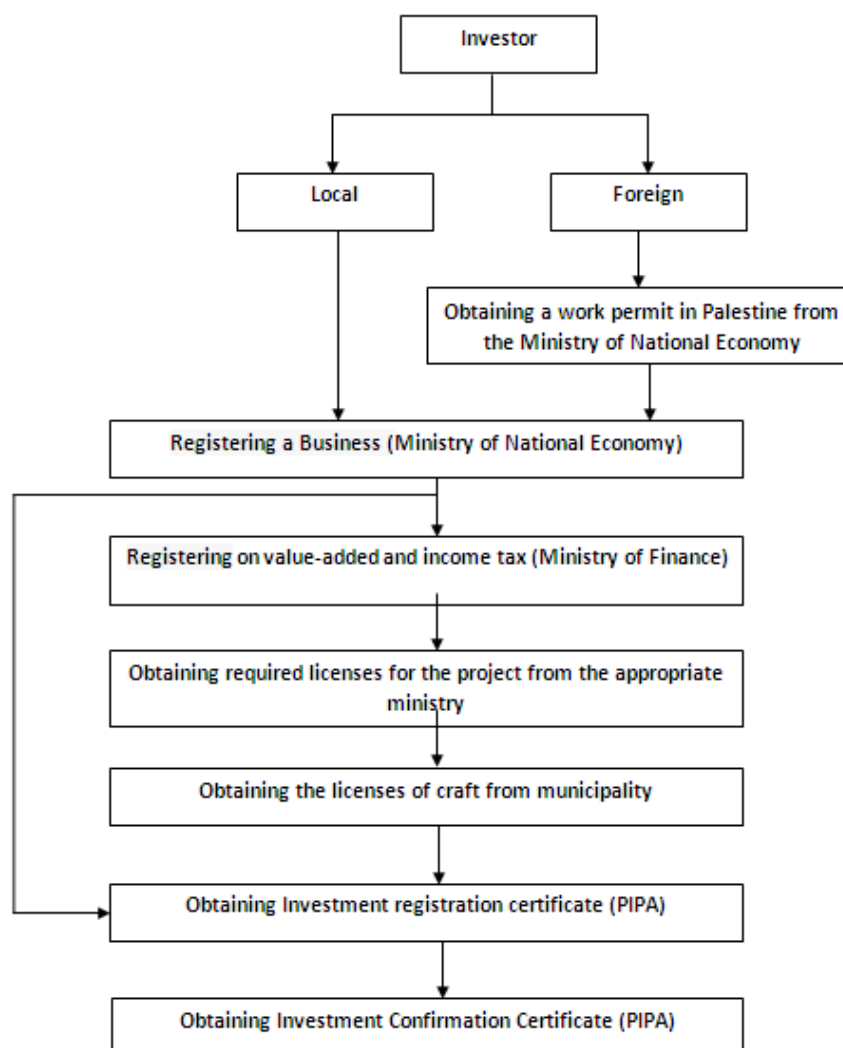


Figure 2-1: Flow of Procedures for Foreign Investors to Obtain Business Licenses

According to the cabinet decree in 2019, it was decided that PIEFZA was going to become the window to investors from abroad. However, there was no progress on the OSS implementation structure. Thus, it is agreed that the Project Team will explain Jordanian case, and IPIEA will consider the OSS implementation framework and procedures based on the above case example.

Based on discussions with the CEO of IPIEA, the OSS bylaws were initially prepared based on the Jordanian case but, in August 2022, the Chairman of IPIEA requested to utilize the Egyptian case in which the General Authority for Investment (GAFI) issues permits and licenses as the single window and requested to enable the IPIEA office to issue permits and licenses in coordination with the relevant ministries and agencies.

IPIEA obtained the OSS bylaws in Egypt and prepared the draft OSS bylaws (Appendix 11) in August 2022 based on them. In the draft OSS bylaws prepared based on the Egyptian case study, MONE, Ministry of Finance, Ministry of Health, Ministry of Local Government, Environmental Quality Authority, Ministry of Tourism and Antiquities, Ministry of Communications and Information Technology, and Energy and Natural Resources Authority assign a representative to the IPIEA office and IPIEA will issue and renew existing licenses such as incorporation, tax

application, registration of foreign companies, factory operation, commercial license, environmental permit, industrial park occupancy permit, obtaining incentives. Also IPIEA has published the Investment Guide The draft OSS bylaws have been reviewed within the IPIEA BOD since August 2022. However, the IPIEA BOD indicated in February 2023 that draft OSS bylaws should be processed after the formal approval of the IPIEA Law and approval process for draft OSS bylaws was stopped since then. Opposition has also arisen within the BOD to the idea of dispatching relevant ministry personnel to IPIEA.

2.5 Task 2: Output 2

2-1: Review business plan prepared by the Developer

JICA Expert Team reviewed the business plan and summarized the issues (Appendix 12) in April 2019 including the following points:

- The land area of Phase 2 is around five times larger than that of Phase 1. Considering the financial situation of JAIP Co., it is necessary to divide it into phases for Phase 2 development to optimize the financial cost. The land area for Stage 1 of Phase 2 is 11.5 ha and the cost estimated by JAIP Co. was USD4.5 million.
- Since existing tenants are SMEs or even new business owners who have limited business experiences and they are facing difficulty in their business operations, it is necessary to attract larger companies to improve financial situation of JAIP Co. Thus, it is necessary to consider expanding the plot size to attract medium and large companies
- In Phase 1, the lease fee was set at USD17/m² for hangers and USD9/m² for open lots. In Phase 2, on the other hand, the fee will be set at USD18/m² for open lots, which can cover the loss in Phase 1 and achieve 12 percent of IRR as a whole project. Based on the lease payment status of the tenants in Phase 1, it is not certain that JAIP Co. can collect the lease fee even if the fee is set at a high price. Therefore, it is necessary to set a competitive lease fee to promote occupancy in Phase 2.
- As mentioned above, it is necessary to improve the financial situation of JAIP Co. to cover the excessive development cost of Phase 1. Thus, it is necessary to consider the way to improve revenue through reviewing tariffs for electricity, water, and wastewater, introducing advance payment of lease fees, etc.

For the phasing development of Phase II, the JICA Expert Team developed the marketing plan (Appendix 13) and cost benefit analysis on lease fee (Appendix 14) and explained them to JAP Co. The main points of the analysis included the following:

- Marketing plan: Analyzed the implementation structure, branding, preparation of materials for marketing and promotion, and implementation of promotional activities in anticipation of foreign investment
- Lease fee: Analyzed rate setting to increase the internal rate of return based on the Phase 2 development schedule and investment demand.

The revised marketing plan was approved in August 2022, but the business plan has not been approved since the lease fee is not yet fixed. JAIP Co. applied to JFAST for assistance with Phase 2 development financing and, depending on the outcome of that application, the lease rate would be reduced. While the application to JFAST was approved by the Bank of Palestine in February 2023, JAIP Co. has placed a hold on borrowing through JFAST due to the large collateral required to obtain the loan.

JAIP Co. requested support from the Project Team to get a soft loan from the Development Finance Cooperation (DFC) to reduce the lease fee. However, JAIP Co. declined the support from DFC since the interest rate proposed by DFC was higher than expected by JAIP Co.

In September 2021, IPIEA, the Palestine Water Authority (PWA) and other relevant institutions agreed that Wadi is offsite and JICA decided to support IPIEA to conduct the detail design (D/D). The consultant was hired in October 2021 and the D/D was completed in June 2022. However, there were issues such as the starting point of Wadi in the JAIP Phase 2 land which were identified after completion of the project, and the Project Team facilitated consensus-building among the stakeholders.

2-2: Agree on concrete milestones for the development of JAIP between IPIEA and the developer

At the 2nd JCC, in line with Appendix 15, the CPs on the Palestinian side, IPIEA and JAIP Co., confirmed that they would be responsible for the implementation of the project proactively and continuously after the project completion. Also, the stakeholders shared the progress and issues of the legal system and JAIP development and management activities related to investment promotion, and agreed on tasks and key performance indicators until the project completion.

2-3: In case there is any delay in the milestone or problem in the performance of the developer, analyze reasons for delay and the problem and review the recovery plan submitted by the developer

JICA Expert Team, IPIEA and JAIP Co. periodically organize the WG meeting to share the issues in JAIP operation and project activities. If there is any delay, it was agreed to discuss the recovery plan. Currently it is chaired by the IPIEA to enhance ownership. Some of the points improved through the project activities are as follows:

- Repair of hangar damage caused by poor water connection and land subsidence.
- Remediation of wastewater exceeding the standards of PA.
- Conducting a joint O&M inspection by JAIP Co., IPIEA and the Project Team and subsequent periodic O&M by JAIP Co.
- Assignment of marketing and promotion staff.

2-4: Provide advice to the developer on the management of JAIP including marketing, financial management, maintenance, operation and services to the tenants of JAIP

JICA Expert Team supports JAIP Co. to appropriately operate JAIP such as marketing, financial management, O&M of the infrastructure, tenant service, and etc. The above activities will be discussed at the WG meetings. The current progress is summarized as follows:

- Repair of hangar damage caused by poor water connection and land subsidence: During the joint inspection conducted by PIEFZA, JAIP Co. and the Project Team in October and November 2019, damage was identified in some hangers. Therefore, the WG meeting discussed a response policy, and after a soil investigation by the third-party engineer in May 2020 and a joint inspection to confirm the damage of the hangers in July 2020. And it was confirmed to repair the hangers at JAIP Co.'s expense. In January 2021, the hanger repair work was completed, and the tenant was able to improve the condition of the hanger to the point where it could be operated.

- Connection of the Jericho Municipality Wastewater Treatment Plant (JMWWTP): Water quality sample surveys were conducted in October 2019 and confirmed that wastewater from some factories did not meet effluent standards (TSS and COD). Based on the findings, PIEFZA, JAIP Co. and the Project Team discussed the matter with the above factory owners and confirmed that the corrective measures to be taken, including withdrawal of the use of dye and installation of primary treatment facilities, etc. In November 2019, another tenant was identified to be not in compliance with the effluent standards, and PIEFZA, EQA and the Project Team discussed the matter with the tenant and confirmed to take collective measures to bring wastewater discharges from all the tenants became within standards in May 2020, thus it was accepted to connect to JMWWTP in November 2020. In January 2021, water quality was again found to be abnormal and the connection to JMWWTP and Jericho Municipality disconnected JAIP to JMWWTP. Therefore, as a result of discussions at the WG meeting, JAIP Co. submitted a response plan (a MOU with the tenant for sewage treatment, a written pledge to Jericho Municipality, arrangement of legal basis for sewage treatment, etc.), and from August 2021, IPIEA, JAIP Co. and EQA collaborated to urge the tenant to treat the factory wastewater properly. In addition, in June 2022, an awareness-raising seminar on wastewater was held with tenants to promote understanding of and compliance with wastewater standards among JAIP tenants. As a result, TSS and COD, which had been an issue, were kept within the standard. In terms of individual tenants' compliance with the regulations, JAIP Co., Jericho Municipality and the tenants signed an agreement and agreed to issue two warning letters to tenants who did not comply with the regulations, and if the problem persisted, it was agreed to suspend the water supply. In addition, the Japanese government funded the installation of a wastewater treatment plant which was completed in June 2022.
- Implementation of routine inspections based on O&M guidelines: In April 2021, the above-mentioned format was submitted by the Project Team to the IPIEA and thereafter, O&M monitoring reports were regularly submitted to IPIEA by JAIP Co. until the end of the project. As described in Task 2-5, regular O&M and IPIEA supervision resulted in improvements such as regular cleaning of solar panels, cleaning of JAIP grounds, and installation of drainage channels, as well as repair of damage to hangers. The number of cases requiring major repairs has decreased.
- Increase supply of water: During a high-level WG meeting in June 2021 with the CEO of IPIEA, the Chairman of JAIP Co. and the Project Team, the risk of insufficient water supply in JAIP was pointed out by JAIP Co. The water was supplied at a rate of 80-100m³/day in JAIP. However, it was restricted to a maximum of 50m³/day during the dry season in summer. Consequently, there was a risk for tenants regarding the supply of water. As a result of discussions at the WG meeting, it was decided that IPIEA would negotiate with PWA to secure water supply from Mekorot¹. After negotiations between IPIEA and PWA, it was agreed to supply 150m³ per day from Mekorot in October 2022.
- Reduction of electricity tariff: During a high-level WG meeting in June 2021 with the CEO of IPIEA, the chairman of JAIP Co. and the Project Team, JAIP Co. indicated that there is a possibility of reducing electricity rates for tenants by revising the category of the electricity system. JAIP Co. negotiated with the Prime Minister and PENRA, and the category for the electricity tariff in JAIP was changed from ordinary to industry and the electricity tariff was reduced from NIS1.70 per kWh to NIS0.44 per kWh. Also, IPIEA and JAIP Co. made an agreement to hand over the O&M of the rooftop solar energy to JAIP Co. Once the price of the energy produced by rooftop solar energy is factored in, the energy price for tenants is expected to further decline. It should be noted that the average

¹ Mekorot Water Company is an Israeli national water company. Jericho Municipality purchases water from Mekorot to fill the water supply gap.

electricity tariff for tenants receiving power from the hangar roof solar system in August 2021 was NIS 0.17 per kWh.

