

APPENDICES

APPENDIX 1 LIST OF COLLECTED REPORTS AND INFORMATION

Agro-industry

Author	Title	Year
Adan Younis	Development of Export Cash Crops in Gaza	N/A
Akira Kiminami, University of Tokyo	Contribution of Food Sector to Rural Area Promotion in Japan	Mar-2006
America's Development Foundation	Civil Society Capacity Building Program West Bank and Gaza Strip	Oct-2002
Applied Research Institute	A Review of the Palestinian Agricultural Sector (2007)	Jan-2007
Arab Agronomists Association	Annual Report: Arab Agronomists Association	Jan-2006
ARIJ	An Assessment of the Israeli Practice on the Palestinian Agricultural Sector	Feb-2007
ASAP	Trade of Agriculture Produce in Jericho Wholesale Market	Jan-2009
Basim Dudeen	The Soils of Palestine (The West Bank and Gaza Strip) Current Status and Future Perspectives	N/A
Dennis Sharma	Palestinian Agribusiness Partnership Program (PAPA)	Jun-2005
Farmers Voice Journal	Farmers Voice-Journal	May-2009
Hikmat Zaid	A Strategy for Sustainable Agriculture in Palestine	Jan-2004
JICA	Trade of Agriculture Produces in Jericho Wholesale Market (1st Draft)	Mar-2008
Masar Consulting Company	Palestinian Food Processing Industries Sector Survey	Jan-2009
Mayumi Yoshida– NICCOD	Challenges for the Palestinian Extra Virgin Olive Oil	Mar-2009
N/A	Agro-Food Sector in Palestinian National Authority: Facts and Figures	N/A
N/A	Social and Economic Information on Palestinian Authority	N/A
N/A	Directory of Development Organizations 2008: Volume II	2008
N/A	Agreement in the Form of an Exchange of Letters between the European Community and the Palestine Liberation Organisation (PLO) for the Benefit of the Palestinian Authority of the West Bank and the Gaza Strip Concerning Reciprocal Liberalisation Measures and the Replacement of Protocols 1 and 2 to the EC–Palestinian Authority Interim Association Agreement	Jan-2005
N/A	Product and Market Development Organic Food and Beverages	Jan-1999
N/A	The Palestinian Olive Oil Sector Trade Development Strategy	Jan-1998
Palestine Fair Trade Association	General Guidelines and Olive Oil Product Guidelines	N/A
Palestine International Business Forum	Future Economic Relations between the Palestinian and Israeli Economics, a Private Sector Perspective: Impact of the Possible Trade Scenarios, Annex II: Sector Study Working Paper	Dec-2007
Palestine International Business Forum	Future Economic Relations Between the Palestinian and Israeli Economics, a Private Sector Perspective: Impact of the Possible Trade Scenarios, Annex III: Research Methodology and Consultative Meeting Notes	Dec-2007
Palestine Standards Institution	Quality Chart-For Olive Oil	Oct-2005
Palestinian Grassroots Anti-Apartheid Wall Campaign	Defending Palestinian Food Sovereignty against Occupation and Expulsion	N/A
PALTRADE	The Palestinian Agricultural Sector–Cash Crops, Sector Brief 2006	Sep-2006
PARC	Palestinian Agricultural Relief Committees	Jan-2009
PFU	Palestinian Farmer's Union Annual Report 2005	Jan-2009
Rawya Al Shawa	Agricultural Development Association	Jan-2008
Thameen Hijawi (PARC)	The Impact of the Globalization on Palestinian Organic Farming Systems	Jul-2009

Author	Title	Year
The Oxfam Enterprise Development Programme	Processed Agricultural Products from Occupied Palestinian Territories	N/A
The Services Group (TSG)	Sector Report: Food and Beverage Manufacturing in West Bank/Gaza	Sep-2002
turbo-design	This Week in Palestine: Made in Palestine	Jun-2007
turbo-design	This Week in Palestine: Palestine's National Snack	Jun-2006
UAWC	Union of Agricultural Work Committees Annual Report 2007	Jan-2007
UNIDO	Global Development of the Food Industry—Perspective from UNIDO	Jan-2009
United Nations Economic and Social Council	The Regional Seminar on Sustainable Development and Competitiveness of the Agro-Food Sector	Dec-2005
USAID	Sector Report: Agriculture in West Bank/Gaza	Sep-2002
Zadna	Palestinian Food Exhibition معرض فلسطيني الغذاء	Jan-2007

Economy

Author	Title	Year
Association of Banks in Palestine	Financial Position of Banks	Jan-2008
Bank of Palestine	Palestine Bank 47th Annual Report	Dec-2007
Fauad Abdeen	Jerusalem District Electricity Co., Ltd.	N/A
Manal Sa'ad	Borders' Enforcement against the Palestinian Traders	N/A
MOP	The Regional Plan for the West Bank Governorates (Executive Summary)	Dec-1998
MOP	The Regional Plan For The West Bank Governorates	Jan-1998
N/A	Economic Establishment Main Funding	Jan-2008
N/A	Quarterly Palestinian Periodical Specialized in Economic and Trade Issues	Jan-2008
N/A	Jenin Industrial Estate Feasibility Study, Volume 2	Jan-2007
N/A	Quarterly Palestinian Periodical Specialized in Economic and Trade Issues	Jan-2007
N/A	Study on the Trade among Jordan, Palestine, and Israel	Jun-2006
N/A	ACDI/VOCA 'S416(B) Grants Management Program in the West Bank and Gaza	May-2006
N/A	Israel and Palestine between Disengagement and the Economic Road Map	Jan-2005
N/A	The Tefan Model—Industrial Development for Economic Independence	Jan-2005
N/A	Jenin Industrial Estate Feasibility Study, Final Report, Volume 2	Jan-1998
N/A	Jenin Industry Estate EIA, Final Report, Volume 2	Jan-1998
Nabeel Abu Diab	Banks in Palestine	Jun-2009
Nabeel Abu Diab	Banks in Palestine	Mar-2009
Nabeel Sha'ath	The Regional Plan for the West Bank Government	Dec-1998
PADICO	Palestine Development and Investment, Ltd.	Jan-2008
PalTrade and the Press Center	The Un-Tapped Potential Palestinian-Israeli Economic Relations	Jan-2006
PalTade	Palestine Trade Center Monthly Report	Jun-2009
PalTrade	Economic Growth Through Export Reading Of The National Strategy And Pal Trade Action Plan	Jan-2005
PCBS	Labour Force Survey (January–March) Round (Q1-2008) Press Conference on the Labour Force Survey Results	Jan-2008
PCBS	Economic Surveys Series 2006 Main Findings	Oct-2006
PCBS	Economic Surveys Series 2006 Main Results	Sep-2006
PCBS	Labour Force Survey Annual Report:2000	Jan-2001
PIC	Revitalizing Gaza: A White Paper	May-2008
PIC	Rebuild Gaza Strip Economic	Jan-2008
PIC	Retriving Gaza A White Paper	Jan-2008
Sharakeh	Microfinance in Palestine–Journal	Mar-2009
The AIX Group	Economic Road Map, an Israeli Palestinian Perspective on Permanent Datus	Jan-2004

Author	Title	Year
World Bank	Stagnation or Revival? Israeli Disengagement and Palestinian Economic Prospects, Overview	Dec-2004
World Bank	The Economic Effects of Restricted Access to Land in the West Bank–West Bank & Gaza	N/A
World Bank	West Bank and Gaza Update—A Quarterly Publication	April-2009
World Bank	Palestinian Economic Prospects: Gaza Recovery and the West Bank Revival—Economic Monitoring Report	Jun-2009
World Bank	Palestinian Trade: West Bank Routes	Dec-2008
World Bank	West Bank and Gaza Update—A Quarterly Publication	Oct-2008
World Bank	Palestinian Economic Prospects: Aid, Access and Reform: Economic Monitoring Report to the Ad Hoc Liaison Committee	Sep-2008
World Bank	West Bank and Gaza Update—A Quarterly Publication	Jun-2008
World Bank	West Bank and Gaza Update—A Quarterly Publication	Mar-2008
World Bank	Two Years after London: Restarting Palestinian Economic Recover—Economic Monitoring Report	Sep-2007
Kunihiko Saito	The Study on Special Economic Zone Development in Border Area in Lao People's Democratic Republic	Feb-2001
UNDP	United Nations Development Programme Annual Report 2009	Jan-2009
World Bank	West Bank and Gaza Update—A Quarterly Publication	Nov-2007

Industrial Estate

Author	Title	Year
Anderson Economic Group	Industrial & Research Park Feasibility Study	May-2004
JBIC, JDI and NRI	Pilot Study for Knowledge Assistance for the Development Plan of Industrial Site in Sihanoukville	Jan-2006
JICA, KRI and Nippon Koei	Feasibility Study on Agro-Industrial Park Development in the Jordan River Rift Valley Final Report	Mar-2009
JICA, KRI and Nippon Koei	Feasibility Study on Agro-Industrial Park Development in the Jordan River Rift Valley Part 2, 3 of Phase 2, Inspection Report	May-2008
JICA, KRI and Nippon Koei	Feasibility Study on Agro-Industrial Park Development in the Jordan River Rift Valley (Part I of Phase II)	Mar-2008
JICA, KRI and Nippon Koei	Feasibility Study on Agro-Industrial Park Development in the Jordan River Rift Valley (Phase I)	Sep-2007
JICA, KRI and Nippon Koei	Feasibility Study on Agro-Industrial Park Development in the Jordan River Rift Valley Part 2, 3 of Phase 1, (Summary)	May-2007
Sartawi Consulting	Market Research for the Agro-Industrial Park in Palestine	Nov-2008
Stop the Wall Campaign	Development or Normalization? A Critique of West Bank Development Approaches and Projects	N/A
The Services Group (TSG)	Industrial Parks in the Middle East, Implications for Private Investment and Employment in the West Bank and Gaza	Jan-2002
The Services Group (TSG)	Local Industrial Estate Projects Briefing for USAID WB/G	Dec-2001
The Services Group (TSG)	West Bank/Gaza PIEFZA Corporate Plan TSG-SITE Project	Feb-2000
The Services Group (TSG)	Investor Targeting Strategy for Industrial Estates in the West Bank and Gaza	Nov-1999
The Services Group (TSG)	Comprehensive Assessment of Industrial Estate Sites in the West Bank and Gaza	Oct-1999
The Services Group/ USAID and World Bank	Stagnation or Revival? Israeli Disengagement and Palestinian Economic Prospects, Technical Paper II—Industrial Estates	N/A
UNIDO	Agadir Agreement Countries Export Group Meeting on SME Export Consortia Promotion, Country Paper Jordan	May-2007