- Marketing and promotion: the Project Team supported JAIP Co. and JAIP tenants in their business operation and investment promotion. In August 2021, JAIP Co. agreed to assign marketing and administration staff to join the above activities. These staff resigned from JAIP Co. in June 2022 but new staff were hired in August 2022. The Project Team developed guidelines for marketing and promotion (Appendix 16) to continue these activities after project completion.
- Development of promotion materials
 - Dubai Expo: The Project Team supported IPIEA to develop promotional materials such as fact sheets on Palestine and the industrial parks and a promotional video. IPIEA with the participation of developers of industrial parks including JAIP, BIE, GIE, JIFZ organized a promotional seminar at the Dubai Expo in March 2022 and around 50 participants joined in.
 - A promotional seminar is planned to be organized for potential tenants in JAIP Phase 2. Since the response to attempts to attract Gulf and U.S. companies was not positive, it was decided to focus on attracting investors from neighboring countries. In this context, it was decided to focus on promotion to Arab people in Israel since labor costs and utility costs (electricity, water, etc.) in Jericho are lower than those in Israel. Also, Arab people in Israel are less burdened by licensing and permission for investing in Palestine. Based on the above policy, it was decided to hold face-to-face promotional seminars in Nazareth or Haifa and online seminars for the Palestinian in West Bank. Because of change of the IPIEA CEO and reconsideration of the lease fee, the seminar is postponed after Ramadan in 2023. The Project Team supported JAIP Co. to develop the agenda (Appendix 17) and the draft promotional brochure (Appendix 18) and website of JAIP Co.
- Coordination with the diaspora network: The Project Team communicated with Abu Issa Holdings (<https://www.abuissa.com/>), which is a conglomerate located in Qatar, and facilitated business matching with JAIP tenants such as Palolea and Alison. In December 2021, Abu Issa Holdings visited JAIP and factories of these tenants. Promotion of their exports are expected through Abu Issa Holdings. These activities can be summarized in the promotional materials as one of the best practices and can be shared with existing tenants and potential customers. The Project Team tried to search for matching partners in the Gulf countries through Abu Issa Holdings from September to December 2022 but, unfortunately, no match was realized.
- Training through Palestine Business Prosperity Center (Pal Pro center) in JAIP: In October 2021, the Project Team organized the training on international export promotion (Appendix 19) and remote factory management utilizing smart glass (Appendix 20). The following 13 companies joined the training (refer to Section 3-7 regarding the background and future plan). One of the two smart glasses provided by the project will be managed at JAIP administration building and will be used for training at the Pal Pro Center:

Table 2-3: Participant List on 1st Pal Pro Center Training

	Company	Participant	Note
1	FMH	Mr. Mustafa Meletat	
2	Paperpal	Mr. Tareq Saadeh	
3	Rihana	Mr. Naem Attoun	
4	Al Petra	Mr. Akram Hasan	
5	Palolea	Ms. Aseel Salem	
6	Choice	Mr. Odeh Kharabsheh	
7	Alison	Mr. Azam Aqleh	
8	RAI	Mr. Ramzi Hodali	From Bethlehem Industrial Estate (BIE)
9	Orient	Mr. Haytham Yousef	From BIE
10	JAIP Co.	Khaled Lahham and Ms. Nour Malek	
11	Gruz	Mr. Ismael Kruz	From BIE
12	Al Nijmeh Factory	NA	From BIE
13	Echo Tech	NA	From BIE

- Jordan Egypt Export Promotion: The Project Team facilitated the support for export promotion of JAIP tenants through experts from Jordan and Egypt. In the kickoff meeting organized in March 2023 (Appendix 21), IPIEA explained the characteristics of JAIP tenants and the export situation, and MOITS provided information on the website that compiles information related to exports in Jordan. In the meeting, it was agreed that the IPIEA confirmed to check the export readiness of each tenant and to have the meeting as the next action.
- Support to tenant: JAIP Co. assisted JAIP tenants to negotiate with the Ministry of Finance (MOF) for a VAT refund. Some of the tenants have received VAT refunds. In September 2021, JAIP Co. and the Project Team visited the Ministry of Finance and it was agreed to refund part of the VAT. It is necessary to support tenants every time they request a VAT refund from MOF.

2-5: Develop and review necessary guidelines and regulations for appropriate operation of JAIP

The Project Team, IPIEA and JAIP Co. mutually agreed on the O&M monitoring sheet and the report form in Term 1 of the project and organized the joint inspection. In Term 2 of the project, the JICA Expert Team supported JAIP Co. to appropriately operate and conduct O&M. JAIP Co. submitted the O&M report based on the above format in April 2021 and periodically submitted the report until August 2022.

IPIEA utilizes the developed O&M sheet to check other industrial parks such as Bethlehem Industrial Estate at the end of the project period. The Project Team drafted the O&M guideline as shown in Appendix 22.

In addition to the improvements identified in Task 2-3, regular O&M and IPIEA supervision resulted in improvements such as regular cleaning of solar panels, cleaning of the JAIP Phase 1 site, and installation of drainage channels, as well as a decrease in the number of cases requiring major repairs, such as damage to hangers.

2-6: Analyze the function of logistics center proposed for JAIP

The functions of the logistics center proposed in the JAIP were originally planned in the JAIP Master Plan as a general logistics terminal in Phase 2 after Stage 2 and an import/export terminal in Phase 3, along with the development of dedicated roads and other facilities. However, since

the overall plan is at the conceptual level, it is necessary to reanalyze and re-conceptualize the necessary functions according to the requests of JAIP tenants, border operations, movements of each donor, and import/export market conditions, and so this task was conducted.

The Project Team analyzed the function of the logistics center in October 2019. The Project Team conducted a questionnaire survey of 30 companies concerning logistics and exports regarding the AEO (Authorized Economic Operator) system, issues on current information sharing and the ideal case, etc. during June- August, 2021 (Appendix 23).

In July 2022, the Project Team conducted fixed point observation analysis regarding above issues. Especially, the Project Team collected information on ① progress on procurement for Shunneh Terminal Facility Improvement Project and ② export promotion JPACO (Jordan Palestine Agro-Products Marketing Company) and summarized 1) the recommendation on division of roles between Shunneh terminal and JAIP logistics center and 2) possibility of export increase of agricultural products and necessity of freight operation in night time at Allenby Bridge.

The main contents of 1) above are as follows: ① it is summarized that the status of studies on the introduction of conveyor belts for sand and gravel transportation, which accounts for the majority of Allenby's cargo demand. ② the recent introduction of container transport in Allenby (social experiment) was investigated and evaluated as unsustainable in terms of price. The Shuneh terminal project has just started to recruit operators, and it will take at least four to five years to realize the project. In addition, it was suggested that the JAIP terminal, if planned, should avoid duplicating the functions of the Shuneh terminal, and the sharing of functions as a One Stop Border Post (OSBP) was proposed. This encompasses the Direct Transfer concept (a set of proposals to avoid back-to-back issues) proposed by TASDEER, a British-affiliated organization (included in Attachment 24).

In addition, as mentioned in 2) above, JPACO has already received orders for agricultural and processed agricultural products from European countries such as Spain, and is planning to divide the division of labor between Jordan and Palestine. JPACO hoped to use this framework to promote agricultural production and increase export demand. In this case, back-to-back² exports to Jordan at Allenby would easily damage the quality of vegetables and processed agricultural products, but if handling takes place at night, the effects of temperature and direct sunlight can be avoided. Since the 24-hour operation of the Allenby passenger terminal is just being planned, we recommended the introduction of 24-hour operation for cargo import/export using this as an opportunity. The Project Team also proposed the possibility of replacing and streamlining the sampling analysis previously conducted in Jordan by carrying out sampling analysis of agricultural and food products at the laboratory in Pal Pro Center. The details are described in Appendix 24.

The project proposed the following as its conclusions: (a) to plan the integration of the Shuneh terminal, which is currently under construction on the Jordanian side, so that both the JAIP terminal and the Shuneh terminal can function as an OSBP; (b) to equip the terminal with an export commodity concentration function to meet the future export demand in the Palestinian region, especially for agricultural products and processed agricultural products; and (c) to promote night handling and use of Pal Pro Center as a medium-term measure.

² Back-to-back refers to the transshipment of cargo at the border based on such as security issues.

2-7: Facilitate discussions regarding the logistics centers among the stakeholders

Due to the impact of the COVID-19 pandemic and the political situation, the four-party (Israel, Jordan, Palestine, and Japan) working-level meeting for the promotion of logistics via the King Hussein Bridge in the “Corridor for Peace and Prosperity” concept has been postponed. However, a four-party working-level meeting was organized in December 2022 at PalPro Center and such meetings are expected to be organized periodically.

Before the meeting described above, the recommendation for the four-party meeting was compiled in a draft proposal that mainly includes: 1) simplification of customs clearance procedures through AEO designation, 2) a single window for OSBP and customs clearance procedures (centralization of customs clearance processing windows), 3) promotion of information provision for import/export users (introduction of user clubs), and 4) gradual introduction of dedicated roads.

In addition, the Project Team conducted a survey of export potential as material for discussion. The survey included interviews with exporters of stone and building materials, processed foods, and plastic products, but in general, only agricultural and processed agricultural product exporters responded to the survey.

In addition, various fees related to border crossing at the KHB, quality damage to vegetables and processed agricultural products due to back-to-back operations, the cost of obtaining quality certificates in Jordan, and waiting costs due to limited operating hours at border facilities accounted for 30-40 percent of the logistics costs, and these costs are increasing year by year. This information will be used to advance the discussion of the proposed logistics center in Task 2-6.

2.6 Task 3: Output 3

3-0: Conduct baseline survey, end line survey and revise the BAS Vision & Action Plan

(1) Baseline Survey

Already implemented during the first phase. An overview is given below.

1) Survey framework.

A baseline survey was conducted between March and August 2019 to determine the current status of project-related matters. Attention was given to visualizing the challenges in implementing the project by following the assumptions set in the baseline survey at the start of the previous project (January 2014) and the changes in the situation in the two years since the end of the previous project.

2) Summary of survey results

- Macro environment
 - The number of operating establishments (Operating Establishments) increased by 10 percent between 2012 and 2017.
 - The proportion of micro-, small and medium-sized enterprises decreased slightly from 98.8 percent to 98.6 percent . However, the number of medium-sized enterprises with 19-10 employees increased slightly (see table below).
 - Domestic economic downturn due to partial non-payment of civil servants’ salaries, will continue for six months from March 2019.

Table 2-4: Number of Operating Companies in Palestine, by Number of Employees, 2017

Year	Large Companies			MSMEs			Total
	+100	99-50	49-20	19-10	9-5	4-1	
2012	137	227	1,172	2,983	9,977	117,234	131,730
	0.10%	0.17%	0.89%	2.26%	7.57%	89.00%	100.00%
	1.17%			98.83%			
2017	165	297	1,631	3,839	10,847	130,087	146,866
	0.11%	0.20%	1.11%	2.61%	7.39%	88.58%	100.00%
	1.43%			98.57%			Change in overall number of enterprises + 11.5%

Source: PCBS Census 2017 (figures for West Bank and Gaza combined).³

- Status of existing activities ⁴
 - The survey conducted online in May 2019 had a response rate of 26/50, or 52 percent (comprising 19 private NEs and seven MONE staff).
 - The majority (23/26, or 88 percent) of NEs, both private NEs and MONE staff, consider that the provision of services to SMEs is included in the job description of their main job, which corresponds to the working hours of their organization (two private NEs and one MONE staff answered “no”).
 - The percentage of private NEs such as associations of commerce, industry associations, etc. that receive additional payments from their organization for providing services 2/19 (excluding MONE staff), or 11 percent.
 - A total of 92 percent of NEs are interested in additional on-site training.
- Facts about the Ramallah, Jerusalem and Jericho Chambers of Commerce and Industry

An overview of the chambers of commerce and industry in the model areas is provided below.

 - The Ramallah Chamber of Commerce and Industry provided dozens of mini-consultations between 2017, when the previous project ended, and March 2019, but no paid deep consultations. The intention is to prioritize the service to the 400 or so newly registered companies. It is investing in improving its training facilities and will actively organize training courses.
 - The Jerusalem Chamber of Commerce and Industry has a service for SMEs in the form of consultants employed under an EU-supported program (Establishing a Micro and Small Enterprises Unit in East Jerusalem, March 2017 - March 2022). The main interest is in sending relevant personnel for BAS training. The intention is to address the needs of the service sector, such as tourism, in addition to the manufacturing sector; there is interest in innovative approaches, such as the use of ICT.

³ The new MSME definition published by MONE in September 2021 is "Micro 1-4 staff, very small 5-9 staff, small 10-19, Medium 20-49 staff, Large 50+ staff together with annual turnover for each" and includes companies with up to 49 employees.

⁴ As of May 2019, when the baseline was implemented, MONE staff were also included in the NE designation, but since the November 2019 WS, MONE staff are no longer referred to as NEs to distinguish them from private NEs and will be referred to as Kaizen Facilitators in September 2021. This is to prevent the public from misunderstanding that MONE staff are involved in paid services and charging fees in the same way as private NEs, where they are not allowed to have a second job.

- Jericho Chamber of Commerce and Industry only offers training (about 3 hours) irregularly as a service for SMEs. There is interest in sending staff for BAS training and recommended date-related companies as OST companies.