Industry and Investment

Author	Title	Year
Bethlehem Chamber of Commerce and Industry	Business Plan for the Project of Bethlehem Multidisciplinary Industrial Park	Jun-2009
HCCI	Hebron Chamber of Commerce and Industry	N/A
LTD	Jerusalem Pharmaceuticals	N/A

Author	Title	Year
N/A	Palestinian Industries Chamber 2008	Jan-2008
N/A	Palestinian Skin Industries Courses	Jan-2008
N/A	Birzeit Pharmaceutical Co	Jan-2007
N/A	Palestinian Marble and Stone Industries	Mar-2005
N/A	Textile and Garment Sector Study in Palestine	Jan-2005
PALTRADE	The Palestinian Tourism Sector, Sector Brief 2006, Draft	Sep-2006
The Portland Trust	Palestinian Exports: Best Practice	Jan-2008
The Services Group (TSG)	Sector Report: Pharmaceutical Industry in West Bank/Gaza	Sep-2002
The Services Group (TSG)	Sector Report: Textiles and Garments in West Bank/Gaza	Sep-2002
University of Durham, Centre for Middle Eastern and Islamic Studies	The Palestinian Economy and International Trade	Nov-1994
Mohammad Hassouneh	Investment Guide to Palestine	Jan-2008
Mohammad Hassouneh	Palestine Investment Conference	Jan-2008
Mohammed Mostafa	Investment Guide to Palestine	Jan-2007
N/A	Investment Opportunities Project and Concept Profiles Partners for Change	Jan-2008
Palestine Investment Conference	Investment Guide to Palestine 2008	Mar-2008
Palestine Investment Conference	Project and Concept Profiles	Mar-2008
Palestine Investment Conference	Palestinian Fund, Annual Report 2007	Jan-2007
Palestine Investment Fund	Annual Report 2008	Jan-2008
PIC	Jerusalem Promising Future	May-2008
PIC	Conference Agenda	Jan-2008
PIC	Jerusalem	Jan-2008
PIF	Palestine Investment Fund, Annual Report	Jan-2007
PIPA	Law on the Encouragement of Investment in Palestine	Jan-1998
The Services Group (TSG)	Palestinian Investment Promotion Agency (PIPA) 12-Month Operation Plan: 2004	Sep-2003
The Services Group (TSG)	Creating a Strategic Vision and Strengthening Team Spirit for PIPA	Sep-2002
The Services Group (TSG)	PIEFZA Investment Promotion Study Tour Trip Report	Jul-2001

Logistics

Author	Title	Year
Ali Sha'at	Planning in Palestine: The Challenges	N/A
EC	Progress Report: The Occupied Palestinian Territory	Apr-2008
GTZ	Value Chain Upgrading in Palestine—Past Experience and Outlook	Jun-2008
Logistics Cluster	Gaza Logistics Cluster, Visit to Kerem Shalam	Mar-2009
N/A	Harmonised Guidelines for Cargo Securing in Cross Border Operations	N/A
N/A	Opinion and Proposals on the White Paper “European Transport Policy for 2010: Time to Decide”	Mar-2002
OCHA	List of All Commitments/Contributions and Pledges	May-2009
Palestine Trade Center	West Bank Crossings Movement Monitoring Monthly Report	Mar-2009
Palestinian Agribusiness Partnership Activity (PAPA)	Building Effective Agribusiness Alliances in the West Bank	N/A
PALTRADE	Gaza Strip Crossing Monitoring Report	Mar-2009
PALTRADE	West Bank Crossing Monitoring Report	Mar-2009
PALTRADE	Gaza Terminals Movement Monitoring 2007 Annual Report	Feb-2008
The Services Group (TSG)	Economic Feasibility Study for the Gaza Construction Materials Logistics Facility (CMLF)	Sep-2002
The Services Group (TSG)	Discussion of Current Transportation and Logistics Issues in the Gaza Strip	Mar-2002

Author	Title	Year
University of California Institute on Global Conflict and Cooperation	Report on Palestinian Movement and Access, an Integrated Approach to Security and Commercial Movement	Mar-2008
USAID	South Asian Free Trade Area: Opportunities and Challenges	2005
USAID	Palestine Enterprise Development (PED) Project Quarterly Report (July 1–September 30, 2007)	Oct-2007
USAID	Discussion of Current Transportation and Logistics Issues	Mar-2002
World Bank	An Analysis of the Economic Restrictions Confronting the West Bank and Gaza	2008
World Bank	West Bank and Gaza Palestinian Trade: West Bank Routes	2008
World Bank	Interim Assessment of Passages and Trade Facilitation	2006
World Bank	Analysis of Potential Improvement in Karni Performance	2005
World Bank	Crossing Movement Monitoring Monthly Report	Mar-2009
World Bank	West Bank and Gaza, Palestinian Trade: West Bank Routes	Dec-2008
World Bank	Economic Effects of Restricted Access to Land in West Bank	Oct-2008
World Bank	Palestinian Economic Prospects: Aid, Access and Reform	Sep-2008
World Bank	Movement and Access Restriction in the West Bank: Uncertainty and Inefficiency in the Palestinian Economy	May-2007
World Bank	Potential Alternatives for Palestinian Trade	Mar-2007
World Bank	West Bank and Gaza Investment Climate Assessment: Unlocking the Potential of the Private Sector	Mar-2007
World Bank	Update on Palestinian movement, Access and Trade in the West Bank and Gaza	Aug-2006
World Bank	The Agreement on Movement and Access of November 15, 2005: The Passages—Technical Elaboration	Dec-2005
World Bank	Measures for Ministerial Committee on the Establishment of a Palestinian Border Services Agency (PBSA)	Nov-2005
World Bank	A Palestinian Border Services Agency (PBSA): Concept Note	Oct-2005
World Bank	Managing Transit and Trade across the Israeli/Palestinian Borders: Technical Negotiations	Oct-2005
World Bank	Rapid Development of the Egyptian Border: A Role for a Third Party; Customs and Immigration Technical Assistance	Oct-2005
World Bank	Short Term Improvements for Trade Facilitation and Passages: Improvements to the Karni Boarder Crossing, Gaza–West Bank Link and Internal Closures	Oct-2005
World Bank	Linking Gaza and the West Bank: Convoys	Sep-2005
World Bank	A Pilot Terminal in Gaza	Aug-2005
World Bank	Palestinian Short-Term Tasks at Karni	Jul-2005
World Bank	The “Door to Door” Movement of Goods	Jul-2005
World Bank	An Assessment of Progress in Improving Passage and Trade Facilitation	Jun-2005
World Bank	Schematic for Cross-Border Terminal Operations	Jun-2005

SME

Author	Title	Year
CIDA	Private Sector Development in West Bank and Gaza	Mar-2009
Eman Hadaweh & Issa Bandak	Micro, Small and Medium Enterprises in Palestine: Current Status and Future Outlook	Dec-2006
empretec Palestine	A Proven Concept for the Quality of Growth, and Entrepreneurship Program for the Development of Competitive Palestinian SMEs	N/A
N/A	Economic Development and Prospects	Jun-2008
Nidal Rashid Sabri	Small Businesses and Entrepreneurs in Palestine	2008
Nidal Rashid Sabri	Financial Analysis of Palestinian Industry Including Small Scale Firms	1998
Palestine Economic Policy Research Institute	Palestinian Services Sector and its Role in Economic Development	Dec-2003
PALTRADE	“Marketing Services Development Project” Final Report	Aug-2008
PALTRADE	Market Share Assessments	Jul-2008

Author	Title	Year
Samir Baidoun	An Empirical Study of Critical Factors of TQM in Palestinian Organizations	2003
The Center for Political Economics	Establishing Israeli–Palestinian Economic Links and Creating Conditions for Private Sector Development	Jan-2008
The Portland Trust	Map of Palestinian Private Sector Development	N/A
The Portland Trust	Palestinian Economic Bulletin	Mar-2009
The Portland Trust	Palestinian Exports: Best Practice	Dec-2008
The Portland Trust	Palestinian Economic Bulletin	Sep-2008
UNCTAD	Palestinian Small and Medium-sized Enterprises: Dynamics and Contribution to Development	Jul-2004
USAID	Palestine Enterprise Development (PED) Project Quarterly Report (October 1–December 31, 2007)	Jan-2008

Others

Author	Title	Year
Adel Yahya	Pace Tourguide of Jericho & Vicinity: Historical, Archeological, and Religious Sites	Jan-2007
AFD	AFD and the Palestinian Autonomous Territories, between Urgency and Development	Jun-2008
Al Reehan	A Landmark Neighborhood in Palestine	Jun-2009
Anothony Ham	Jordan	Jan-2003
Atelier d'Architecture et d'Urbanisme—ANASTAS	Jericho Area: Baseline Study (Pre Feasibility Appraisal of Water Supply, Sewage, and Drainage in the Jericho Area)	Dec-1994
Bethlehem Chamber of Commerce and Industry	Exhibitors at the Perminant Exhibition	Mar-2009
EC	'Implementation of the European Neighbourhood Policy in 2007' Progress Report the Occupied Palestinian Territory	Apr-2008
Hassan Aabu Libdeh	Conference Agenda: Partners for Change	Jan-2008
Institute for Water Studies, Birzeit University	Prospects of Efficient Wastewater Management and Water Reuse in Palestine	Jan-2004
JCspd	The Primal Plan for Solid Waste Services in Jericho and the Valley (Arabic)	Jun-2000
Maha Saca	Palestine Heritage Center	Jan-2008
Management Consulting Services	Information Technology Human Resource in Palestine	Jan-2001
N/A	Seeds To Peace	N/A
N/A	The Humanitarian Impact of the West Bank Barrier on Palestinian Communities East Jerusalem	Jan-2008
N/A	Building Palestinian Statement Peace and Prosperity	Jan-2007
N/A	The Humanitarian Impact on Palestinian of Israeli Settlements and Other Infrastructure in the West Bank	Jan-2007
N/A	Israeli Movement Restrictions and Impediments (Palestinian Federation of Industries)	Jan-2006
N/A	The Palestinian Environmental Assessment Policy	Jan-2005
N/A	Strengthening the Palestinian Environmental Action Programme Phase 2	Jan-2004
N/A	West Bank and Gaza Infrastructure Assessment	Jan-2004
Nabeel Sha'ath	The Land-Use Transporatation Study on the West Bank	Jan-1999
Palestinian Executives association	Palestinian Executive	May-2009
Palestinian National Authority	Building a Palestinian State, towards Peace and Prosperity	Dec-2007
PBMA	Palestinian Executives Association	Jan-2009
PCBS	House Hold Environmental Survey for Health Care Centers 2006 Main Findings	Sep-/2006
PCBS	Population, Housing and Establishment Census 2007, Economic Establishments Main Findings	Jan-2008
PCBS	Environmental Survey for Health Care Centers (Governmental and None Governmental), 2007 Main Findings	Aug-2007

Author	Title	Year
PCBS	Goods and Services, 2005, Main Results	May-2007
PCBS	Environmental Survey for Health Care Centers (Governmental and None Governmental), 2006 Main Findings	Jan-2006
PITA/PICTI	Connect—Quarterly Newsletter	Winter-2009
Talal Abu Ghazaleh	Accounting and Business Dictionary	Jan-2001
Talal Abu Ghazaleh	English Arabic Accountancy and Business Dictionary	Jan-2000
Talal Abu Ghazaleh	Intellectual Property Dictionary Arabic–English	Jan-2000
The RAND Palestinian State Study Team	Building a Successful Palestinian State	2005
The Services Group (TSG)	PICTI Trip Report – Dinyar Lalkaka & Julian Webb	Jul-2003
The Services Group (TSG)	Palestinian ICT Incubator (PICTI) Business Plan	Jan-2003
The Services Group (TSG)	Sector Report: Information Technology in West Bank/Gaza	Sep-2002
World Bank	West Bank and Gaza, Country Economic Memorandum, Growth in West Bank and Gaza: Opportunities and Constraints	Sep-2006
World Bank	Assessment of Restrictions on Palestinian Water Sector Development—Sector Note 2009	Jan-2009
World Bank/ Bisan Center	The Role and Performance of Palestinian NGOs in Health, Education, and Agriculture	Dec-2006

Directory and Statistics

Author	Title	Year
Emad Asa'ad	Exporter Directory	Jan-2008
Hassan Aabu Libdeh	Investment Directory in Palestine	Jan-2008
Imad Asad	Exporters Directory	Jun-2009
MOA	Palestinian Agricultural Trade and Marketing Directory	Jan-2005
MOA	Agricultural Directory	Jan-1999
Moneer Baalbky	Almawrid Modern English—Arabic Directory	Jan-2007
N/A	Legal Directory for Investors and Business Man in Palestine	Jan-2008
N/A	Membership Directory/Nasser Jerusalem Stone	Jan-2006
Pal Trade	Exporter Directory	Jan-2008
Rohi Daalbaky	Almawrid Modern Arabic–English Directory	Jan-2005
BCBS	Agricultural Statistics 2005/2006	Jan-2007
Luay Shabaneh	Statisticals Abstract of Palestine	May-2007
Palestinian Central Bureau of Statistics	Palestine in Figures	Jun-2008
UNDP	Inside Gaza: Attitudes and Perceptions of the Gaza Strip Residents in the Aftermath of the Israeli Military Operation	May-2009

APPENDIX 2 FACT SHEETS OF SME SURVEY

A2.1 Fact Sheets for SME Supporting Institutions in the Palestinian Territories

List of Organizations (Representing)

No.	Organization Name	Abbreviation	Website
1	Federation of Palestinian Chambers of Commerce, Industry & Agriculture	FPCCIA	www.pal-chambers.org
2	Small Enterprise Center – Palestine	SEC	www.info@sme-pal.ps
3	Arab Center for Agriculture Development	ACAD	http://acad.ps/
4	Palestine for Credit & Development	FATEN	www.faten.org
5	The Palestinian Information Technology Association	PITA	E-mail: info@pita.ps
6	Private Sector Coordinating Council	PSCC	
7	Palestinian Microfinance Network for Small & Microfinance	NETWROK	E-mail: info@palmfi.ps
8	Palestinian Banking Corporation	PBC	http://www.palbanking.com
9	The Palestinian Farmers Union	PFU	http://www.pafu.ps
10	Palestine Trade Center	Paltrade	http://www.paltrade.org/en/
11	Young Entrepreneurs of Palestine	YEP	http://www.yep.ps/
12	Palestinian Federation of Industries	PFI	http://www.pfi.ps
13	Palestinian Shippers' Council	PSC	http://www.psc.ps/
14	Palestinian Agriculture Relief Committee	PARC	http://www.pal-arc.org
15	Palestinian Businessmen Association	PBA	http://www.pba.ps/
16	Palestine Investment Fund	PIF	http://www.pif.ps

FACT SHEET
1.0 Federation of Palestinian Chambers of Commerce, Industry & Agriculture (FPCCIA)
Federation in-brief
<p>The Federation of Palestinian chambers of Commerce, Industry and Agriculture was established in 1989 in Jerusalem as the umbrella organization for all chambers (<i>Jerusalem Chamber was established in 1936, Most chambers were established during the 40s and 50s in the last century</i>) in the west bank and Gaza, as a legal and autonomous body representing the interest of all chambers and the private sector. Its mandate is derived from the chambers' law, which defines the legal boundaries for the federation's operations, and the decisions made by its council that are approved by the general assembly. Contribution to the development of friendly environment to the private sector growth.</p>
<p>The Federation's membership base includes 14 main chambers (13 in the WB and 1 in Gaza; and 4 sub-chambers in Gaza) which represent more than half of the operating businesses in the PT. Since the last elections in 1991–92 and due to the changes in the political situation in early 1990s, the chambers resumed their natural role and have become effective and influential organizations, as has been manifested by increasing their membership base from 5900 at the end of 1991; to 32000 by end of 1999, and more than 47,000 at the end of 2008, which represent nearly half of the operating businesses in the PT. It is worth mentioning that chambers have shown the significant increase of members due to the improved services and the development of new ones as well i.e. chambers are now service oriented organizations.</p>
The Federation Functions
<p>Based on the federation's mission and strategic objectives; the following functions represent the guiding frame of FPCCIA's operations:</p>
<ul style="list-style-type: none"> • The Economic affairs • The Social Role and responsibility • National, Regional and International Networking Role • Source of reliable information
<p>To fulfill these roles; the Federation recognized that strengthening and enhancing the capacity of chambers is of paramount importance. The peace process and new political changes and the expected upturn in the economy in the West Bank and Gaza Strip has compelled the federation and the chambers of commerce and industry to develop a strategy where demand driven quality services are the core for business satisfaction and development. By implication the regional and international role together with the national one in developing an enabling business environment are pursued rigorously.</p>
The Federation vision
<u>Vision</u>
<p>The driving force in building a leading and competitive economy; and coordinate the private sector's operations</p>
<u>Mission</u>
<p>Serving and developing Palestinian chambers of commerce, industry and agriculture; and enhancing their role in the economic and social transformation and development.</p>
<p>Based on the above vision the federation deemed necessary to review its strategy</p>
<u>The Federation strategy</u>
<p>Two years ago the federation with the support from USAID held a three days workshop in Jericho to define a new strategy that will enable it to address the challenges facing the private sector in a more systematic and coherent, transparent manner.</p>
<u>Strategic objectives of the federation</u>
<ul style="list-style-type: none"> • Institutionalize and harmonize chambers' activities, develop their capacity and competence and enhance staff skills and know how. • To take the leading role in creating a conducive economic and investment environment in close coordination and consultation with all partners from the civic society and private sector. • Represent chambers and the private sector nationally, regionally and internationally; together

with lobbying and protecting the interests of chambers and private sector, in addition to enhancing the federation international network. Capitalizing on its regional and international membership (member of the Arab federation of Chambers, Islamic Chamber ICCI, and International Chamber of Commerce). In addition to the bilateral relationships with similar EU chambers and Mediterranean. And that has become the gateway to promote Palestinian trade and accessing markets.

- To be responsible, and a major resource, for information and data concerning the private sector and its development.
- To capitalize on its regional and international relations and links, to promote international trade and attract investment.
- To take an active role in the development of national plan and in the formulation of economic policy and institutional framework, in close consultation with the chambers.
- To take an active and leading role in close consultation and cooperation with the chambers in the implementation of its social responsibilities.

Organizational structure of the federation

The federation organization consists of the following tiers

1- The Federation Council and general assembly

The Council consists of all chairmen of the chambers which is currently 14 members, **chaired by the chairman of Jerusalem chamber**, as has been stipulated by the chambers' law. The council is an elected body and its mandate is specified by the chambers' law and the general assembly. In other words the council is accountable to the general assembly.

Important also to note is that the council is an elected body according to the chambers law. Elections are stipulated to take place each four years.

The General Assembly is defined by the chambers law to reflect the total chambers' boards of directors, and that by definition brings the general assembly to be on average of no less than 148 members. The role of the general assembly *inter alia* is fundamentally to approve the federation strategic objectives and policy framework.

2- Executive body

This refers to the senior and junior staff (8 employees), who are responsible for the actual day-to-day operations of the federation, and responsible for implementing the council decisions and policies.

- Directorate General
- Economic Department
- SMEs Unit
- Information Department
- Secretary and Archiving

The main features of the federation can be summarized as follow:

- The federation totally transparent and accountable in its operation as it is managed by a board representing all chambers.
- The federation has to be "A Political" as it cannot take sides with any political party, or with any chamber.
- The federation has to serve all concerned equally and represent all sectors.
- The federation being the umbrella organization has to act as the watchdog on chambers and ensure adherence to agreed policies and compliance with their mandates and roles.

Federation's Network and Links:

First: At the National Level:

Established a strong relationship with the Palestinian National Authority Institutions:

- Ministry of Planning and International Cooperation- participation in developing of the national development plan.
- Ministry of Labor – The Federation is a key Member of the steering committee of the vocational training planning, Social partner (Tripartite) with the Ministry of Labor and Trade

unions.