Table 2-5: Overview of Chambers of Commerce and Industry in Model Regions (as of 2019)

Pilot areas	Ramallah	Jerusalem	Jericho
Name of Chambers	Ramallah & Al-Bireh CCIA	Jerusalem Arab CCI	Jericho CCIA
Number of member companies	Approximately 5,000 companies (of which about 1,500 are active members who pay membership fees)	Approximately 2,500 companies	Approximately 900 companies (of which about 600 are active members)
Key industries of member companies	Services, information and communications, industry, pharmaceuticals, etc.	Services, tourism, traditional crafts, etc.	Commercial (56%), services (including tourism, 19%), agriculture (14%), light industry (7%), industry (2%), construction (2%)
Number of staff	20	14	7
Facilities owned	Training hall (invested USD 65,000 in recent years)	Training rooms at HQ, Al Ram and Bethany branch offices	Training room
Number of enrolled NEs	2 (Separately, one former director-general is a lecturer at Al Quds University).	0	0
BAS-related provisioning services	Training and Business Development Section provides TVET training, employment placement (e-corner), BAS training and consultation	(EU support) Legal, tax and BAS advisory, start-up support and follow-up by Commercial Development Unit	Irregular training (e.g. taxation, mobile marketing with the support of the Cologne Chamber of Commerce and Industry, Russian language training, etc.)

(2) Additional Needs Survey

Due to the inadequacy of the survey of the service needs of enterprises during the first phase and the need to take into account the changing environment due to the COVID-19 pandemic, an additional needs assessment was planned with FPCCIA during the second phase to be carried out in 2020.

Meanwhile, FPCCIA, in collaboration with the Palestine Investment Fund (PIF) Soft Loan ESNAD program for SMEs, conducted a training needs assessment in November 2020 with interviews with 30 companies in the West Bank, and the project shared the results obtained (Appendix 25). The training needs of the report are presented in Table 2-6.

It should be noted that the surveys received from the FPCCIA and PFI ESNAD program and the findings from the COVID-19 activities were deemed sufficient to provide the level of information originally planned, and were therefore omitted from this project.

Table 2-6: Training Needs of Enterprises Identified in the FPCCIA and ESNAD Program Needs Assessments

Area	Topic	Priority
Management and Planning	<ul style="list-style-type: none"> • Strategic Planning and Strategic Evaluation and KPIs • Organizational Structure • Written Procedures • Risk Management and Decision • Rethinking the Business Model 	High Moderate Moderate High High
Marketing Management	<ul style="list-style-type: none"> • Market Share • Marketing Plan • Costing and Pricing Plan • Electronic Commerce and Social Media • Finding New Markets • Packaging 	High High High High High Moderate
Production and Quality	<ul style="list-style-type: none"> • Capacity Utilization, Layout and Production Planning • Quality Assurance and Quality Control • Innovation Management • Environmental Management • Maintenance Management 	High High High Moderate Moderate
Supply Chain Management	<ul style="list-style-type: none"> • Purchasing and Suppliers Management • Inventory Management • Logistics Management • Export/ Import Management • Customer Relationship Management 	High High High Moderate High
Human Resources Management	<ul style="list-style-type: none"> • Responsibilities Authority Matrix • Training and Life-long Learning • Computerized Systems • Internal Culture 	Moderate High Moderate Moderate
Financial Management	<ul style="list-style-type: none"> • Cash Management • Redundant Costs • Budgeting • Investment Management • Financing 	High High High Moderate High

In addition, in April 2020, immediately after the outbreak of the COVID-19 pandemic, MONE, in collaboration with UNIDO, conducted a survey in nine governorates (Jerusalem, Ramallah, Hebron, Nablus, Qalqilia, Tubas, Tulkarem, Jericho and Bethlehem). The results of the interviews conducted on the short-term support of enterprises by sector are shown in the table below.

Table 2-7: Results of MONE's COVID-19 Disaster Corporate Needs Assessment.

Challenges/ Sectors	Pharmaceutical	Food	Clothing & Textiles (Protective Masks & Clothing)	Chemical	Paper	Plastic
Raw materials	X	X	X	X	X	X
Machinery and new production lines	X	X	X	X		
Packaging materials		X	X	X		
Tax facilities				X		
Alternatives to material sources	X	X		X		
Energy, fuel and gas sources	X	X			X	
Shortage of skilled workers and workers		X	X	X		
Financial liquidity / appropriate financial instruments			X	X	X	

As noted in Section 3-8, the project provided technical assistance for short-term COVID-19 pandemic mitigation measures, such as the manufacture of medical consumables and online delivery companies, which were in short supply but lessons learned for medium- and long-term training needs and service delivery included the following.

- The need to build business strategies in light of changes in consumer behavior (purchasing methods, product and service needs) due to the COVID-19 pandemic; increased interest in companies' online marketing and sales strategies
- The need to establish a production system based on the risks of raw material procurement
- The increased importance of cash flow management, including delays in the collection of accounts receivable for check payments
- Accelerated trend of SMEs wanting more practical services in a shorter period of time
- The need to improve the client communication skills of NE and BAS coordinators such as chambers of commerce and industry
- The possibility of utilizing other donors' funding programs, etc.

The changes in the needs of companies affected by the COVID-19 pandemic were thus identified and the findings of the pandemic countermeasure countermeasure activities were reflected in the content of the BAS training and services provided. The specific contents are as follows.

- Additional interview methods, interaction with potential clients and forms during the preparatory phase prior to consultation implementation
- In the area of marketing, simplification of the theoretical part so that more concrete marketing strategies can be naturally derived, enhancement of forms and exercises, and addition of notes on business amid the COVID-19 pandemic.
- In the area of production management, value engineering was allocated, plant layout, application of production management and Kaizen to the service sector, and additional risk reduction measures for production activities during the pandemic.
- The business plan discussed with the Bank of Palestine (BoP) on OST methodology and additional specific case studies

- Regarding financial management, the OST was changed to focus on improving the efficiency of accounting operations (including learning how to use cloud software), which is considered to benefit companies in a generic way. This is because in most cases, the provision of traditional financial management services is refused even if there is a need on the part of private companies, due to wariness of additional tax collection, because of service provision by projects involving MONE. Also in the content are plans to build a relationship of trust with customers starting from the efficiency of accounting operations and to raise the demand for traditional financial management services.
- Additional sessions on ICT, especially online marketing, as other areas.
- In service provision, flexibility in setting the scope of service provision (encouraging sales not to focus on standard man-days), as the scope of private sector base consulting contracts is often small and fragmented after the pandemic.
- Recommendation to identify available funds from other donors when proposing NE (especially visualization of energy savings in Kaizen).

(3) Collaboration with Other Institutions and Programs

It was decided that MONE, the supervising ministry, will be consulted on the Vision & Action Plan and other institutional-related matters, and that the specific workflow for the provision of BAS will be discussed with FPCCIA, which is responsible for the practical implementation of the program. From November–December 2020, FPCCIA’s intentions were interviewed and opinions were exchanged on possible collaboration during the project period with the UNDP-supported Monshati program with which FPCCIA works.⁵

The main intention is that FPCCIA will provide Monshati services as technical assistance to businesses during the COVID-19 pandemic through local consultants registered on the list, as the percentage of member companies paying annual membership fees has been declining, and synergy with the BAS system was expected to be achieved in this project. Monshati’s service provision (group mentoring and training for multiple enterprises) started in October 2021, and the use of NE individuals was welcomed, but as the five chambers of commerce and industry procure their own training matters through the QCBS, the project promoted the registration of NEs on the list and recommendations were made to each chamber of commerce and industry.

As a result, 15 of the NEs trained under the JICA project were included in this list, with three confirmed achievements during 2021 (strategy development for the Association of Shoe and Leather Industries in Hebron, and other training delivery).

- (1) Development of a Strategic Plan for a company (two beneficiaries) by Ms. Jane Quritem, resident of Ramallah (provided support to the Nablus Chamber)
- (2) Strategic Plan for the Leather and Shoe Sector, 20 beneficiaries, by Mr. Abdelrahman Sawayfeh, resident of Hebron (provided support to the Hebron Chamber)

⁵ The Monshati (My Facility) program is a Palestinian Government business development support program for the private sector, led by the Palestine Monetary Authority (PMA) and the Prime Minister's Office. Through the portal website (<https://monshati.ps>), technical assistance such as training, group mentoring and other services such as referrals to financial assistance programs were provided from October 2021. The implementing partners are FPCCIA, UNDP, PalTrade, Bank of Palestine and the Palestinian Banking Institute (PBI). for a pilot period until around April 2022, UNDP will finance the hiring of a contact person called the National Help Desk (NHD) in five target chambers of commerce and industry (Hebron, Bethlehem, Nablus, Jericho and Deir Al Balah in Gaza), as well as local consultant fees for service delivery. , Nablus, Jericho and Deir Al Balah in Gaza), and financial support for hiring a contact point coordinator called the National Help Desk (NHD) and local consultant fees for the provision of services. No decision has been made on the continuation of activities beyond June 2022, except for the maintenance of the online website, for which a mid-term review will be carried out by June 2022 and to which the PMA will contribute a budget.

- (3) Development of a Digital Promotion Strategy for a group of shoe manufacturers, 12 beneficiaries, by Mr. Abdelrahman Sawayfeh, resident of Hebron (provided support to the Hebron Chamber)

There were no actual results of provision by the NE during 2022.

On the other hand, with regard to the institutional linkage of service provision, it was difficult to organize this in terms of joint implementation with JICA projects, as Monshati is provided under the UNDP budget in an environment with no corporate burden, and the content of the linkage during the service provision period of Monshati from October 2021 to April 2022 remained small in scope, such as sharing Monshati applicant corporate data.

The Palestinian Banking Institute (PBI), BoP and Engineering Association, which are also participating in the Monshati program, discussed the possibility of collaboration in terms of training for companies, but first held discussions in early August 2022 with the Engineering Association, which is easier to implement, to co-host NE training in the area of kaizen using NE. Subsequently, preparations were made to sign an MOU with the Engineering Association for the implementation of training in the field of Kaizen utilizing NEs, but due to a strike by the Association that occurred around June 2022, preparations have not progressed and are on hold. Since the Association is positive about implementing training in the field of Kaizen utilizing NEs, it is expected that FPCCIA will continue discussions with the Association after the project is completed.

The Palestine Trainers Association (PTA) is a non-profit organization licensed by the Ministry of Interior in 2015, with a vision of an advanced and comprehensive Palestinian training system of international quality, and a mission to improve the training system and improve its quality, raise the competencies of individual and institutional workers in the fields of training and improve their performance according to best practices and standards. Regarding the training of new NEs after the completion of the project, the possibility of PTA becoming an accreditation body was discussed with FPCCIA, but as stated in the BAS Vision & Action Plan, new NE training is planned for 2026 and beyond, and it is too early to determine whether FPCCIA will be the organization to conduct training or whether it will collaborate with an external organization. Therefore, the FPCCIA will play a central role in the discussions while focusing on branding and capacity building of existing NEs until 2025.

(4) End-line Survey

Regarding the achievement of KPIs (productivity, sales, profit, and operating margin) for Outcome 3, one company that completed a deep consultation in September 2022 on the performance of companies that received BAS support indicated a 60 percent increase in performance in 2022 compared to actual sales in 2021. As part of OST, NE provided support to the company in September 2021 and March 2022, proposing basic marketing strategies and individual strategies (building a safe and secure brand, for example, creating packaging that prevents children from mistakenly drinking the product, developing products with high sterilizing effects, etc.), which led to the provision of paid services from June to August 2022.

The paid services included (1) support for a marketing campaign during Eid, (2) logo design revision, (3) product communication via SNS, and (4) proposal for hiring a marketing staff member and job description. As a result, the company's Facebook postings have received hundreds of "likes" as of April 2023, compared to dozens of "likes" in April 2022, showing that the company is steadily gaining brand recognition for its detergents and disinfectants for commercial and residential use. In addition, the company has adopted a strategy to focus on marketing by hiring new employees in the marketing department as proposed by NE. The

company is very satisfied with the services provided by NE and hopes that NE will provide further services.

(5) Revision of BAS Vision and Action Plan

The BAS Vision and Action Plan was revised twice during the project period.

a) Revision 1 (September 2021)

In the first phase, the Project Team conducted a two-day WS in November 2019 to revise the content of the previous project's BAS Vision & Action Plan, prepared in March 2017, to suit the situation in 2019, with the aim of agreeing a broad framework focusing on the main issues. Based on these discussions, a revised draft was created, but due to the impact of the COVID-19 pandemic and other factors, as well as the re-partitioning of discussions, including the change of the PD of the BAS component, the approval from the Director General of MONE as originally envisaged was not obtained by August 2021 (the three signatories in the previous project were the PD of the Director General of Industrial Development of MONE, the Director General of FPCCIA and the Director General of PFI). After a briefing to the Director General of MONE by Deputy Director General Manal MONE in early September 2021, the process was re-organized with the signatory being Director General Khader, PD of BAS, and the revised draft was approved on September 22, 2021.

The revised version 1 has been updated from the one prepared for the previous project as of March 2017, including: the period from 2017-2021 to 2021-2024; a clear stipulation of FPCCIA as the main contact point for service provision and management, instead of the three-party joint management of MONE, PFI and FPCCIA as the framework allocation of stakeholders; and a more realistic target number of service provision based on the number of NEs with current commitments and those to be approved during this phase. The specific targets set for this as of September 2021 are shown in the table below. The number of paid-for service provision instances was set at 10 in 2022.

Table 2-8: Target Number and Actual Result of Enterprises Set Out in the Revised 1 Version of BAS Vision & Action Plan, October 2021

Year	Mini Consultations (including group coaching)		Deep Consultations		Training Companies	
	Target	Actual result*	Target	Actual result	Target	Actual result
2021	10		3*+ 2=5		10	
2022	50	---	10	1	70	
Jan. - May	30	---	4	0	20	15
Jun. - Dec.	20	---	6	1	50	20
2023	60	---	15		120	---
2024	80	---	20	---	200	---
Total	200		50	1	400	

*Monitoring forms have been shared with FPCCIA. Implementation follow-up is ongoing.

The types of services and definitions agreed to by the stakeholders in the BAS Vision & Action Plan are as follows. Deep consultation, which is positioned as the main mechanism, is the provision of detailed diagnosis, proposals and implementation support for company issues for a fee (in addition to the payment of annual membership fees to the chamber of commerce).

Table 2-9: Types of BAS Provision and What is Envisaged

#	Type of service	Service Description	Period	Cost-bearing
1	Mini-consultation (brief diagnosis, free of charge)	Simple diagnosis of enterprises, suggestions. Usually assumes an input of 5~8 man-hours.	Several days to two weeks.	Free of charge (except for the annual membership fee contribution to the Chamber of Commerce and Industry)
2	Deep consultation (paid service)	Detailed diagnosis, analysis and proposal of company issues. Standard input is around 24 man-days.	Approximately 3 months Paid	paid
3	Training (physical venue)	Training at a Chamber of Commerce venue.	Approximately 3-4 days x6 hours	paid
4	E-learning (online)	Online content on the fundamentals of key areas of knowledge.	Half a day to several days/course	paid

In the process of approving the revised 1 version, information relating to the change in the designation of MONE's BAS-trained staff, the fee structure and the estimation of income and expenditure and cost-sharing to ensure financial sustainability was kept private, as it could cause misunderstanding among the public if made public and discussions among the stakeholders were not yet mature.

Following discussion, the designation was finalized as the MONE Kaizen Facilitator. The first Kaizen Facilitator awareness session was held in late June 2022 to publicize the private NE's BAS through the CCIAs, which resulted in an inquiry from one company (Petra) and led to a proposal. Second and third awareness sessions were held in December 2022 in Nablus and Hebron, with more than 20 companies participating in each session. The awareness sessions were presented by the MONE Kaizen Facilitator, who also served as the presenter and promoted BAS. MONE Kaizen Facilitators also provide simple guidance on production management, etc. when visiting companies during regular business audits, as well as publicize BAS and liaise with the competent CCIAs. This simple guidance is provided free of charge, as MONE staff cannot provide technical guidance that involves fees. If a company wishes to request more detailed consultation, MONE introduces the company to the competent CCIAs.

Subsequently, by April 2022, the Project Team held final discussions on the details of the fee structure for deep consultation (the Project Team proposed a discount campaign initially to publicize the service and gradually introduce cost-sharing) and the formalization, publicization and operationalization of the renewal requirements for NEs. The agreed tariff structure and renewal requirements are shown below.

● Price Scheme

The fee structure currently proposed by the project for paid in-depth consultation (deep consultation, assuming NE man-hours input of around 24 man-days) is shown in the diagram below. There is no change to the provision of mini-consultations, which provide a more informal consultation service, at no additional cost, except for the annual membership fee of the chamber of commerce and industry (assuming an input of five to eight hours of NE man-hours). These are based on the standard prices discussed at the WS held in November 2019, but with a discount period to reduce the burden on businesses in view of the ongoing economic impact of the COVID-

19 pandemic . On the other hand, to ensure the sustainability of the system, the full price is always clearly stated. It combines subsidies from the project, a discount per day on the NE side (tied to renewal of NE's certificate) and a cost share on the company side, with the discount initially set at a large amount to emphasize the benefits of participation as a monitoring company, gradually increasing the company's cost share as the service itself and its benefits become better known.

The maximum discount period was renewed for the contract until October 2022 after consultation with FPCCIA, due to a slower than expected build-up of paid-for service delivery results. The discount period, the discount rate and the price range after the project is completed will be discussed with the Palestinian side and updated if necessary, based on the actual results up to December 2022, the economic recovery from the pandemic and other economic trends.

	Apr – Oct 2022			Nov – Dec 2022			Jan – Feb 2023			Mar –Apr 2023		
	24 PDs	12 PDs	6 PDs	24 PDs	12 PDs	6 PDs	24 PDs	12 PDs	6 PDs	24 PDs	12 PDs	6 PDs
Standard Total price (to sustain the system \$200/d)	\$4800	\$2400	\$1200	\$4800	\$2400	\$1200	\$4800	\$2400	\$1200	\$4800	\$2400	\$1200
JICA Project (NE Gratuity)	\$1200 (25%)	\$800 (33%)	\$600 (50%)	\$600 (12.5%)	\$400 (16.6%)	\$300 (25%)	-	-	-	-	-	-
Company	\$1200 (25%)	\$600 (25%)	\$300 (25%)	\$1800 (37.5%)	\$1000 (42%)	\$600 (50%)	\$2400 (50%)	\$1400 (58%)	\$900 (75%)	\$3600 (75%)	\$1900 (79%)	\$1050 (87.5%)
Discount of daily rate for certification renewal**	\$2400 (50%)	\$1000 (42%)	\$300 (25%)	\$2400 (50%)	\$1000 (42%)	\$300 (25%)	\$2400 (50%)	\$1000 (42%)	\$300 (25%)	\$1200 (25%)	\$500 (21%)	\$150 (12.5%)
Gratuity /NE for 3 members	\$800 /NE	\$400 /NE	\$200 /NE	\$800 /NE	\$400 /NE	\$200 /NE	\$800 /NE	\$400 /NE	\$200 /NE	\$1200 /NE	\$633 /NE	\$350 /NE
Max # of companies to support	10	15	20	10	15	20	-	-	-	-	-	-

*PD = Person Days

Figure 2-2: Fee Structure for Providing BAS (paid consultation) (August 2022).

● NE certification renewal conditions

The renewal requirements for NEs are also determined as a key issue to ensure incentives for NEs to continue their studies and service provision, and stakeholders were facilitated on the application of these requirements. The Project Team proposed the following to FPCCIA and NE with additional details on the agreement of the WS held in November 2019. It should be noted that the revised second edition, described below, has been updated from Renewal of Qualifications to Upgrading of Qualifications.

- Two free mini-consultations (equivalent to five to eight hours/case)
- One paid deep consultation (equivalent to 24 person-days, with a recommended team of three people) at a reduced rate of \$100 person-days

b) Revision 2 (March 2023)

As an action plan for BA provision after the project completion, a revised second version of the action plan until 2026 was drafted in February 2023 and confirmed by all parties concerned at the 10th WG meeting held in early February 2023. In this Action Plan, the following items were reviewed based on a review examination of the degree of achievement of the targets in the first version of the Action Plan.

Table 2-10: Revised Items of Revised 2nd Edition

Revised items	Points of revision
Target achievement (quantitative)	More realistic numerical targets for mini-consultations, deep consultations, and training/WS, based on actual results through 2022. (Details are shown in Table XX below.)
Role of organizations	Organize the roles of MONE and FPCCIA. After the project is completed, FIPCCIA will take the initiative in providing the BAS, which will lead to a collaborative and cooperative relationship with MONE. In addition, the content of the activities and the person in charge of the coordination with CCIA and NE, the use of e-learning, and publicity for the BAS provision to be led by FPCCIA in the future were added.
Upgrading certification and evaluation criteria	The prior action plan set a requirement for renewal of NE certification, but instead of renewal, upgrades will be implemented in the future to improve NE skills. Requirements and definitions for this were added.
NE branding and new NE training	At the request of the C/P, it was decided to focus on establishing the brand of the excellent NEs that have already been nurtured from 2023 to 2025. The aim is to establish the NE brand in the Palestinian market in 2024-25, and to focus on training new NEs in response to market needs that are expected to increase from that time onward. New training institutions are currently envisioned to be in cooperation with FPCCIA or training institutions.
Consultation fees	Based on the C/P's request, the consultation fee will be set at the NE's person-day unit price, and a totalization method will be applied where the fee is set on a case-by-case basis depending on the scope of consultation.

As mentioned above, in the revised Version 2, the following future targets were set based on the number of target companies and actual results set in the revised Version 1.

Table 2-11: Revised 1st Edition Targets and Results

Year	Mini Consultations (Including group coaching) *Free service		Deep Consultations *Paid service		Kaizen seminars by Kaizen facilitator	Training Companies (number of training courses)	
	Target (Sept. 2021)	Actual result	Target (Sept. 2021)	Actual result		Target (Sept. 2021)	Actual result
2021	10	---	5	0	0	10	--
2022	50	19	10	1	3 (Ramallah, Nablus, Hebron)	70	100 (5)
Total	200	19	50	2	3	400	100
(Ref) OST				2014-17: 38 2019-23: 11			

Table 2-12: Revised 2nd Edition Targets

Year	Mini Consultations (Including group coaching) *Free service		Deep Consultations *Paid service		Training Companies (number of training courses)	
	Target (Sept. 2021)	Target (Feb. 2023)	Target (Sept. 2021)	Target (Feb. 2023)	Target (Sept. 2021)	Target (Feb. 2023)
2023	60	10	15	2-3	120	50
2024	80	15	20	4-5	200	60
2025	---	20	---	6	---	60
2026	---	25	---	7-8	---	70
Total	200	89	50	20-23	400	297

- Price scheme

As mentioned above, the fee structure for consultation fees was determined as per the second version of the action plan of Attachment X. This is due to the C/P's intention to allow flexible fee proposals on a case-by-case basis according to the needs of the company (service scope and fee), rather than setting uniform fees, as some companies, such as small, medium-sized, and micro-companies, cannot respond to uniform fees depending on the size of the company.

- Base remunerations amount will be USD 200 per person day
- The overall fee for consultation services is calculated by multiplying the scope by the unit fee.
- Although 30 percent of the overall compensation amount is received by the chamber of commerce in charge so far, it is better to be flexible and determined depending on the cases.
- And, although the remaining 70 percent is allocated to the NE responsible for the consultation so far, it is also to be flexible and determined depending on the clients discussing with CC in charge.
- Fee structure to be determined by consultation of all parties involved.

- Qualification Upgrade Requirements for Existing NEs

As mentioned above, the revised edition two decided on a policy of upgrading existing NE certifications, with the intention of keeping NE certifications as lifetime certifications, but encouraging those who hold certifications to continue their professional and personal skills and pursue higher level certifications (Senior NE).

[Evaluation criteria]

Items required to upgrade to the Senior NE certificate are listed in the table below.

Applicants must complete the following four criteria within two years and apply upgrading to FPCCIA.

It is recommended that those who wish to become Senior NEs fulfill the following requirements as well as undertake self-improvement to enhance their professional and personal skills.

Table 2-13: Criteria for Upgrading to Senior NE

Criteria	Definition
Number of consultation services to companies	<ul style="list-style-type: none"> • Two deep consultations • Minimum of 10 days per consultation • Consultation services that companies rate as satisfactory
Number of training sessions provisions	<ul style="list-style-type: none"> • Two training sessions in collective training at chambers of commerce or individual training to companies of the specialized fields

3-1: Identify subjects (business plan, accounting, marketing, quality/productivity improvement, entrepreneurship, and ICT) and consider appropriate means, resources to provide services to MSMEs

In addition to the (1) baseline survey immediately after the start of the case in Section 3-0, as described in (2) Additional Needs Assessment, changes in company needs in the COVID-19 pandemic were reflected in the 2021 BAS training by August 2021 based on the findings of the FPCCIA and ESNAD program training needs assessment and the pandemic countermeasures activities conducted in Section 3-8.

The specific methods of delivery identified are described below. In addition, the consultant behavioral guidelines and acceptable diagnostic and proposal methods required in the process of service delivery were reflected in the NE's OST.

- ① Especially for OST partners in BAS training who have not established relationships in advance, training and e-learning by the chamber of commerce and industry, etc., to give decision-making managers the basic knowledge to understand the subsequent proposals.
- ② A brief diagnosis of the mini-consultation will give an idea of the more essential or complex issues that the company considers and will propose an overview of the issues. The FPCCIA and the respective trade associations will also identify potential NE team members who can carry out a detailed diagnosis.
- ③ A detailed proposal for a paid deep consultation is made primarily by the lead NE. In doing so, the company's management and managers should be made aware of the need for their cooperation as well, and interim milestones and progress should be agreed with them.
- ④ If the proposal is accepted by the company, the chamber of commerce and industry manages the contract between them and ensures the commitment of both the company and NE. The team will then implement the detailed proposal.

It was also identified that the four areas addressed in the previous project (business planning, financial management, marketing and quality and productivity improvement) continue to be in high demand, but that the following points should be kept in mind.

- Where the issue is complex, the provision of services in the form of organic linkages between several related disciplines.
- In the area of marketing, simplification of the theoretical part so that more concrete marketing strategies can be naturally derived, enhancement of forms and exercises, and addition of notes on business in the COVID-19 pandemic.

- In the area of production management, Value Engineering was allocated, plant layout, application of production management/kaizen to the service sector, and additional risk reduction measures for production activities in the COVID-19 pandemic.
- In the area of finance, the need to build relationships with customers from familiar topics such as automation of accounting processes, as it was very difficult to obtain actual financial data, although advanced financial analysis was taught in lectures in the previous phase.
- As general proposals on business strategy in terms of theory were of little interest in the previous phase, services are provided in a form that leads to more financial access, such as the preparation of business plans for loans, etc. from banks.