- **Ministry of National Economy – The federation maintains Strong linkages with Ministry National Economy as a referral ministry for the federation, Ministry of Finance for consultation and discussion of issues mutual concerned; taxes.**
- Ministry of Agriculture.
- The Small Enterprise Center (SEC) – The Palestinian Territories, cooperation on SME related issues.
- The Palestinian Monetary Authority – Consultation banking policies and credit scheme.
- Palestinian Central Bureau of Statistics – Exchange of information.
- PIEFZA: Board member of the Palestinian Industrial Estates and Free Zone Areas. The Federation as a member of Ankara Forum¹ (a forum for economic cooperation between the Palestinian Territories, Turkey & Israel) plays an important role in establishing industrial park. The 7th Ankara meeting was held in Turkey in the presence of Chairmen of Turkey, the Palestinian Territories and Israel whom they sign a joint declaration for establishing industrial parks in Gaza, Jenin and Tarqumia.
- PSI: Board member of Palestinian Standard Inst.
- PSCC: The federation chairs the private sector coordination council which consists of private sector organizations.

Second: At the regional and international level:

- Built strong linkages with the private sector supporting entities especially financial institutions such as Palestinian development Fund and banks as well as establishing links with other international financial intermediaries; the World Bank, IFC.
- The Federation is an effective member in the General Union of Arab Chamber of Commerce, Industry (GUACCIA) and Agriculture. In fact the president of Palestinian Federation chaired the GUACCIA for the period of two years 1991 to 1993.
- A member of World Chamber Federation (WCF)
- Effective member of Arab Labor Organization (ALO)
- Member of ILO as an employer organization
- Member of the Association of Chambers of Commerce and Industry of the Mediterranean Countries (ASCAME)
- Established linkages with foreign similar activities institutions, e.g. Rotterdam Chamber of Commerce and Industry, French Chamber of Commerce and Industry, Cologne Chamber of Skilled Crafts

Achievements and Current Activities:

Prior to defining of the new strategy; the federation intervention and activities were based on the defined roles and needs of chambers. Donor support was limited and geared for specific activities:

- ***Cooperation with ILO (International Labor Organization):*** As representatives of employer organizations (Social Partners) the federation participates in all meetings and workshops aimed to improve relationships between employer, employee, government and policy and legal matters. We also had support from ILO to implement projects related to the development of SMEs, Training and Employment, together with funded studies and workshops related to SMEs.
- ***Euro-Mediterranean Chambers:*** Quality, Management, Health and safety...etc.
- ***Joint Palestinian-German Project:*** The Federation obtained support from Germany (Cologne chamber) for the period 1996-2005; to address shortages of certain skills in the Hebron region like electrical and mechanical engineering. Lasted for 10 years culminating in the establishment of a training unit in Hebron Chamber. Parallel to this, support was given to Ramallah chamber to establish foreign trade and information unit and in Jenin chamber, the establishment of a unit to deal with issues related to the planned industrial zone. Important to note that the federation with the help of the project participated and organized a trade delegation to participate in the Cologne trade exhibition for Palestinian handcrafts, Leather and

¹ Ankara Forum (launched 2005): membership of: TOBB (The Union of Chambers and Commodity Exchanges of Turkey as a chairman of the forum), Federation of Palestinian Chambers FPCCIA; vice chairman and the Manufacturers Association of Israel; vice chairman.

shoe industry and Garment twice, in addition to the training provided to chambers' staff and board. We also organized two study trips for board members to gain knowledge on how chambers are managed and operated in Germany.

- **PSDP (GTZ):** The federation and its constituent chambers are part of the ongoing private sector development program implemented by GTZ concerning capacity building, Services, IT, Local Economic Development. It is expected to build unified systems and databases at chambers and the federation as well as link it to MNE.
- **ISO Qualifications:** The federation introduced quality systems (ISO Qualified) with the help from Britain, Sweden and USAID in Bethlehem, Jerusalem, Tulkarm, Qalqilya, Nablus, Jenin, Jericho, Salfeet and Tubas chambers.
- **Employment Generation:** a project for new graduates' placement program for Jerusalem area with support from Austria and Finland were implemented by the federation and Jerusalem chamber to create subsidized job opportunities for 100 new graduates from Jerusalem area for a period of one year. A second phase was implemented during 2007–2008 by support of the representative office of Finland. In that phase marginal areas in south and north of West Bank were included. 55 new graduates and 24 companies were benefited from the project. Results from both phases were impressive and both beneficiaries were satisfied and hope to repeat the project for new graduates and enterprises. Gender issue were taken into account and resulted by default, more than 50% of graduates are female.
- **Swedish Project:** The focus of the project was on the following:
 - Upgrading the management skills in the chambers to developing the competence of staff and services. Study tours for both staff and board members to visit Swedish chambers to learn more about chambers management, activities and services. Develop services, introduce new services based on the needs of their members; in other words; for the first time demand driven services were introduced in chambers.
 - trade related issues. Whereby EU requirements and standards were introduced, WTO issues requirements, standards, and agreements were introduced.
 - Organize a trade delegation and exhibition in Malmo chamber.
 - Awareness of the business community in the fields of Quality, Marketing and the importance of financial management and bookkeeping.
 - **New Swedish Project** (Will start implementation beginning of September 2009):
- **Capacity development of the FPCCIA – Inception phase:**
This joint FPCCIA and ILO project proposal defines the inception phase of a partnership program aimed at developing the capacities of the FPCCIA to become a stronger advocate of employers organizations and a more efficient private sector representative in the PT, and to improve the support it offers to its member Chambers, for the development of a sustainable and inclusive private sector in the PT. The inception phase is designed to build an informed and solid consensus, within the Federation and its member Chambers in consultation with other key stakeholders (governmental, private sector organizations, donors, NGOs) on the objectives and modalities of a full-fledged capacity development project for the Federation. This six months phase will be a preparatory for a planned 2 years project depending on the outcomes of the inception phase.
- **Palestinian Industrial Fair PIF:**
FPCCIA jointly with its constituent chambers used to organize the PIF for 3 years; 2007 in Ramallah, 2008 in Nablus and 2009 in Hebron. The fair is organized annually to achieve the following objectives:
 - Promotion of Palestinian products in the local market.
 - Increase the market share of Palestinian products in the domestic market i.e. increase competitiveness of national products.
 - Increase production capacity of industrial sector and its share in GDP as well as increasing employability of the industrial sector.
 - Networking: create national network between producers and buyers and increase the B2B cooperation between businessmen in different regions in PT.

In the Future: The federation is planning for the future activities to focus on the following core areas:

- To continue focusing on capacity and competence building for all chambers in WB&GS as well as developing a lobbying strategy.

- Enhance the quality services and introduce new quality services such as consultancy and competitiveness related services to better serve the members of chambers.
- Continue with the trade related awareness, trade related program with the focus on SMEs.
- To continue Working with SMEs to improve their performance with focus on market access, quality, costing and financial management.
- Employment Generation
- Local economic Development
- Establishing of Business women committees at local chambers in all governorates.

FACT SHEET

2.0 Small Enterprise Center (SEC) – Palestine

The promotion of Small and Medium Enterprises (SMEs) sector – which makes up over, 90% of the entrepreneur landscape in the Palestinian private sector, is of key importance in generating productive employment opportunities and source of income. At present, approximately 90,000 SMEs exist across the following sectors: commerce sectors, manufacturing, agriculture and agro-industry, services and tourism. SMEs face many obstacles due to external and internal factors that have profound impact on small businesses and their performance. Despite these obstacles, they have proven to be the backbone of the Palestinian economy with the greatest chances of sustaining even in economical and political crisis situations.

The Small Enterprise Center (SEC) – It was established in 2002 following a cooperation agreement signed by the Ministry of National Economy (MoNE) and the German Cooperation (GTZ) with the aim to promote micro, small, and medium enterprises as well as entrepreneurship and start-up companies. In June 2003, the SEC was officially launched following the signature of a cooperative agreement.

Following the aim of becoming an autonomous organization, SEC has finalized the registration process into an NGO according to the Palestinian NGO law in early 2008.

Since its foundation, SEC has been continuously involved in the empowerment of Palestinian SMEs. In this context, SEC engaged in a large number of consultancies and interventions until the end of 2008. The impact of SEC interventions since its establishment resulted in creating hundreds of new job opportunities and the establishment of more than 150 new businesses. In addition, SEC succeeded in qualifying and establishing a network of more than 100 business consultants and trainers in the West Bank and the Gaza Strip.

2.0 SEC Vision and Structure

SEC is registered since the 25th of February 2008 as a Palestinian Non-Profit Organization by the Palestinian Ministry of Interior according to the Palestinian Law No. 1 of 2000.

Vision

"The SEC is the recognized national center of excellence for the promotion of SME development "

Mission

"The SEC is a Palestinian non-profit non-government private sector organization facilitating solutions for growth and development of potential and existing SMEs in the Palestinian Territories "

Principles

- Full partnership with the private and public sectors
- Respect and cooperation with all donor agencies
- Teamwork spirit
- Guiding donors to the Palestinian SME priorities
- Professionalism
- Transparency and accountability
- Voluntarism
- Equal opportunities between men, women and geographical areas
- Outsourcing activities

Goal, Strategies, Purpose & Objectives

Goal

“Develop and empower the overall environment for the development of the existing SMEs and entrepreneurs”

Purpose

“Increase sustainable and productive employment potential and employment in SMEs in the Palestinian Territories through enterprise growth”

Strategies

The following strategies are applicable for more than one objective and therefore one or more of these strategies are tools to achieve the above objectives.

- Collection, processing and dissemination of information on the SME sector and for SME (resource center)
- Facilitation of (financial and non-financial) business services for SME (BS facilitator)
- Development of business service products, tools, concepts, and strategies (product and concept developer)
- Contribution to making SME bankable
- Advocacy, lobbying and advice for anchoring SME-related topics in institutions and policies
- Awareness creation on entrepreneurship, business services and demand stimulation
- Development of groups of entrepreneurs and enterprise clusters
- Capacity development for business service providers and SME support organizations related to BS delivery and facilitation
- Standard setting for business services and accreditation of providers
- Capacity development, expansion and continuous improvement of SEC

Objectives

SEC's overall objective is to contribute to the development of the Palestinian private sector in terms of employment creation and poverty reduction through enhancing the productivity and efficiency of SMEs, which comprise the vast majority of all Palestinian business entities. The center's activities, accordingly, focus on the provision and promotion of technical assistance, information and referral services for SMEs.

Operating from the Ramallah district as well as a branch in the Gaza Strip and in Bethlehem, the SEC delivers its services to SMEs all over the Palestinian Territory to support SMEs development and, thereby, strives to create a positive impact on the national level as a whole. The SEC is a Palestinian non-profit, non-governmental private-sector organization offering solutions for the growth and development of potential and existing SMEs in the Palestinian Territories.

SEC is primarily a facilitator, match-maker, and coach. SEC has formulated the following objectives for itself:

- Increased capabilities, productivity and effectiveness of SME
- Improved competencies of business starters and the creation of viable new SME
- Improved conditions of financial services and improve quality of non-financial services and access to services for SME through functioning service markets
- Adequate SME development strategies and legal and regulatory environment
- SEC avails of developed sustainable financial and non-financial resources

Organization Structure of the SEC

The SEC organization structure consists of the following tiers as follow:

1- The SEC board of directors and general assembly

The Board consists of all 7 business persons, **chaired by a business woman**. The board is an elected body and its mandate is specified by the NGO' law and the general assembly. In other words the Board is accountable to the general assembly.

Important also to note is that the board is an elected body according to the NGO law. Elections are stipulated to take place each two years.

The General Assembly consists of SMEs; the role of the general assembly *inter alia* is fundamentally to approve the SEC strategic objectives and policy framework.

2- Executive body: this refers to the senior and junior staff (10 employees distributed among SEC offices in Ramallah, Bethlehem, and Gaza), who are responsible for the actual day-to-day operations of the SEC, and responsible for implementing the board decisions and policies.

- Directorate General
- Technical Operation Department
- Financial Department
- Branches Dep.
- Secretary and Archiving.

3.0 SEC Milestones

- June 2003, official opening ceremony of SEC
- June 2004, SEC becomes a board member of Arab Union for Small Enterprises (AUSE)
- June 2006, opening SEC branch in the Gaza Strip
- Dec. 2006, “1st National Conference on SME Development”
- Aug. 2007, SEC is the focal point for CEFE² international in the Palestinian Territories
- Jan. 2008, opening SEC branch in Bethlehem
- Feb. 2008, SEC becomes a registered Palestinian NGO
- June 2008, “2nd National Conference on SME Development”
- July 2009, SEC is fully independent NGO.

4.0 Current Services and Achievements

4.1 Current Projects

In general SEC

- Manage and implement development projects/ programs and facilitate the delivery of services to SMEs, special focus on marginalized groups
- Design, facilitate and implement business development services to both SMEs and local institutions as well
- Foster strategic supply and business linkages (e.g. value chain approach)
- Manage grants or fund targeted to SMEs development in strict compliance with donor’s criteria and financial and management regulations
- Organize and implement big events (national and regional level) related to SMEs development.

Current SEC projects are:

CEFE Project :

CEFE is a training methodology that has been developed by the GTZ to promote businesses start-up. Supported by the GTZ and in coordination with CEFE International, the SEC took the initiative to promote CEFE in the Palestinian market. In 2006, SEC conducted a CEFE/ ToT which resulted in capacity building of 20 trained CEFE trainers. In addition, the SEC has carried out a pilot project entitled “ Training of Micro and Small Entrepreneurs” on behalf of Portland Trust and local organization “SHAREK” in which 6 training courses provided for a round 100 fresh graduates to enhance their competencies to start-up their businesses. Last year SEC, in cooperation with GTZ and Birzeit Continuing Education and CEFE International, integrate CEFE methodology into an SME diploma.

The SEC’s successful introduction of CEFE into the Palestinian market and the strong entry coupled with the high impact of the pilot project on the participants in terms of jobs created, resulted in building the reputation of CEFE as the most effective and most popular entrepreneurship development model. SEC drafted a proposal to Portland trust, to conduct a three-year CEFE training program.

Support activities within the framework of Local Economic Development (LED):

In 2007, the PSDP started to work on Local Economic Development (LED) in both Bethlehem and South Hebron governorates to build partnerships among local actors (e.g. municipalities, ministries

² Competencies based Economies through formation of Enterprise

chambers, business associations, women clubs, universities, financial institutions, entrepreneurs, and NGOs) to work jointly to improve the local economy. The SEC has been involved from the very beginning through different interventions. The output of these interventions resulted in establishment of two LED boards in both governorates. The LED board members represent local public institutions, business associations and non-governmental organizations. Since then, the SEC plays a facilitation and coordination role in the LED process in both governorates.

The GTZ/ PSDP is contracting SEC to follow up with the LED in Bethlehem and South Hebron governorates. SEC will be mainly be involved in the following activities:

- Facilitate meetings of LED Board meetings, general assembly meetings and workshops
- Support in the development of LED strategies for Bethlehem governorate
- Facilitate and support in the design of a specific intervention plan for the LED board in South Hebron.

In addition, PSDP asks the SEC to design and carry out two short-term interventions within the framework of LED in the Bethlehem and South Hebron governorates. In addition, SEC will conduct a small intervention to strengthen the entrepreneurial capacity of handicraft producers as a follow-up to the handicraft exhibition organized earlier this year in Bethlehem. The SEC, in cooperation with the LED boards and the GTZ, will identify and specify the initiatives by end of July, 2009. Implementation of the initiatives will take place until November 2009.

Developing an E- enabled Professional Diploma targeting Palestinian Enterprises and Entrepreneurs:

The Birzeit University Center for Continuing Education (CCE), the Small Enterprise Center and GTZ are working together towards the design, development and delivery of an e- enabled Professional Diploma Program targeting small and medium enterprises (SMEs).

The cooperation is focusing on the development of a comprehensive and high quality SME diploma designed specifically to address the local Palestinian context. The diploma is a unique in that it will not only cover the business disciplines that are typically expected of such a diploma, but will also heavily focus on a much wider range of professional and life skills that are required by today's professionals, aka 21st Century Skills, and which are typically overseen in similar training programs (please see box). These skills include effective communications, critical thinking, problem solving, collaboration, continuous and self learning, technological and media literacy. The integration of these skills will not be done by expanding the breadth (number of hours) of the program, but through a carefully crafted instructional design and implementation methodology of the program. This process is being lead by the Unit for Learning Innovation³ (ULI) at CCE and will integrate the CEFE methodology into the program.

The cooperation framework between BZU, SEC and GTZ brings together a large body of knowledge and synergies that will lead to the development of such an ambitious diploma. This includes an already existing SME diploma program and other related training resource at CCE, a number of international experts through GTZ, strong knowledge of the Palestinian SME environment and needs by SEC, an international network of CEFE experts and CEFE learning objects facilitated by SEC, a pool of local and in-house experts and specialists, and the expertise of the ULI in contemporary "best practices" in instructional design and training of trainers.

Enhance Marketing Measures for SMEs

Project objectives:

- Build the capacity of micro enterprises in the field of marketing through participation in the exhibitions

SEC role :

- SEC efforts aim at enhancing the SMEs to participate in local and international exhibitions
- SEC provides coaching and training for the participating entrepreneurs
- SEC provides trained staff and volunteers to
 - Serve as a focal point during the fair

³ **ULI** is the research and development unit at the Center for Continuing Education responsible for ensuring high quality curricula and learning methods based on empirical research activities related to the Palestinian formal and non formal educational systems. It aims at building the institutional capacity of learning service providers to adopt innovative learning solutions supported by technology.

- Gather data from visitors
- Follow up meetings
- Further training.

4.2 SEC achievements

The SEC Client's Profile

Over the past 6 years SEC managed to deliver more than 6500 services for around 1200 SME clients, 72% of the served enterprises are existing businesses and the rest 28% are start up businesses. The SEC clients distributed among the sectors as follows:

- 41 % operating in the manufacturing sector
- 38% productive sector (productive enterprise means, enterprises that need machines to produce the service such as dry clean shop.
- 8 % agro – businesses sector
- 7% commercial sector
- 6% tourism sector

On average 6 services delivered per client, the SEC services can be classified under the following

- Business advises (e.g. business diagnosis, business plans, coaching)
- Training (e.g. managerial skills, vocational training, TOT, quality and productivity improvements, counseling, etc)
- Information (e.g. information on equipments, products, market and marketing, raw material, skilled labor, exhibitions, etc)

Impact of SEC services

- Improved quality of SME management style
- Increased production, productivity, quality, etc
- Records and bookkeeping in place for planning and decision making
- Improved marketing approaches and sales increases
- Solidarity / group feeling / enhanced business linkages
- Establishment of new businesses
- Jobs created (BSU show higher potential for job creation than existing companies)
- Business consultancy network promoted.

SEC support/BDS to clients resulted in positive outcomes in terms of e.g. (source: SEC M&E database)

- New enterprises: 150 new businesses established
- Employment: 400 new jobs created (60% in existing companies, 40% through business start-ups)
- Sales: increased by 35% on average
- Customer satisfaction: 85% highly satisfied with SEC services, 13% satisfied, and 2% not satisfied.

Networking

For the purpose of cooperation and synergy building, SEC concluded agreements and memorandums of understanding with: FPCCIA, Gaza Chambers of Commerce, Rural Women Development Society, Portland Trust, PFI, Paltrade, Bethlehem Chamber of Commerce, Birzeit Continuing Education Center, Tomorrow Youth Organization, and GTZ.

FACT SHEET

3.0 Arab Center for Agricultural Development (ACAD)

ACDA IN-BRIEF

Arab Center for Agricultural Development (ACAD) is a Palestinian non- profit non- governmental organization that has been officially registered in Jerusalem since 1993, and also registered by Palestinian National Authority since 2001 according to Palestinian Law.

THE Headquarter located in Ramallah, and ACAD has branches in Jenin, Nablus, Tulkarem, Tubas,

Jericho, Bethlehem, Hebron and GAZA.

Mission

ACAD is a development institution established to encourage micro entrepreneurship through small income generating activities among the poor and low-income individuals.

ACAD provides financial and business support services concentrating on rural and/or high poverty rate Palestinian areas that are particularly affected by the difficult political situation. Economic independence and consequently food security for the poor and disadvantaged, is ACAD's main goal; to empower and promote active participation in the economic, social and political spheres of life in the Palestinian Territories.

ACAD Objectives

- Promotion of self-sustaining employment and income generating projects in the agricultural sector and rural areas.
- Expanding geographical access to financial resources.
- Graduating poor and small rural producers into capital lending markets by shifting the balance of power towards those needing credit.
- Mobilizing rural savings.
- Developing & empowering rural marginalized communities.

ACAD Services and Activities

1)Credit (small loans, micro loans, wholesale finance)

2) Extension, training and community empowerment services.