Other areas such as Human Resource Management (HRM), business succession and safety management were also mentioned as individual opinions, but a survey of the current status of companies in the baseline survey (10 manufacturing companies in Ramallah) identified particularly high ICT use as needs were identified.

- Developing a comprehensive ICT strategy to help companies improve their management
- Determining how to use management information systems (overall ERP, individual modules for accounting, sales management, procurement, customer and inventory management) appropriate to the sector and size of the company
- Using online tools (websites/mobile applications, e-commerce, digital marketing, digital security)

3-2: Develop training contents and materials such as e-learning systems to train National Experts (NEs)

The preparation of BAS training materials for NE candidates was completed by August 2021, based on a needs analysis.

The first training for this project, the 2019 BAS training, started in August 2019 during the first phase of the project, but was postponed to the second phase due to the COVID-19 pandemic from late February 2020 onwards. Local travel resumed in small numbers from April 2021, with successful candidates from this batch certified as NEs, having completed training in the remaining areas by early September 2021. The NE certification ceremony was repeatedly postponed, partly due to the outbreak of the COVID-19 variants, and was held on 31 August 2022 (jointly with the 2021-2022 NE certification). The second phase of new NE development training (2021-22 batch) started recruiting in June 2021, participants were selected in July, training started in August 2021 and lectures were completed by January 2022.

The results of the training (lectures) conducted in 2021 are shown in Table 2-14.

Table 2-14: Outline of BAS Training (lectures) in 2021.

	Field	Batch	Period	Participants (number of participants/co mpleters)
1	Production and quality management	Batch 2021-22.	Basic : 2021/7/25-26 Standard : 2021/9/12,14-16, 19- 20, 22-23, 26-27	Basic : 19 Standard : 12
2	Marketing	Batch 2021-22.	Basic : 2021/7/27-28 Standard : 2021/8/4-5, 8, 23-26, 29-31	Basic : 22 Standard : 12
3	Finance	Batch 2021-22.	Basic : 2021/8/16-18 Standard : 2021/11/2,3,7,8,10	Basic : 17 Standard : 8
4	Business plan	Batch 2021-22.	Basic : 2021/8/10-12 Standard : 2022/1/11,12,13	Basic : 18 Standard : 11

The table below shows the number of NEs completed (NE accredited) in each period, including the number of new NEs that passed the assessment in conjunction with the OST for the 2021-2022 batch (completed in March 2022) in Section 3-5.

Table 2-15: Number of Private NE, by Period and Province (end-August 2022)

	Phase	Batch	Number of students who have completed the course (excluding MONE staff*)	Active Private NE
1	Previous project	2014-15 batch and 2015-2016 batch	26	19 (as of the December 2020 survey).
2	Current project	Batch 2019-21	18	18
		Batch 2021-22	12	12
Total			56	49

*MONE staff cannot engage in paid service provision. The number of people who have completed the training (Kaizen Facilitators) is 27, 24 from the previous project and three from the current project.

	Area	Directorate	Number of people who have completed the course (excluding MONE staff)
1	West Bank	Ramallah	18
2		Nablus	5
3		Jenin	1
4		Tulkarm	1
5		Tubas	0
6		Qalqilia	0
7		Jerusalem	4
8		Jericho	0
9		Bethlehem	7
10		Hebron	17
11	Gaza	Gaza	3
Total			56

For the introduction of e-learning, the system scope was publicly announced on 12 August 2021 with a system scope that could be used both for future NE candidates (free of charge) and for SMEs as part of the basic service provision (including payment modules as they are basically paid

for), and Liverpool Training was selected from among four companies and contracted on 21 January 2022. Discussions on e-learning design began with the company in February 2022, and an e-learning material development kick-off meeting was held for NEs who could be expected to provide content input. In March 2022, the construction of an e-learning Learning Management System (LMS) was started, and at the same time, discussions on the contents of teaching materials for each area (production and quality management, marketing, finance and business plans) started together with the NEs in charge. In June, the LMS construction was completed. construction was completed and a test environment and operational check of the LMS was carried out to ensure that the system worked without any problems.

For the creation of teaching material content, an NE in charge was selected for each discipline, and curriculum and content development was carried out with both the NE in charge and the lecturers in each discipline. To this end, a TOT for curriculum design of online content was conducted online in June 2022.

In July 2022, content development for production and quality management was started first, with the creation of PowerPoint lecture materials and Zoom recordings of lectures by the NE in charge and Japanese experts in the field. This was followed by the production of similar content for financial management, marketing and business plans from July to October. In addition, a tutorial session on video editing was held in August 2022 for FPCCIA personnel to enable them to update the produced e-learning video content at FPCCIA in the future. As of February 2023, the contents of all modules have been completed.

For the e-learning operation, after a series of discussions with FPCCIA on pricing considerations for course usage, calculation methods (NE time input for content creation, system maintenance costs, discount with paid services, etc., by member/non-member), and linking the LMS to a PayPal account linked to FPCCIA's bank account, it was decided to post the course on FPCCIA's YouTube site and offer it for free to existing NEs for skill development for the time being.

3-3: Develop a sustainable model to provide Business Advisory Services (BAS)

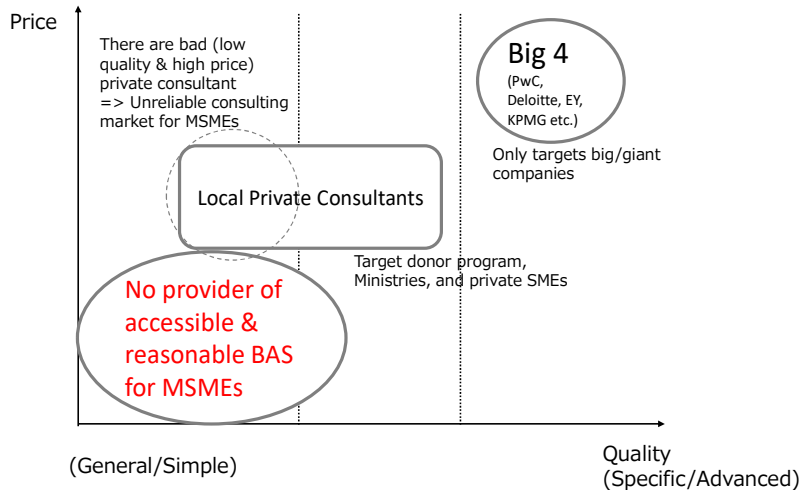
As written in Task 3-0 (5), a revised version of BAS Vision & Action Plan was signed by MONE in September 2021. The COVID-19 pandemic situation improved in March 2022, and by April 2022, an agreement was reached with FPCCIA on the fee structure for the provision of the service, and the actual contract for the provision of the service could be signed. The BAS Vision & Action Plan was considered to cover the period up to 2026, and was confirmed and finalized at the final WG meeting held in February 2023. The Project Team provided advice on the service flow that has been updated by the Ramallah CCIA, including experience and knowledge acquired in the process of providing BAS services, and a standard model was compiled and included in the guidelines after confirmation by the JCC. This guideline is also the final version. FPCCAI will take the lead in the future dissemination of the standard model.

Some NEs have expressed the opinion that it would be appropriate for the CCIA to remain as an intermediary in the contract for service provision, and for the quality of service provision to be guaranteed by a senior-level NE to propose all provision cases and confirm completion of implementation as a technical committee set up by FPCCIA and the CCIA. In order to ensure the quality of the BAS and to develop a model to provide it sustainably in the future, the committee is now sorting out whether there is a need to revise the format of the contract, which is currently divided into two parts (CCIA and NE, and CCIA and company), and in light of the quota for the Commerce and Industry Association Law. FPCCIA, Ramallah CCIA and Senior NE will take the lead from now on. FPCCIA and CCIA intend to offer BAS services to both existing members who have not paid annual membership fees and non-members, including informal companies.

However, in order to make BAS services more accessible to companies, FPCCIA and CCIA encourage companies to become members.

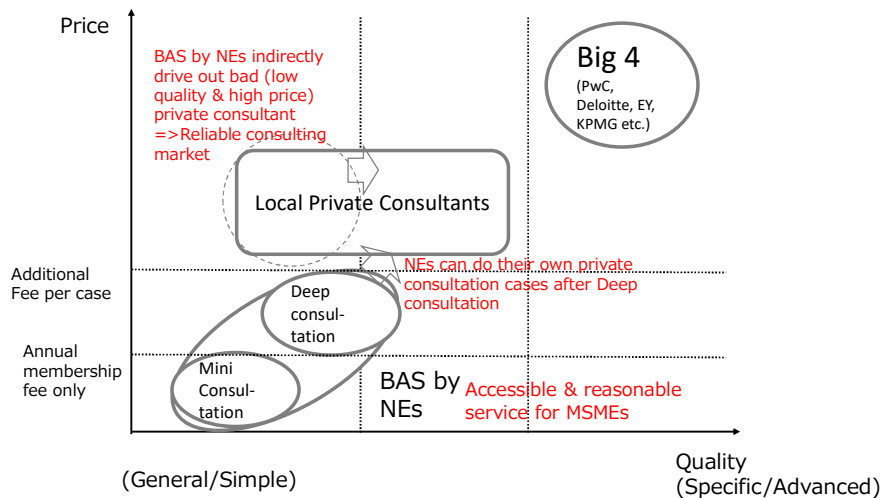
The project has also sought to segregate itself from the purely private consulting market, and for this reason has sought to position itself as a quasi-public service from the "Strengthening Business Development Services for Palestinian Micro, Small, and Medium Enterprises" project. The following figure shows the desired positioning of NE in the consulting market environment and the BAS system, including the impact of the COVID-19 pandemic.

Fig.1 Positioning of BAS by NE - Consulting Market before introducing BAS by NEs



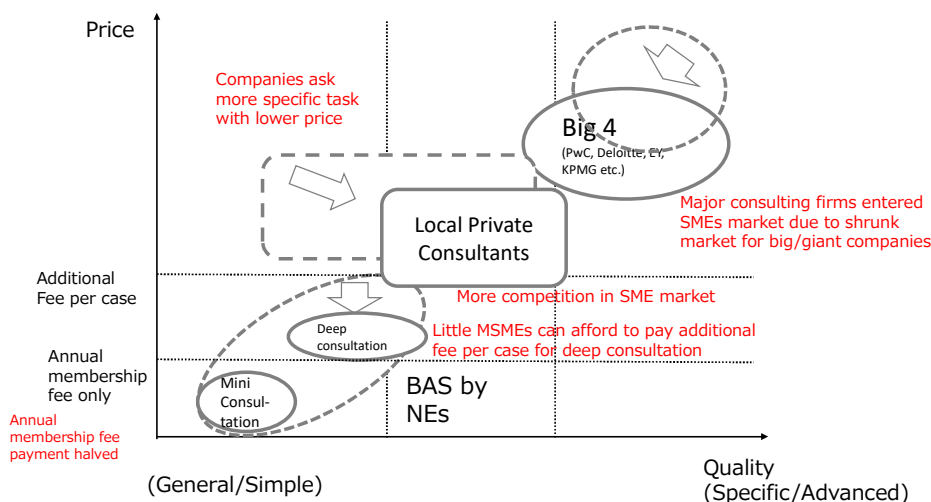
(1) Before BAS provision by NE

Fig.2 Positioning of BAS by NE - Consulting Market after introducing BAS by NEs



(2) Aimed effects of BAS provision by NE

Fig.3 Market situation after pandemic – Fierce competition



(3) Impact of the BAS provisioning environment by NE after COVID-19 pandemic

Figure 2-3: Positioning of BAS Provision by NE as a Quasi-public Service (December 2020)

As a result, companies are beginning to recognize that through the two firms that completed deep consultations and through OST, there are NEs that they can ask to work with them in their actual businesses, and a corporate culture of paying for useful consultations is beginning to develop.

With limited resources, one of the considerations in the service delivery model was collaboration with other donors, and the UNDP-supported Monshati program emerged in late 2021 as a major program to explore the possibilities for collaboration. The Monshati program differs from the JICA project in that it does not train local human resources, but it used donor funds to provide group mentoring and other services free of charge to a wide range of MSMEs during a pilot period until May 2022 (about 1,200 persons/company by July 2022; see the description of Task 3-0 (4) of the End-Line Survey). During this process, staff have been hired by the five CCIA to promote company applications and categorize the needs of the companies applying for the program. After the review, we are informed that UNDP plans to launch Monshati II, so it is expected that NE will be utilized there as well.

3-4: Implement BAS by utilizing NEs under facilitation of private sector institutions (FPCCIA and PFI) in two model sites (Ramallah/Jerusalem and Jericho)

In Term 1, among the model sites, the Project Team attempted to identify the practical issues by marketing and implementing services to the member companies of the Ramallah CCIA, where there are many leading companies and the support system of the CCIA is relatively promising. (For Jerusalem and Jericho, services were provided after operations were established in Ramallah.) Specifically, in the case of a company in Ramallah, which was cooperating again for additional OST, the Project Team even conducted a corporate diagnosis. However, in February 2020, when the company entered the stage of contract negotiations for paid services to support the implementation of Kaizen, promotion activities came to a halt due to the COVID-19 pandemic.