3)Enhancing Productive Cooperatives & Creating Credit and Saving Funds: This project was launched in 2002 in order to encourage small and poor farmers in the poorest rural areas to establish specialized agricultural productive cooperatives and creating cooperative saving and credit funds (CCSF).

The main objectives of these CCSFs could be summarized by:

- Consolidate principle of saving by poor and small farmers.
- Establish permanent funding sources for agricultural income generation projects based on the savings of the farmers themselves.
- Raise the level of farmers' participation in the development process through the management of saving and credit funds.
- Consolidate farmers' productive communities and raise the spirit of cooperation among them.

Products Description

Loan Classification	Loan amount	Payments	Number of installments	Grace period	Interest/ Profit	minimum sharing profit %
Murabaha /Musana'a	up to 1500	monthly basis	6-18	0-3	1.5% monthly	
Murabaha /Musana'a	2000-3000	monthly basis	6-24	0-3	1% monthly	
Murabaha /Musana'a	3500-5000	monthly basis	6-36	0-3	9% yearly	
Murabaha /Musana'a	5000-7000	monthly basis	6-36	0-3	8% yearly	
sharing	500-4000	monthly/ cycling basis	6-24	0-3	0	30%
Mudaraba	500-3000	monthly/ cycling basis	3-12	-	0	30%

AMOUNT OF LOAN DISBURSED AGAINST SECTORS

Year of Loan	Agriculture	Commerce	Industry	Services	Grand Total
1995	215300				215300
1996	313900				313900
1997	750900				750900
1998	185000				185000
1999	206500				206500
2000	709768				709768
2001	403600				403600
2002	151700			3000	154700
2003	893450	318200	76000	396500	1699150
2004	1232500	330900	76600	424200	2084700
2005	1195764	465304	95050	559763	2323381
2006	602300	152600	29500	320650	1105050
2007	263500	174200	109200	458700	1012200
2008	507900	291900	112000	1282250	2206450
2009	562055	257388	112579	466955	1401877
Grand Total	8278737	1977292	602029	3912018	14772476

FACT SHEET

4.0 FATEN

Overview

We are Palestine for Credit & Development – FATEN a pioneering not-for profit corporation, which provides a variety of high quality and sustainable financial services, for low income and economically active small scale enterprises and micro entrepreneurs, especially women, through a high caliber staff and advanced infrastructure; to contribute in the effort of family empowerment and community development in the Palestinian Territories.”

Our Methodology

The methodology of FATEN is based on the principles of successful micro-finance lending programs around the world. Our products are:

- Group Guaranteed Lending & Savings
- Family Loan Product
- Islamic Morabaha Loan Product
- Housing Loan Product
- Personal Loan Product

Historical Statistics (as of June 30, 2009) in US\$

	1995-1998	1999-2001	2002-2005	2006-2008	June 2009	TOTAL
# of Loans Disbursed	23,328	27,883	18,833	7,727	2,197	79,968
Amount of Loans Disbursed (US\$)	9,536,905	9,351,395	19,744,605	18,950,519	6,559,721	64,143,145
# of Active Loans (End of Period)	4,949	4,498	4,777	4,954	5,955	5,955
Outstanding Portfolio (US\$ EOP)	808,594	1,422,409	8,944,163	11,737,178	13,673,992	13,673,992
% Female Clients	100%	100%	99%	95%	93%	93%
% Operational Sustainability	N/A	75%	96%	88%	84%	84%
% Financial Sustainability	N/A	63%	73%	77%	73%	74%

- Thanks To Our Partners & Donors
- Save the Children / US
- Save the children / UK
- Ireland Aid
- Islamic Development Bank
- DFID
- Rockdale Foundation

FACT SHEET

5.0 The Palestinian Information Technology Association of Companies (PITA)

The Palestinian Information Technology Association of Companies (PITA) was founded in 1999 in Ramallah, the Palestinian Territories as a membership-based organization for locally registered companies specialized in providing Information and Communications Technology (ICT) related services.

For the past 9 years, PITA has been the leading source for information, knowledge sharing and development in the ICT profession in the Palestinian Territories and has become the backbone in defending the interests of the ICT sector. Through dedication and transparency, PITA evolved as a strong organization representing 90 major companies from various sub-sectors including hardware distributors, software development firms, office automation vendors, internet service providers, telecommunications companies, ICT consulting and training companies.

PITA has a strong and active yearly elected Board of Directors comprised of executives of small and large Palestinian companies. PITA also has a high-caliber managerial team to coordinate daily activities and provide professional services to PITA members and the industry.

PITA maintains tight cooperation with various national and international organizations to provide high-quality technical assistance to its members and the ICT sector in general. Further, PITA actively coordinates with local legislative bodies to create an attractive investment environment by upholding intellectual property rights and adopting laws that are vital for the development of the sector.

PITA is a professional non profit association for individuals and companies involved in the practice of ICT in the Palestinian Territories. Our principal roles are:

- Improving – Advancing ICT competencies, practice and concepts of leadership.
- Promoting – Being an advocate for ICT sector and promoting its importance, efficacy and ethics.
- Supporting – Being an essential resource for ICT information, education/training and relationship.
- Representing – defending the ICT sector interests with the government and law makers.

Pita Objectives

Our Purpose

To represent the collective interest of the private IT sector in the Palestinian Territories.

Our Vision

To lead the positioning of the ICT sector as an economic pillar of the Palestinian Territories.

Mission Statement

To promote and defend the private ICT sector through:

- Advocating business- enabling policies, mechanisms and environment through public-private partnership.
- Promoting the Palestinian ICT sector locally and internationally through facilitating access to markets for the benefit of PITA members.
- Engaging the technical and non-technical ICT human resources and related institutions in-order to expand qualified pool of qualified ICT sector personnel and uphold the level of its

professional standards.

Pita Scope of Work

1.0 Firm Level Assistance

complete project will be designed to include interventions such as:

- financial management,
- technical training,
- open source,
- financing of small companies,
- readiness assessment for small software companies

2.0 Policy and Advocacy Program

The objective of the policy activities is to:

- Develop a sector consensus on issues related to the ICT business
- Create an industry-wide consensus for legal reform in the ICT industry
- Promote best standards and practices in the public and private sectors in relation to the ICT industry.

The annual advocacy program identifies priority policy issues that affect PITA members and the ICT sector and that require either policy intervention or policy documents to be developed by the private and public sector in consultation with the general public. The result can be either policy documents or laws.

3.0 Marketing and Promotion

The Marketing and Promotion Development program is responsible for:

- Ensuring that PITA's vision, mission and objectives are communicated and understood by the ICT community in and outside the Palestinian Territories
- Developing and disseminating sector and member information
- Initiating, leading and managing sector development program to increase local and regional market penetration.

To reach those goals the following activities are usually performed:

- Organizing workshops and seminars for PITA members and others
- Identifying and evaluates ICT market problems and company needs in order to respond to them through customized technical assistance programs
- Developing publications, promotional material and periodicals in electronic and printed formats
- Designing and leading the organization of exhibitions, fairs and study tours both locally and regionally.

The major outputs of the program are:

- a) Newsletter (e-News)
- b) ICT Tabloid (Digital Palestine)
- c) Palestine ICT Directory
- d) Websites (www.pita.ps), (www.expotech.ps), (www.pita.ae)
- e) Palestine ICT Indicators
- f) Export Promotion activities (B2B meetings)
- g) ICT Diffusion Initiative
- h) Expotech

4.0 Employment Generation Program EGP

The Palestinian IT Association of Companies (PITA) is cooperating with Palestinian Enterprise Development (PED) project, funded by the United States Agency for International Development (USAID), and implemented by Development Alternatives, Inc. (DAI), is launching and implementing the Employment Generation Program (EGP).

The Employment Generation Program - EGP aims at providing learning and employment opportunities to unemployed graduates while supporting private sector companies and institutions through the infusion of fresh talents and skills in the much needed area of Information Technology and

Management and improving economic viability of the ICT sector in the Palestinian Territories and strengthening PITA's role in serving its member firms. The program will provide training and specialized certification for selected qualified apprentices in the fields of Information Technology and Management.

PITA conducted an assessment of the staffing needs of all its members in PITA by conducting a survey. The assessment facilitated identifying the current human resources gaps for as identified by PITA member companies and it has also identified gaps related to the market supply of IT graduates and professionals. Accordingly, the EGP program will examine the academic background and the types of training needed to equip the apprentices with the appropriate skills and expertise.

The result of the conducted needs assessment indicated that 80 apprentices are required by 29 PITA member companies, whereby PITA has opted to design a capacity-building program to train these 80 apprentices by attending a one month training program which will take place in June 2007. After that, and due to the budgetary constraints, only 60 apprentices will be selected to fill 60 different positions in work places located in Ramallah, Bethlehem, Jerusalem and Gaza.

FACT SHEET

6.0 Private Sector Coordination Council (PSCC)

The recent formation of the Private Sector Coordination Council (PSCC) as a coordinating body which encompass the largest Private Sector Associations/institutions

- Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) is the permanent president of the council.
- While the secretarial rotates every six months with the four large institutions FPCCIA, PFI, Paltrade, and FBA.

PSCC was established in 2000 to unify the voice of the private sector in the process of :

- Advocating policy reform,
- Representing and lobbying for the private sector interests to the government and policy makers
- Maintain a dialogue with PNA concerning policy issues, laws...etc.:
- National Economic Dialogue Program (NEDP) established in 1999 to activate Public-Private dialogue and the participation of private sector in the development of economic policies leading to an improved enabling environment for businesses and the private sector at large. Three NEDP conferences were held
- Public-Private Partnership (PPP)
- GTZ is implementing a PSDP for the PSCC; in this regard GTZ will assist the PSCC in institutionalizing and clarifying the role of each institution and addressing the areas of intersection and integration.

PSCC members institutions are

- Federation of Palestinian Chambers of Commerce
- PALTRADE
- Palestinian Federation of Industries
- Federation of Businessmen Association
- Palestinian Information Technology Association (PITA)
- Association of Banks
- Palestinian Contractors Union
- Palestinian Insurance Federation
- Palestinian Shippers Council
- Administrative Services Office for the Tourism Associations of Palestine (ASTAP)

FACT SHEET

7.0 Palestinian Microfinance Network for Small & Microfinance

PALMFI BREIFING

The Network is a non-profit non-governmental organization. Established in 2002, the network

represents a forum of micro finance non-profit institutions and programs that aims at providing financial services to small enterprises, and focuses its efforts on the growth of micro-finance industry in the West Bank and Gaza Strip; particularly that micro financing is considered one of the strongest tools for economic development consistent with Palestinian economy needs.

The Network is considered a link connecting micro-finance institutions together and maintaining open communication channels for dialogue amongst institutions and other actors in the field. The Network provides its members with a variety of services and activities to enhance its employees' abilities and thus its performance, to help micro-finance institutions reach and maintain operational and financial sustainability.

The Network believes that good management of the Micro-finance industry at the national level, in addition to the provision of financial services to owners of small enterprises in a systematic manner, would activate the potential capabilities within the sector of small enterprises and increase its contribution to the Gross National Income, thus increasing the welfare of individuals. According to the Network's estimates, Palestinian economic activities depend to a large extent on the increasing growth of small enterprises.

The Network believes also that the combined efforts of the PNA, micro-finance institutions, decision-makers in the society, and civil society organizations as well as international development donor organizations are the guarantee for realizing the overall goal of the network and lending organizations, i.e. to preserve the sustainability and success of small enterprises and enhance their productivity through continuing to provide small financing products.

Legal Entity

The Palestinian Network for Small & Micro-finance was established in 2002 and officially registered in 2004 as a Non-Profit Association at the Palestinian Ministry of Interior. The Network has an independent legal entity and is entitled to implement programs and projects in the field, within the forum of member institutions.

Mission

Sharakeh serves all employees of microfinance providers and microfinance practitioners to enable them to improve access to financial services to Palestinian micro entrepreneurs, small businesses, and low income people. To advance the practice of small and microfinance development among its members, their international partners and other practitioners.

Sharakeh's vision

The Palestinian Network for Small and Microfinance is the representative of the small and microfinance industry in the Palestinian Territories at the national, regional and international levels in order to contribute to poverty alleviation.

Sharakeh's Goals

The Network's strategic goals are those of its stakeholders: members, clients, donors, employees, and those extracted from the Palestinian government's goals toward the small and micro finance industry in the Palestinian Territories.

A. Members, especially MFIs and MFPs

To serve members in order that the Network and the microfinance sector be strengthened.

B. Clients

To ensure that member MSPs have the means to serve clients and their communities.

C. Donors

To ensure a solid and diversified funding base for the growing needs of the Network.

D. Employees

To identify, attract, and retain quality staff.

E. Governance

To provide the microfinance sector with government and public policy support, this contributes to a thriving sector

Members

- FATEN : Palestine for Credit & Development <http://www.faten.org/>
- ASALA: The Palestinian Businesswomen Association <http://www.asala-pal.com/>
- PARC: Palestinian Agricultural Relief Committees <http://www.pal-arc.org/>
- ANERA: American Near East Refugee Aid <http://www.anera.org/>
- UNRWA/MMD: United Nations Relief & Works Agency/Microfinance & Microenterprise Department <http://www.un.org/unrwa/english.html>
- ACAD: The Arab Center for Agricultural Development <http://www.acad.ps/>
- CHF: Cooperative Housing Foundation <http://www.chfhq.org/>
- YMCA: Young Men Christian Association <http://www.chfhq.org/>
- MCP: Islamic Relief; Micro Credit Program <http://www.islamic-relief.com>
- PDF: Palestine Development Fund <http://www.palbanking.com/>
- GWLF: Gaza Women Loan Fund (GWLF)
- REEF: REEF Finance Co.
- The Holy Land: Caritas Jerusalem

FACT SHEET

8.0 Palestinian Banking Corporation (PBC)

VISION

As a partner to private sector investors, our thinking and action have always been in line with the free enterprise concept. Market oriented thinking, we believe, identifies not only potential markets, but the types of clients and demand driven services that deserves our support. PBC wants people once they see a project is supported by PBC, to know: it is financially sound, economically viable and has effective development impact on the Palestinian economy.

Entrepreneurs should see PBC as the engine of the Palestinian private sector. We are the first Palestinian development and investment bank and we will continue to be. We expect a lot from PBC and our staff. We must live up to our own image, with the highest quality of financial products and complementary advisory services and the best people.

MISSION

Our mission is to promote the sound and sustainable growth of Palestinian private sector companies and to build production capacity within the Palestinian economy. We enable our customers to seize investment opportunities that add value to their clients and create wealth to shareholders by extending the appropriate mix of credit facilities, equity capital and complementary advisory services.

PBC doesn't compete with commercial banks. It cooperates with them where there is a mutual interest. All profits realized by PBC are re-channeled into new lending and investment operations.

CORE VALUES

PBC enjoys a culture that fosters diversity. Our people are drawn from every corner of the Palestinian Territories. PBC values of honesty, integrity, transparency, competitiveness and teamwork, which shines through in everything we do.

Raw confidence, bold dreams, hard work, commitment, positive attitude, responsibility and accountability in all the decisions we make, are the foundation elements, on which PBC stands and puts our staff at the top of their profession.

CORE COMPETENCIES

Keeping the whole process going and taking clients' needs from application to implementation. This is PBC smooth flowing process. We employ a tightly constructed, experienced and well organized team of loan officers distributed all over the cities and villages of the Palestinian Territories, supported by investment and credit officers, business development consultants, administrative staff, innovative management and leadership. This is the backbone of developing a sustainable business. A business that values professionals.

PBC professionals who know all about being focused with team spirit and winning attitude. No matter

where PBC employees do business, there are many things that remain constant: people with fire on the inside, a desire to win, positive attitude with the vision to dream and the courage to act. It is what sets PBC apart from the rest of the pack. At PBC we live moments like this every day. Every day is a challenge, but it is the kind of place where winners excel. We push ourselves as hard as our entrepreneurs do, often harder.

PALESTINIAN BANKING CORPORATION

The Palestinian Banking Corporation (PBC) is a private sector investment and development bank incorporated in March 2001 with the overall objective to create a banking entity capable of offering comprehensive and secure banking services to the business sector and investors in a rapidly changing Palestinian environment. PBC roots go back to the Palestinian Development Fund (PDF) established in 1996 after the merger of three EU-funded credit agencies. During 1995 it was realized that the three credit agencies, Arab Development Credit Corporation (ADCC), Economic Development Group (EDG) and the Technical Development Cooperation (TDC) were providing similar services to same sectors. Based on this, it was decided to merge their operations to provide a larger organization capable of surviving into the future, particularly as the agencies had less than satisfactory performance in the repayment of loans during the period of the first Intifada (1987-1993), and were themselves too small to be self-sustainable. The merger formally took place in August 1996, when the PDF commenced operations in its own name, whilst retaining the Jerusalem registration of the three agencies to allow lending operations to continue legally in East Jerusalem. Since 1987, various donors have been funding the Palestinian Credit Agencies established for the purpose of assisting the Palestinian small and medium sized enterprises (SMEs) under funding agreements. The majority of the funding was coming from EU in the form of grants, which were only repayable if the funding objectives were not met. The funding has been used in revolving accounts, with the repayment of loans being used for new lending. The funding provided by the EU has been recently converted to equity in a Cyprus Foundation (The Euro-Palestinian Foundation Ltd.) to form the PBC's initial capital.

LEGAL STATUS

PBC is a public shareholding company; majority owned by the Euro-Palestinian Foundation Limited (90.4%), the European Investment Bank 8.3% and 1.3% owned by others. The Euro-Palestinian Foundation is a Cyprus-registered offshore charitable trust established by the European Commission for the benefit of the Palestinian people as a whole, a terminology which has been used according to the original agreement with the European Commission to ensure that the control of the organization remains in the private sector. The individual Palestinian shareholders are the 40 trustees of the three original agencies.

PBC is managed by a Board of Directors composed of 11 members elected by the General Assembly with the chairman elected by the Board

Targeted Economic Sectors

Economic sectors to be considered:

- Manufacturing industry
- Agriculture and agro industry
- Services e.g IT, trade, tourism, hotels, restaurants, transportation, distribution etc.

Eligibility Criteria

Enterprises must submit:

- A business plan including forecast sales and financial forecasts demonstrating a realistic capability of generating sufficient net cash flow to sustain operations after the credit sought for a minimum of 18 months.
- Show clear purpose of working capital needs.

Conformity Criteria Criteria for the applicant enterprises fall under three headings: They must be:

- SMEs wholly owned by Palestinian interests.
- Located in East Jerusalem, West Bank and Gaza Strip.
- Licensed or otherwise operating as bona fide businesses.

Credit Limits

The amount of the credit approved in any single case shall be directly related to ensure the SME's sustainability, as reflected in the business plan and forecasts.

- Maximum loan amount EUR 200,000.
- Minimum loan amount EUR 10,000.
- Collective loan possible subject to legal arrangements.

Credit Collateral

All loans should be subject to personal guarantee and backed by other collateral eg. Mortgages, on land and buildings, or on vehicles, or a floating charge on assets.

Duration of the Credit

- Long term loans from 2–7 years
- Grace period up to 24 months

Interest Rate

- 5% Interest per annum
- Payable upfront for the first year (in advance)

FACT SHEET**9.0 The Palestinian Farmers Union (PFU)**An Overview

The Palestinian Farmers Union (PFU)

- PFU consists of a group of Palestinian Farmers Associations established in 1993.
- PFU includes (16) member Farmers Associations from all the Palestinian Districts, these Associations included (9831) farmers in (2006).
- PFU works with (57) Cooperative Association, including (3040) members.
- PFU is registered in the ministry of Interior Affairs, registration No. (QR-245-A).

PFU Vision

PFU is looking to become Palestinian farmers framework and representative, to reach with them a stage where they become able to defend their rights and benefits and to share actively in the national development at an independent democratic state.

PFU Mission

Palestinian Farmers Union is a popular framework was established at 1993, work on organizing and building the capacity of farmers organizations to enable them to defend their rights and benefits, it works as a national umbrella aims to work with similar Arabic and international organizations and the continuity of these unions work to achieve the principle of agricultural development continuity which depend on the method of collecting the capacities and directing the shared possibilities to improve performance and to preserve environment.

Strategic goals

- To raise farmers' general awareness regarding their benefits and economical, social and political rights.
- To activate affecting sides' role in farmers' issues and problems.
- To build organizations able to lead farmers towards their benefits and rights.
- To work on the Continuity of Palestinian Farmers Union.