In Term 2, the easing of the COVID-19 pandemic was awaited, and provision of services began in late April 2022. At the end of Term 2, a three-part BAS reinforcement and public relations event, consisting of (1) an Online Seminar, (2) Meet the Expert Session, and (3) Refresh Session, was planned and implemented mainly by an initiative of the Ramallah CCIA. The Ramallah CCIA

conducted (1) on December 5, 2023, an event where two senior NEs from the marketing and production management fields explained and promoted the effectiveness of BAS services. Next, the Ramallah CCIA invited companies that had expressed interest in BAS at that event to participate in (2), an event from December 26 to January 8, 2023, where these companies could discuss BAS directly with NEs in the marketing and production management areas. After this, Ramallah CCIA proactively selected companies for (3) a refresh session based on the needs of the companies concerned. The objective of (3) was to reinforce the practical consultation skills and capabilities of NEs. The refresh session was provided to NEs in the areas of marketing and production management, which are particularly in demand by local SMEs, and where Japanese experts could be deployed quickly and in a timely manner under the project. This refresh session consisted of a visit to the company by the senior NEs and an overview of the business, an explanation of the issues by the company management and executives to the NEs, analysis of the issues by NEs and preparation of a proposal, and finally the proposal and presentation by NEs over a period of five days. Based on the five days of free consultation, the higher goal was to eventually be able to provide paid consultation services to companies. The refresh session on marketing was conducted at the Ramallah CCIA from January 22 to 26, 2023, with two companies participating. The refresh session on production management was conducted at Hebron CCIA from January 29 to February 2, 2023, with one company participating. One of the companies that participated in the refresh session on marketing, and another company in Hebron was a company that participated in the refresh session on production management.

The process is as follows. Although the BAS Vision & Action Plan was revised in September 2021 in light of the situation of the COVID-19 pandemic, the Project Team were unable to actively visit companies until February 2022 due to the situation of COVID-19 pandemic, so the team worked with FPCCIA and the CCIAs of Ramallah, Jerusalem, and Jericho (as well as Hebron, where many excellent NEs work) to continue to support the organization of administration work and the implementation of the BAS provision.

In March 2022, with the dispatches of Japanese experts, the Project Team resumed company visits, and selected four candidates. Of these, the Project Team was able to proceed to the point of signing contracts with two companies. On the other hand, other two companies were not willing to pay the service fee and continued discussions but, as of February 2023, no contract had been signed. In addition, two promising new companies were selected, and promotion to two new companies were initiated but, as a result of the free diagnosis, it was not possible to proceed to a paid service because the needs of the companies did not match due to the difference between the consulting services they were seeking and the content of the BAS. In April 2022, as a result of continued support for the conclusion of contracts with the first two companies, a contract was concluded with one company.

For one of the companies, the contract with Ramallah CCIA was signed on December 13, 2022, after a team of three NE members, the organization of duties, and confirmation of the proposal by the director in charge of production management. Although consulting services began in January 2023, the company's response to the reorganization proposal in the proposal was difficult, and as a result, Ramallah CCIA and the NE decided that it was too early for the company to receive consulting services.

For another company, the company's confirmation of the provision of services and completion report was completed in August 2022, and the final payment has been completed (the first case of completion of paid services).

One company in Ramallah that participated in the Refresh session held in January-February 2023, after receiving a free proposal from the NE, the company proceeded to a paid consultation contract and is currently under contract with BAS until the end of March 2023.

For Al Shabarati Modern Granite & Marble Company, Hebron CCIA is calculating the man-months required for the paid consultation.

In addition, a fruit and vegetable sales company participated in a refresh session on marketing at the Ramallah CCIA. Although NE's free proposal was well received by the company, negotiations regarding the cost of paid consultation were difficult and ultimately the contract was not signed.

In parallel with this, the implementation management of service provision contracted by Ramallah CCIA, etc. for BAS provision (active mobilization of NEs for free diagnosis) and promotion support to JAIP resident companies were also conducted. In addition, NEs started promotion activities for several companies in Jerusalem and Jericho, which served as a model for implementation in small CCIAs, but the contract was not concluded because the companies did not express their willingness to accept the service provision.

3-5: Enhance the capabilities of NEs through extensive on-site trainings

Regarding on-Site Training (OST), additional OST was conducted to further improve the quality of existing NEs trained in the previous project, and for training new NEs, training was conducted with revised OST content.

In Term 1, follow-up visits were made to OST partner firms to accumulate practical experience of existing mainly private NEs to conduct additional detailed diagnosis and proposals, while the baseline survey was used to identify service delivery methods and areas, and to discuss service delivery fees, etc. (Some of these became major promotion candidates for fee-based services).

Specifically, from June 2019 to February 2020, for NEs in the marketing and production management fields and NE Generals⁶ with broad mastery of all fields, the Project Team conducted detailed diagnosis (interviewing and analyzing the collected information), proposal preparation and internal discussions, and proposals to clients in each of these fields, gaining experience in the following areas (two marketing companies and four production management ones).

The results of the OST carried out in the first half of the second phase of the COVID-19 pandemic are described in 3-8.

The OST for new BAS training has been revised as described in 3-0 (1), (2) and 3-1 to improve training effectiveness.

As for the actual training schedule, the 2019-2020 BAS training started in July 2019 and stopped once in March 2020 due to the pandemic, but all trainings, including OST, were completed by September 2021 and the successful candidates were certified for NE. Certification ceremony for this batch was postponed for a long time due to the pandemic, but was held on August 31, 2022.

For the new batch started in FY2021 (2021-2022 BAS training), lectures were completed by January 2022, as mentioned above, and all OSTs were completed in March 2022. The closing ceremony was held jointly with the 2019-2020 batch.

⁶ The NE designation issued to trainees who completed the program with a passing score or higher (70 points) in all four subject.

Table 2-16: BAS Training OST Outline (2021-2022 batch)

Area	Batch	Period	Number of participants
1 Production & Quality Management	2021-2022 batch	Jan. 5, 24, 2022 (online) Feb. 15, 2022 (online) March 14, 16, 17, 19, 20, 22-24, 26-28, 28-29, 2022 (onsite)	12
2 Marketing	2021-2022 batch	Sept. 2, 5, 6, 8, 9, 2021 (onsite) Nov. 9, 14, 18, 2021 (online) Dec. 6, 13, 2021 (online) Jan. 10, 25, and Feb. 16, 2022 (online) March 14-17, 21-23, 27, 2022 (onsite)	12
3 Financial Management	2021-2022 batch	March 1, 6-7, 13-14, 2022 (online)	8
4 Business Plan	2021-2022 batch	Feb. 1, 8, 2022 (online)	10

In the production management area, augmented reality (AR) smart glasses (Vuzix M400 and Vuzix Video Conferencing for Zoom) purchased as project equipment were utilized for remote factory diagnosis in preparation for OST during the period when there was no dispatch of Japanese experts due to the COVID-19 pandemic. The factory, as seen from the local trainees' point of view, was shared in real time with Japanese experts connected via Zoom online, enabling them to grasp the current situation while conversing with each other, confirming the effectiveness of using remote tools in preparing for on-site guidance (see figure below).



Figure 2-4: Example of the Usages of AR Smart Glasses in a Factory

3-6: Utilize Palestine Business Prosperity Center in JAIP as a platform to conduct seminars and events that will benefit Palestinian industries

Seminars, etc. for Palestinian MSMEs were planned and implemented, utilizing local resources etc. at the Palestine Business Prosperity Center (PalPro Center) in JAIP.

The construction and procurement of equipment for the Palestine Business Prosperity Center (PalPro Center) were completed in April 2021, and the opening ceremony was held on August 17, 2021. The first seminar was held on October 25, 2021, in the areas of “International Market Trends for Export-Oriented Companies” and “AR Smart Glasses as a Remote Communication, and Management and Promotion Tool” (see Task 2-4 for participants and see Appendix 26 for the program).

In April 2022, discussions began with IPIEA and UNDP on the content of the second training session and, based on the needs assessment interviews by IPIEA, a training session in the area of product development was planned and was approved by IPIEA. It was repositioned as a session of a one-day event organized by IPIEA in October 2022, and was taught by NE on marketing.

3-7: Develop Public Relations Strategy on BAS and implement the tools development and promotional activities

Although public relations activities for BAS had been suspended since March 2020 due to the postponement of training and discussion of the BAS system as a result of the COVID-19 pandemic, BAS training, BAS discussions, and preparations for service provision resumed in May 2021, and public relations activities have also resumed.

The table below shows the public relations tools that have been developed to widely publicize BAS services. In addition to the traditional method of creating and distributing paper brochures, since SNSs (social networking systems) are an effective PR tool in Palestine, the videos will be posted on the FPCCIA website/Facebook page, as well as on the Facebook and TikTok channels of the various CCIAs. In fact, NE was able to visually explain its services while presenting brochures during BAS sales visits to companies, and was able to obtain a high level of interest from companies. In addition, information posted on the FPCCIA and CCIA social networking sites received "likes" from viewers, etc. Radio publicity was also conducted for two weeks in late October and early November 2022, resulting in 15 inquiries for the month. In May 2022, a PR specialist was appointed at FPCCIA and began to discuss a PR strategy utilizing these PR tools. The short version of the video, which was completed after exchanging opinions, was lobbied by the project, and after BAS coordinators coordinated with each CCIA, the video was uploaded to the FPCCIA's Facebook page on October 9, 2022.

In addition, a certification ceremony for new NEs was held in August 2022, and it was agreed to conduct a matching session at the Ramallah CCIA for a brief diagnosis between existing and new NEs and companies around Ramallah.

In addition to the above PR tools, an interview recorded at the end of the Refresh session on marketing held at the Ramallah CCIA on January 22-26, 2023, regarding the promotion of the use of BAS by NE was edited and finalized. The content is available on FPCCIA's YouTube channel starting from March 15, 2023.

Table 2-17: Developed BAS Public Relations Material List

Public Relation Tools	Contents	Intended Use
Website of FPCCIA	NE list (with photo), introduction of BAS service packages (including BAS fee structure and discount campaign information)	Things to introduce general BAS services
Public Relations Video	(1) Part 1: How to apply for BAS services, and short version of service description (2) Part 2: Testimonials from companies, etc. (3) BAS utilization promotion and PR video by NE (recorded, edited and finalized after Refresh session)	Things to be posted on FPCCIA's website/Facebook page and the Facebook pages of various commercial associations to promote BAS services in an audiovisual manner
A4 size bi-fold brochure (paper-based and web-based)	Things to provide an overview of BAS services and the fee structure for consultation services (discount campaign) etc.	Things to provide an overview of BAS services and the fee discount campaign, especially for member companies of the CCIA's. Interested companies can proceed to the BAS page on the FPCCIA website from the QR code in the brochure.
A4 size BAS service promotion brochure (paper-based and web-based)	Things of outlining the flow of BAS service provision and details of e-learning, mini-consultation (free diagnosis), and deep consultation (for a fee).	A promotion brochure for companies. It provides the flow and details (e-learning, free diagnosis, and deep consultation) of BAS services by NEs and commercial and industry associations.
Radio Publicity	Edit the audio of the public relations video to 30 seconds and promote it during popular morning radio programs or during the evening rush hour when many people are listening to the radio.	Things to provide information about BAS services to business owners, employees, and the general public who do not regularly access the CCIA's, etc.

3-8 : Support companies affected by the COVID-19 pandemic

It was decided to support companies that contribute to COVID-19 measures and companies that have been seriously affected by COVID-19 in this project, because that the letter for requesting the support of COVID-19 measures was submitted from the Director General of MONE to the JICA Palestine Office in April 2020.

The project was designed to support companies directly by Japanese experts remotely and indirectly on-site assistance by NEs/NE candidates who had been trained in the project. It also aimed at capacity building for those NEs/NE candidates. Specifically, the NEs and NE candidates gained the experiences of selecting compatible team members, of leaderships in the situation where Japanese experts had to provide guidance remotely, and of the accumulation of making proposals and negotiating with companies. In particular, there were several instances of unsuccessful interviewing in the diagnosis and proposal process in a manner that gained the client's trust, such as NEs asking for information and couldn't make proposals even that the Japanese experts were unable to confirm the complexion of the company. This was an important lesson learned for the subsequent consideration of the content of the OST.

The needs assessment was followed by a preparatory period and, by September 2020, six companies were identified as candidates for support, with a focus on new product development

for the COVID-19 pandemic from October 2020 to May 2021. Assistance to a company in Hebron by NE in the area of marketing was initiated on a private contract basis outside the framework of the BAS program and has continued to the present.

The reasons why the support did not proceed as planned are as follows. While there were restrictions that prevented financial support under the technical cooperation scheme, based on MONE's needs assessment of the manufacturing industry, etc., and after discussions with the C/P and NE on the Palestine side, a search was made for candidate companies for support focusing on technical assistance for the development of new products that would contribute to preventing the spread of the COVID-19 pandemic in order to solve the shortage of medical consumables, etc. However, the company's decision based on spoken interest and manufacturing capacity, and disregard for its financial situation and willingness to invest, is thought to have caused the company to stumble in the final stages of product commercialization. In addition, the rapid resumption of the influx of imported medical consumables from China, Taiwan, and other countries in 2021 and the evaporation of demand also made it difficult to realize business ideas that were already under discussion. (Conversely, AFD allocated a portion of the PUMP project's budget surplus to provide financial support to a local manufacturer of medical consumables at the same time that procurement of raw materials such as non-woven fabrics resumed in 2021.)

Although the purpose of the technical assistance activities amid the COVID-19 pandemic was not to provide technical assistance to companies in the corona disaster, mainly led by Japanese experts, and lead to a paid BAS service by NE, it did lead to the improvement of NE's technical level, a private paid service contract with one company in Hebron, and a reference case for the establishment of a BAS provision model.

2.7 Task 4: Development of Reports

4-1: Develop Progress Report (1) to (4) and Interim Report

Progress reports and interim reports describing the progress of activities, future plans, and current issues related to each of Outcomes 1 through 3 shall be submitted semiannually after the start of the contract. The Progress Report (1) and the Interim report were submitted in the first period, the Progress Report (2) in February 2021, the Progress Report (3) in September 2021, and the Progress Report (4) in February 2022.

The WG members were involved in the draft confirmation process of each report to foster ownership of the C/P.

The Progress Report (4) includes items included in the following Progress Reports (1) through (4) and the Interim Report that had not been formulated due to delays in activities, items that were revised or amended due to progress in activities, and items that were finalized, as well as the progress of activities for each outcome, future plans, and issues at present.

- Items included in the Progress Report (1)
 - Proposed review of concession agreement and milestones
 - Proposed review of OSS
 - Proposed review of BAS Action Plan
- Items included in the Interim Report
 - Proposed review of JAIP Operational Guidelines
 - Draft BAS Provisioning Operational Guidelines

- Items included in the Progress Report (2) to (4)
 - Items included in the Progress Report (1) and the Interim Report that have been revised, amended, etc., or finalized as a result of subsequent activities
 - Progress of activities for each outcome, future contracts, and issues

4-2: Develop Draft Final Report (DFR)

The Draft Final Report which includes a summary of the study/activity result of Term 1 and Term 2, will be developed and consulted on with the Palestinian C/P and submitted to JICA. The submission date was changed from four and a half months before the end of the contract (end of September 2021) to the end of December 2021, one and a half months before the end of the contract. It was further changed to late November 2022 due to the extended project duration. In addition, Draft Final Report 2 was submitted in March 2023.

4-3: Develop Final Report

Reflecting the comments on DFR by C/P and JICA, the Final Report will be developed and submitted to JICA. The submission schedule has been changed from February 2022 to April 2023 due to the project extension.

3. Achievement of Project Objectives

3.1 Achievement of Output 1

When the decision was made to extend the second term of the project for one year, IPIEA and the Project Team reviewed the project indicators. The indicators and achievements set forth in Output 1 are as follows:

Items	Target	Current achievement
Output	Legal framework regarding Industrial Zones (Laws, regulations, by-laws and concession agreements) is analyzed and major revision points are proposed.	Analysis on legal framework is summarized as the report in term 1 of the project.
Outcome	Policies and programs related to industrial parks are formulated, implemented and continued.	Not yet achieved. After the project completion, outcome will be achieved when the PIEA Law and OSS bylaw is approved by cabinet and policies related to industrial parks are continuously implemented.
Indicator	Study report on legal framework and IPIEA Law and OSS by-law drafted based on the study report.	Based on the analysis which is mentioned in Output, PIEA Law and OSS bylaw was drafted. It is under review by IPIEA BOD.
KPI	Development of draft IPIEA Law Development of draft OSS by Law	It is as mentioned in Indicator.

3.2 Achievement of Output 2

The indicators and achievements set forth in Output 2 are as follows. See Appendix 27 for the results of interviews conducted with tenants to collect indicators:

Items	Target	Current achievement
Output	Business Plan for the Developer is reviewed, and its implementation is promoted.	Not achieved. However, JAIP Co. has already started development JAIP Phase 2 and invited a tenant, although the business plan has not been approved.
Outcome	Services to JAIP investors are improved.	Partially achieved. Although some services have improved, such as ongoing O&M, investor satisfaction is more than average, but continuous improvement of services is needed to improve satisfaction of tenants.
Indicator	3/4 of tenants recognize that services including utility, logistics, incentives etc. have been improved.	Not yet achieved. Though satisfaction rate is more than average but it is less than 3/4.
	Milestones for JAIP development will be established and shared with stakeholders.	Confirm the development schedule for JAIP operations and Phase 2 (Phase 1 to be developed over 3 years and Phase 2 over 4 years). The schedule will be updated as soon as the timing of construction of each infrastructure is determined.
	O&M guidelines will be established and developers will conduct O&M on a regular basis.	Periodic O&M is conducted in accordance with O&M guidelines.
KPI	Satisfaction rate of JAIP tenants	From 10 responses, the score is 3.1 (Maximum is 5 and minimum is 1)
	Number of JAIP tenants	29 tenants made LA.

Items	Target	Current achievement
	Number of job creation in JAIP	659 jobs (1,301 jobs for full operation)
	Investment amount in JAIP	USD104,5 million
	Organization of promotion seminars	1 time for Dubai Expo
	Development of Milestones for JAIP operation	Though the milestones for project operation was developed, the detail milestones for Phase 2 was not developed.
	Operation rate	65% (26 lots are under operation within 40 occupied plots.)
	Reduce CO2 emission	2,595ton per year.

3.3 Achievement of Output 3

The indicators and achievements set out in Outcome 3 are as follows.

Items	Target	Current achievement
Output	BAS is provided on a sustained basis to micro-, small, and medium-sized enterprises in Palestine.	<p>The Action Plan confirms that FPCCIA will take the lead in providing BAS on a sustained basis after the project is completed.</p> <p>The Jerusalem and Jericho Chambers of Commerce and Industry, which had been an issue for the project, and the chambers of commerce and industry that were not included in the project, were not able to proceed smoothly due to a lack of staff in charge of service promotion and contract management. In the future, the FPCCIA will act as a facilitator between such associations, NEs, and companies to ensure smooth contracting and service provision.</p> <p>In terms of funding, since there will no longer be a discount from the project, it was decided to fully discuss pricing among the companies, the chamber of commerce and industry, and NEs, as stated in the Action Plan.</p>
Outcome	Performance (productivity, sales, etc.) of Palestinian enterprises receiving BAS improves.	Interviews were conducted with one company that completed a deep consultation in September 2022, which indicated a 60% increase in sales.
Indicator	3/4 of Palestinian enterprises receiving BAS improve their performance (productivity, sales, profits and operating margins).	Improved performance (sales) of one company that completed the deep consultation.
KPI	Revised BAS Vision & Action Plan	Revised (March 2023)
	BAS Guidelines	Revised (March 2023)
	Training materials	Developed (March 2022)
	Number of NEs	56 trained (private sector only)
	Number of trainings and seminars	- BAS training sessions 2 (Financial Management, Marketing, Production Management, Business Plan) (2019-2020, 2021-2022)

Items	Target	Current achievement
		<ul style="list-style-type: none"> - Brush-up sessions 2(one for private sector in 2019 and one for MONE staff in 2021) - New product development sessions in the COVID-19 pandemic:3 (July-September 2020) - Online marketing session 1(March 2020) - Online content session 1 (2022) - PALPRO centers 2 (1 session each in October 2021 and November 2022) (in the process of compiling, list to be drawn up) - 8 OST partner companies (4 in 2019, 4 in 2021-2). 6 follow-up companies in the first phase before COVID-19..
	Number of enterprises receiving BAS support ⁷ .	<ul style="list-style-type: none"> - 11 OST partner companies (4 in 2019, 4 in 2021-2, 3 in 2023). - 10 mini-consultations - 2 deep consultations
	Performance of enterprises receiving BAS support ⁸ .	Interviews were conducted with a company, which completed the deep consultation in September 2022, and the company reported a 60% increase in sales. Additionally, the company hired new employees in the marketing department as suggested by NE. Currently, the company is responding to the fact that its products are beginning to gain brand recognition, and is looking forward to further services from NE, which provided the deep consultation.

At the 3rd JCC meeting held in February 2023, it was confirmed and approved that MONE will set the policy and role of BAS service provision in the future at the policy level and PFCCIA will implement it as the main organization for service provision.

⁷ OST partner companies, companies that received mini-consultation (companies that considered deep consultation and even received a diagnosis and proposal), companies that received deep consultation.

⁸ In order to measure quantitative and qualitative intervention effects, companies were targeted about three months after the end of the deep consultation services.

Recommendation and way forward

<MONE>

- Enhance policy relevance of BAS
 - Position BAS as approach to revitalize SME in the National Plan 2024-2027, and the Framework of the Industrial Policy.
 - Formalize new structure including BAS responsibilities at MONE new department.
 - Add Kaizen dissemination to Job Descriptions of MONE field officers who certified as Kaizen facilitator (See Reference Slide 8 for current descriptions)
- Facilitate harmonization of BAS as semi-public area and purely private consulting market
- Supervise of BAS and regularly review progress with the FPCCIA
- Support updating the BAS Vision & Action Plan periodically in collaboration with FPCCIA

<For FPCCIA>

- Replicate successful model in Ramallah CCIA to other governorates such as Hebron and Jericho
- Keep promotional material updated including website portal page and brochures
- Monitor actual achievements of BAS (especially small inquiry reply/mini consultation)
- Use BAS to promote chamber services and annual membership fee payment to secure sustainability
- Adjust scope of work vs cost-share of company according to the willingness to pay of the member companies
- Coordinate with other donor-funded programs to utilize nurtured NEs with sufficient gratuity payment
- Take the initiative to update the BAS Vision & Action Plan periodically in collaboration with MONE

4. Issues and Lesson Learned

4.1 Issues and Lesson Learned for Output 1 and 2

(1) Current Progress and Issues

IPIEA

In the previous phase of the project, PIEFZA lacked experience in supervising the operation of industrial parks, and its organizational structure was inadequate. The Project Team provided support to PIEFZA by teaching the overall services through establishing four WGs in PIEFZA (OSS, BDS, Finance and O&M) and by acting as the hands and feet of PIEFZA staff. In this project, the Project Team, except for some tasks such as drafting the IPIEA Law and OSS bylaws, acted as a facilitator and introduced case studies from other countries as described in (2) Measures to be taken below, and The Project Team has been committed to promoting cooperation with related organizations for the execution of IPIEA's work. As a result, the IPIEA staff is now able to handle the tasks that they have experienced through the project so far.

On the other hand, the organizational structure of IPIEA was not always strong, and during the project implementation period, the original CPs, PIEFZA and PIPA, were merged to IPIEA, and the CEO changed twice, but each time the new project implementation policy was changed, and policy on legal system modification and person in charge of JAIP were changed. During the project period, the Project Team explained the history and existing materials to the new CEOs and the persons in charge, but it is necessary to deepen the understanding of the persons in charge so that the guidelines, etc. created during the project are used. In addition, since IPIEA did not gain experience in the operation and supervision of the secondary wastewater treatment facility and logistics center planned for the future, technical support will be needed after the completion of the project.

JAIP Co.

JAIP Co. became the CP from this phase. Through this project, O&M was regularly conducted and necessary infrastructure was repaired. In addition, the current GM actively lobbied the relevant ministries and agencies, including the Ministry of Finance, and a certain level of service improvement was observed, including support for tenants in the form of reduced electricity rates and VAT refunds. On the other hand, JAIP Co. has continuously incurred the final deficit since its establishment. As a result, previous GMs had been replaced and experienced staff had been laid off or retired on a regular basis. There is a risk of not having a sufficient structure in place to provide adequate services, as well as a risk that the knowledge accumulated during the project will not be transferred and lost. The guidelines and other information developed during the project should be explained to both the GM and the person in charge so that the information can be passed on even if a resignation or lay off occurs.

While nonpayment of lease payments by some tenants has been the main cause of JAIP Co.'s losses in recent years, IPIEA cannot force tenants out under the current legal framework. Draft IPIEA Law includes provisions that would allow tenants who have not operated for a long time to forfeit their existing assets and be evicted. If the IPIEA Law is approved by the Cabinet, it is expected to improve lease payments from tenants and to renew underperforming tenants.

JAIP Co. is working to improve revenues and good relationships with tenants by matching tenants who wish to exit from JAIP and investors interested in acquiring them to ensure the smooth exit of existing tenants.

(2) Lessons Learned

Fostering ownership of relevant institutions on the Palestinian side

It is necessary to foster Palestinian ownership so that the Palestinian side can manage the project for the development of JAIP on its own. The Project Team worked on the following measures to improve the ownership of the Palestinian side.

- Encouraging IPIEA and JAIP Co. to coordinate through WG meetings: IPIEA and JAIP Co. discussed issues related to industrial park operation, O&M, etc. that JAIP was facing and considered solutions through WG meetings to raise their awareness. Note that the WG meetings, which were previously held by the Project Team, has been hosted by IPIEA since May 2022, and the WG is held under the chairmanship of IPIEA's Director in charge of JAIP.
- Introduce case studies of other countries and let CPs consider measures to introduce them to Palestine: In consultation with IPIEA and JAIP Co. on incentives for investment promotion, OSS provision system, and operation of industrial parks, the Project Team introduced case studies from Egypt, Jordan, and the U.S. and discuss how they can be implemented in Palestine. IPIEA studied the measures to be introduced based on the Palestinian context, and draft IPIEA Law and OSS bylaws were developed.
- Collaboration between the Project Team and CPs to promote work implementation on the Palestinian side: The Project Team identified Palestinian and foreign companies and examined Palestinian companies that JAIP Co. could conduct business matching with, and prepared materials and conducted promotional activities to promote the attraction of the above companies.

As a result of the above measures, CPs in Palestine can manage the work without supports from the Project Team if progress is encouraged at WG meetings, etc.

Development of manuals for the accumulation of knowledge in unstable organizations

In 2021, PIEFZA and PIPA were merged to form IPIEA. In 2022, the CEO retired again and the PD was replaced. JAIP Co. deteriorated due to COVID-19, and key employees were laid off in 2022. In light of this, guidelines for JAIP operation were developed so that JAIP can be operated continuously and stably even after the change in organization and personnel structure. In particular, since stable operation of JAIP requires appropriate provision of both hardware services (operation and maintenance (O&M) of infrastructure facilities) and software services (attracting companies and supporting tenants) services, manuals for each should be prepared and disseminated to all concerned parties. As for O&M, JAIP Co. submits O&M reports on a regular basis based on the O&M check sheet and report form prepared by the Project Team.

Improve business management of JAIP Co.

The investment cost for Phase 1 is larger than initially planned (because of costs such as construction of hangers, the cost increased from USD4 million to more than USD8 million), and also some of tenants in Phase 1 do not pay lease and service fees. As a result, JAIP Co. is facing financial issues trying to hire the necessary staff and conduct effective O&M activities. As a result, some tenants insist that they do not satisfy the services in JAIP. As a result of O&M and other tenant support services through project activities, such as hangar renovation and tenant management improvement, some tenants have started to pay a lease fee, such as Palolea, Ostry, AM Food, Rihana, Solid, Q Fine, Plaza Alison, and Al Masramni, which have confirmed lease payments since August 2021, but COVID-19 has hurt the earnings of many tenants.

In particular, in the second half of 2022, when the COVID-19 pandemic is effectively over and the economic activities of the existing tenants have resumed, the GM's proactive marketing efforts at JAIP Co. are leading to the realization of the following two issues: (1) the replacement of tenants who have been unable to operate the factory for a long time due to operational deadlock, and (2) the attraction of new tenants for Phase 1. The owners of Rihana and FMH (now renamed Bisan) were replaced, and the owner of Birzeit Pharmaceutical Company, one of the leading Palestinian pharmaceutical companies, moved into JAIP and established PAL Ox, and Euromed moved out and Colors moved in. As a result, a total of eight new companies joined JAIP in 2022. Therefore, JAIP Co.'s business situation is expected to improve from the second half of 2022 to 2023, especially after new tenants will be in operation.

4.2 Issues and Lessons Learned for Output 3

(1) Challenges in Establishing the BAS System

Strengthening service delivery systems and organizational capacity in model regions

As the recognized issues, it can be seen that at present in the FPCCIA and in each of the trade associations, work is concentrated on specific BAS-related personnel, who are also busy with other tasks, which causes BAS sales and the progress management of contract cases to stagnate. This may be due to the difficult financial situation in the COVID-19 pandemic, and the fact that more individual work is being done in the chamber of commerce and industry's secretariat, which is by nature short of human resources. In addition, as the Association of Private Consulting Firms points out, SMEs are simply less able to pay, and because the scope offered is smaller than that of larger firms in terms of payments, the unit cost of sales and contract management costs must be higher, making it difficult for large private consulting firms to treat them as clients in general. The BAS system aims to compensate for this as a quasi-public service, and FPCCIA and CCIA should improve their operational standardization and efficiency as the number of cases increases. However, since the number of services provided has been sluggish, it is necessary to hold seminars on various fields, such as "Meet the expert session," at the Chamber of commerce and industry to attract the interest of companies, which will lead to mini-consultations and interest in BAS services, and then to subsequent paid services. In addition, it is expected that FPCCIA and CCIA will discuss and set the know-how to propose a flexible range of service menus and fees in each field according to the needs of companies in the initial proposal of fee-based services with NE.

The Ramallah Chamber of Commerce, in one of the model regions targeted by the project, had a larger number of member companies and was more likely than other regional chambers of commerce and industry to attract companies to provide services, so the project focused its support on the Ramallah Chamber during the project period. The project provided assistance in revising forms of operation and various documents in service delivery and in organizing the service delivery flow, and strengthened the capacity of the organizational delivery system through assistance in standardizing sales and case implementation management by supporting the Ramallah Chamber of Commerce and Industry in the development of its service flow.

After the project is completed, the Action Plan confirms that FPCCIA will provide hands-on support for sales and contract management in other regions, including the Jerusalem and Jericho regions, where there are fewer member companies. In particular, the experience and knowledge that the Ramallah Chamber of Commerce and Industry has acquired in the process of providing BAS services to date will be used as good practices and will be deployed to other regional chambers of commerce and industry. Even though the chamber of commerce and industry is chronically understaffed, it is imperative that the FPCCIA and the small chamber of commerce and industry work together to establish a delivery system that works with these two organizations,

while streamlining and standardizing operations by using the service delivery flowcharts and various documents that have been created.

In addition, MONE maintains the policy significance of the BAS in the promotion of SMEs and, although it cannot provide paid services, it actively introduces private NEs to paid services in the provision of services, mainly in the area of Kaizen in the scope of free of charge services, and encourages FPCCIA and the various trade associations to provide side support for their operations.

Strengthen public relations and sales for the provision of paid-for services

Although NEs capable of providing a high level of service have been trained, the diffusion of paid services is not easy because there is little awareness fostered on the part of companies to pay for such service provision and receive the service.

This approach, which was confirmed in the exit evaluation of the previous project, is intended to encourage growth-oriented companies to seriously address the challenges together with BAS providers by paying a small amount for SME, and also to encourage the Palestinian side, which is donor-dependent as a delivery system, to make efforts to ensure sustainability and independent economic development. It is also highly significant, as it aims to mature into a healthy private consulting market, where consultants who are reliable and capable of providing profitable services are paid for their services. On the other hand, the current hurdles have been raised even higher, especially due to the decline in sales caused by the COVID-19 pandemic since the beginning of 2020 and the high costs of the Ukrainian conflict, and companies' willingness to pay is extremely low (Figure 2-3(3) Impact of the BAS provisioning environment by NE after COVID-19 pandemic).

In this regard, discussions were held with JICA in December 2020 on the "BAS Sustainability Assurance Policy Option", which maintains the existing framework, such as targeting medium-sized enterprises and below for service provision, but keeps the company burden small by paying NE rewards for partially subsidizing service provision from the project local budget as an operational measure during the initial campaign phase, to improve results that can be used for PR purposes.

Strengthening publicity activities by using SNS is essential in order to target as many paid services as possible during the project period and to continue providing BAS after the project is completed. FPCCIA has a dedicated public relations staff, and will continue to strategically promote the project after its completion. In addition, since successful cases are effective as public relations, as discussed in detail in Section 3-7, it is necessary to create as many good examples as possible, and to have companies say firsthand that the paid services were worth more than what they paid for them, and to publicize these voices through various channels, including FPCCIA and the chamber of commerce and industry.

As a promotion method, it would be beneficial to increase the number of senior NEs and raise the overall level of NEs by giving priority to senior NEs with experience in consulting private companies who are accustomed to making proposals at the time of initial diagnosis and proposal to companies, and teaming up with other NEs during the implementation stage to accumulate proposal skills and experience during the implementation stage. For this reason, the refresh session held in January-February 2023 teamed up in this manner and NE made presentations to the companies. The Ramallah Chamber of Commerce and Industry adopted this team-up method in the selection of NEs for fee-based services for companies participating in the same session.

Hypothesized other disincentives to the provision of paid services

Listed below are hypothesized disincentives for the provision of paid services as the main source of income, which is essential for ensuring sustainability, other than capacity building and promotion of publicity during the service period mentioned above, and proposed countermeasures for these disincentives. Some items will include items identified in the BAS Action Plan

Table 4-1: Hypotheses and Proposed Countermeasures for Disincentives to Paid Service Provision

Challenge	Hypothesis of current disincentives.	Countermeasures	Lessons learned
Operational efficiency of service provider organizations.	Operations are not standardized.	Standardization of work = compilation of guidelines	Standardize operations and use guidelines to ensure efficiency
Lack of public relations	Incomplete information on where to reach them (websites).	Update FPCCIA's BAS website (NE profile, discount campaigns, etc.), utilize BAS publicity brochures and promotional videos, and post regularly on SNS	Public relations will continue to be conducted by FPCCIA and CCIA, but should be conducted through multiple public relations channels. Postings on social networking sites are particularly easy to outreach.
NE mobilization is not progressing.	Some private consultant NEs do not feel branded by NE certification and are not interested in renewal requirements Private sector manager NEs are busy with their normal work.	Proactively provided consultation opportunities for NEs wishing to become NEs.	Identify, proactively link and mobilize NEs interested in consultation through the creation of a group (envisioned as WhatsApp, etc.) to help FPCCIA strengthen ties with NEs.
	They genuinely feel that the current unit remuneration is low.	The purpose of this semi-public/semi-private consultation service was presented and mobilized mainly from NEs who showed understanding of the service.	NE's person-day rate has already been confirmed in the Action Plan. Increase the degree of freedom for companies, NE, and Chamber of commerce and industry to discuss and set the scope of services, including the scope of services.
Fewer companies to enquire.	Companies don't know what exactly is in the service.	Additional materials were brought in to explain the services provided.	Bring in additional sector- and service-specific material at the point of sale and explain.

Challenge	Hypothesis of current disincentives.	Countermeasures	Lessons learned
	Company don't feel the need to take up the service now.	Conducted presentations to companies along with NEs who could clearly explain the usefulness of the consultation services while presenting good prior examples. In addition, publicity was conducted through the BAS website, CCIA, and other social networking sites.	Publicize FPCCIA and other good practices on FPCCIA and other websites, as well as through SNS and other means.
Inefficient matching of companies with NEs.	Enquiries are received from companies, but they do not go as far as a simple diagnosis.	Since there was a need for a place where NEs and companies could first meet, open seminars and "meet the expert sessions" were held to provide opportunities for simple consultations between NEs and companies.	Since it has been verified that open seminars and meet the expert sessions can effectively approach companies, it will continue to be conducted at the Ramallah Chamber of Commerce and Industry, which has a proven track record. FPCCIA will also facilitate the implementation of such sessions.
	It takes time to go from a simple diagnosis to a detailed technical proposal.	Even at the stage where companies showed interest in deep consultation, there were cases where introduction was delayed or did not lead to introduction due to various reasons on the part of the company (financial issues, owner's health issues, establishment of internal company systems, etc.). In such cases, the CCIA in charge of the case coordinated between NE and the company.	Liaise information with CCIA to actively mobilize NEs that are interested in providing BAS services as identified by FPCCIA.
Price aspects cannot be agreed with companies.	Economic trends make it difficult for small and smaller enterprises to bear the burden. Medium-sized enterprises also find it	A discount campaign by the project was introduced, but some companies felt that the amount of burden was too large.	Confirmed with FPCCIA that for smaller firms with needs, the scope of services will be reduced.

Challenge	Hypothesis of current disincentives.	Countermeasures	Lessons learned
	difficult to bear the burden.		It can also demonstrate to the company that the service is worth the money (or more than it is expected to be).

Monitoring, including mini-consultations, private sector contracts, etc.

While the Project Team has focused on sales and implementation promotion of paid service provision, which is expected to have an impact on BAS provision and contribute to the sustainability of the delivery system, other donor programs such as Monshati also monitor the performance of activities such as group training and mentoring delivery before corporate performance and present them as results in publicity (actually outputs, indicators before results).

Following recommendations from the JICA HQ mission in June and August 2022, the FPCCIA first introduced a monitoring form for the BAS, including mini-consultations and preliminary inquiry responses, and compiled it on a monthly basis. The form allows for the description of the inquiry, the means of inquiry, the size of the company, the applicable member company, the company contact information, and the follow-up.

19 private sector contractual achievements for SMEs have also been identified, either as a continuation after the paid services of the BAS system by the NE, or outside the framework from the outset. This one should not change the fact that the NEs that have been fostered provide servicing and add value to the companies, and it is desirable to create a system where the FPCCIA, through the Chamber of commerce and industry, can monitor performance as an indirect impact on the number of cases, for those that the companies have agreed to.

Ensuring the sustainability of the BAS delivery system in model regions

While the target number in the BAS vision of the Action Plan naturally aims to increase the number of BAS per fiscal year, the realistic projection of the number of paid services after the project is completed is related to the willingness of companies to pay their cost share, which is affected by economic trends. The BAS coordinator for the project and FPCCIA, who was hired on a cost-sharing basis by FPCCIA, was concerned about the availability of continued employment after the project was completed, has confirmed with the PFCCIA that the PFCCIA will continue its work in providing BAS after the project is completed.

In order to ensure the sustainability of the service delivery system in the model region, the PFCCIA has positioned the provision of BAS as an important function of the Chamber of commerce and industry, and has appealed to the prospect of increasing the number of active member companies that pay annual membership fees.

In addition, the BAS coordinator of the PFCCIA confirmed that the PFCCIA will take the lead in supporting the BAS provision system through facilitation between each chamber of commerce and industry and the companies.

Co-ordination potential with the Monshati programme

The UNDP-supported Monshati completed its pilot period, which began around October 2021, in April 2022, with a mid-term review by June 2022. Monshati II is scheduled to be started, thus hat FPCCIA is expected to consider synergies such as utilization of NE. If the project is continued as

per the above information, it is assumed that Monshati's free group mentoring will be added, and FPCCIA will encourage Monshati to utilize the NEs for JICA project development that are already registered on the roster, as well as to utilize Monshati's client company data. On the other hand, if the UNDP budget does not continue, it is assumed that the current situation of halted service provision in the field will continue and there will be no particular need for coordination, except to avoid duplication of the online content of the platforms.