The Union Departments

- Administrative and Branches Department
- Public Relations Department
- Capacity Building Department
- Lobbying and Advocacy Department
- Financial Department
- Programs and projects Department

The Palestinian Farmers Union Main Programs

1. Training and Capacity-Building Program:

This program is considered one of the most important programs of the union through which we reach a common understanding to draw up unified, strategic plans and policies which will develop and change the living standards of Palestinian farmer, and it will also raise the farmers and the administrative committees of the farmers' societies the capacity to participate in assisting their needs and the general policies related to the agricultural sector as well as participating in building a democratic, civil community which will participate in building the Palestinian independent State.

The program Philosophy:

- * Better understanding for changing motivations.
- * To gather all available capabilities in all stages.
- * To follow collective methodology in change.

2. Collective Marketing and Purchase Programs:

This program aims at stimulating and supporting small farmers in the field of marketing their agricultural produce at the local and world levels through networking them with public commerce institutions and the private sector specialized in marketing the agricultural produce.

Also through the program the administrative and technical capacities of farmers are built in order to produce agricultural products of high quality commensurate with the specifications and the criteria recognized locally and internationally and competitive to goods available on the markets with respect to quality that will benefit the farmer financially.

And through this program, the farmers will be able to secure their needs at the lowest prices and the best specifications. This will reduce the production cost and improve its quality, and ultimately will increase the ability of the national product to compete in local and foreign markets

The program Philosophy:

- * Resolving the problem of Agricultural inputs high costs and to reduce marketing prices.
- * To strengthening collective work among farmers.

3. Recovering value added tax program:

This program is considered one of the most important programs of lopping advocacy as it assists the farmers (plant production sector) to recover the tax of 14.5% paid on the agricultural production inputs. The PFU is the only institution running this program. The union has begun to work on this program since 99 and the farmers engaged in it have achieved earnings that exceed (9) million shekels as recovered taxes (from 1999- 2005). This program is based on opening taxation files by the farmers and following them up by the union coordinator and by a legal audit accounting office. In addition to follow up the taxation departments in order to finish the recovery process very rapidly for farmers.

The program Philosophy:

- * Recovering farmers' rights.

4. Health Service Program:

In this program, the union supports the farmers and agricultural groups to obtain the various health services, namely the Government Health Insurance and other private health services, through contracting with private health services, doctors and pharmacies in order to obtain a special discount for farmers at diagnosing them or treating them or buying medicines. In addition to raise farmers awareness regarding shared diseases between human beings and animals and sound methods for using chemicals and what results from the misuse of chemicals.

The program Philosophy:

- * Healthy Farmers.
- * Farmers awareness of diseases.

5. Lobbying, Advocacy and Media program:

This program aiming to build a relationship network at the local and world levels (Arab and foreign) through joining the farmers world associations and establishing relationships with international institutions to support farmers, and at the local level to co-ordinate with the various sectors especially the local community institutions to support the farmers, through lobbying and advocacy on the

concerned issues to protect their rights. The program also aims to protect farmers' products from risks and threats.

As PFU believes in the Palestinian own huge capabilities, so it gives this program a special attention in:

- Consolidating farmer confidence in achieving a change.
- Gathering and collecting Farmers cooperatives and Associations Capabilities.
- Building organized campaigns regarding farmers' benefits and rights.
- Continuous Awareness through media especially (Farmers Voice).

The program Philosophy:

* To create Lobbying and advocacy farmers groups, for supporting farmers rights and benefits through building their capacities and the use of media tools to achieve that.

6. Saving and credit program:

The current condition of Palestinian farmers as a result of the prevailing socio-economic condition in addition to the impact of Israeli aggressive policies and also the last Intifada had affected farmers and their families, income declined, the work opportunities become very rare and limited, beside all of that the farmer had no access to finance from lending banks due to long procedures high interest rates and requested guarantees which make the thing more worse.

To overcome these obstacles and problems Palestinian Farmers Union (PFU) in coordination with agricultural cooperatives had established an alternative solution through creation of saving and credit fund (S&C) in each cooperative. The fund resources are the shares (savings) of participated farmers while the credit is also upon to the farmers needs. The fund had the following functions:-

- It covers the farmers' needs in purchasing their needed inputs
- It enhances farmers' self-reliance in creating of the funds beside its role in activating the cooperative work in the coops.

The program Philosophy:

* Enhancing farmers Self-reliance.

* Providing farmers with the loans to improve their career.

7. Fighting adulterated Agricultural Productions:

As a result for the escalating of adulterated agricultural production requirements and others nonscientific qualifications and as a result for the limited control over these necessities, PFU tended to build this program, which protects farmers, it has achieved impressive results including (the largest recovery process in the history of the Palestinian agriculture for palm dates producers in Jordan Valley). PFU cooperates with governmental organizations especially the Ministry of Agriculture, nongovernmental organizations and cooperatives in order to put an end for Agricultural adulterated chemicals and products inputs.

The program Philosophy:

* Providing Farmers with sound Agricultural inputs.

* Defending Farmers.

8. Water and Environment Program:

As it was said before "there is someone on this earth who deserves to live", here we say, life won't be without water and appropriate environment for human life, in harmony with PFU ambition to cope with the universe culture around water and environment, PFU designed this program to improve the exploitation of Palestinian available waters and helps to raise Palestinian environmental awareness and how to preserve it.

The program Philosophy:

* To preserve Water and Environment.

* To Raise Farmers awareness Regarding Water and Environment.

The Beneficiaries from PFU Programs

While talking about the beneficiaries of the Palestinian Farmers Union, we should talk about the members Associations in the Union:

Association Members

There are (16) member Farmers Associations representing farmers from all the Palestinian Districts, these Associations included (9831) farmers during (2006).

These following are the member associations in the West Bank:

1.	Farmers Association at Hebron District	3,051 members
2.	Farmers Association at Ramallah District	1,531 members
3.	Jericho's Farmers Association	52 members
4.	Al-Jftlek Sons Charitable Association	35 members
5.	Jenin's District Farmers Association	1,001 members
6.	Tulkarem's District Farmers Association	1,756 members
7.	Beit Jala Farmers Association	120 members
8.	Palestinian Zaytouna Association	76 members
9.	Qalqila District Farmers Association	847 members
10.	Salfet's District Farmers Association/ under Registration	612 members
11.	Bethlehem's District Farmers Association/ under Registration	269 members

In Gaza Strip there are five member Associations as the following:

1.	Olive tree Developing Association	170 members
2.	Farmer's developing Association	27 members
3.	Safe agriculture Associations	23 members
4.	Northern District Palestinian Farmers Association	24 members
5.	Cattle's and cow owners Association	237 members

PFU Relationship with the Agricultural Cooperatives:

Depending on the Palestinian Farmers Union (PFU) goals, visions and strategies regarding agricultural cooperatives, PFU seeks depending on the current situation for the current agricultural cooperatives to play a role which can be summarized as the following:

- To activate the coordination among agricultural cooperatives and to network between them and agricultural service organizations.
- To contribute in improving the economical and health situations for cooperatives members.
- To share agricultural cooperatives in programming plans efficient to resolve agricultural productivity and marketing problems.
- To contribute in building cooperatives models managed by farmers, build on the bases of professionalism and depend on committees elections.
- To contribute in changing the agricultural cooperative stereotype and to develop cooperatives concepts depending on democracy, justice and equity.
- To defend Palestinian farmers (Agricultural cooperatives members) rights and benefits.

PFU works in cooperation with 57 Agricultural Cooperatives including 10 women Cooperatives in all the Palestinian areas including the following:

Jenin:	3 Cooperatives	91 members
Ramallah:	14 Cooperatives	980 members
Tubas:	3 Cooperatives	117 members
Jericho:	6 Cooperatives	249 members
Tulkarem:	5 Cooperatives	226 members
Jerusalem:	1 Cooperative	25 members
Nablus:	4 Cooperatives	229 members
Bethlehem:	1 Cooperative	180 members
Qalqilia:	5 Cooperatives	88 members
Hebron:	7 Cooperatives	233 members
Salfet:	7 Cooperatives	622 members

PFU Membership in Palestinian, Arabic and International NGOs Networks:

- The Palestinian Agricultural Coordination Committee (Gov. and NGO's).
- The International Federation for Agricultural Producers (IFAP).
- Membership of the Palestinian National NGO's network (PNGO).
- Arab Farmers and Agricultural cooperators General Union
- Membership of National Palestinian Environmental institutions network.
- Membership of the national resistance committee against the Apartheid Wall (pengon).

- Al-Mersad for boycotting the Israeli settlements products Coordinator.
- Agricultural programs coordinator of French- Palestinian solidarity associations.
- Member of the steering Committee of the Mediterranean European Partnership Project of Water (MEDWA).
- PFU is one of the founder members of SHAMA Network.
- PFU is one of the founder members of the supreme coordinating committee for Palestinian Agricultural unions and councils.

Organizational Information

PFU General Assembly is composed from:

- 16 farmers associations at districts level in West Bank (9,831 members)
- 5 farmers association in Gaza (481 members)
- Women membership percentage : 17.1% from the total number
- The total number of districts farmer Association representatives in PFU general assembly members is 26 representatives (10 in Gaza and 16 in West Bank). Each association is represented by 2 persons at PFU general assembly.
- Last meeting for General Assembly: 15 June 2006

FACT SHEET

10.0 PALTRADE

PalTrade's purpose is to lead the development of Palestinian trade as a driving force for sustainable national economic growth. As the National Trade Development Organization (NTDO) and a membership of more than 327 Palestinian leading businesses, PalTrade advocates a competitive, enabling business environment and is dedicated to improving trade competitiveness through trade promotion and capacity building.

PalTrade's operation and services are guided by sector-based strategies for trade development supported by assessment of cross-sectoral opportunities and impediments. These strategies are deployed through a range of services and activities aimed at vitalizing sectors to export to target markets.

PalTrade's Mission

PalTrade's Mission is to Develop Trade Through:

- Advocating a competitive, business enabling environment
- Improving trade competitiveness through trade promotion and capacity building
- Fostering international business practices and standards among professionals, firms and business organizations
- Providing trade-enabling knowledge

Organization Values

- These values and philosophies emerged from PalTrade's restructuring process and are embraced by the organization:
- PalTrade acknowledges the importance of its human resource as the one and only asset for delivering quality services to its constituencies.
- PalTrade values the input of its partner associations and institutions whether public or private as critical elements in achieving its own institutional goals and objectives.
- PalTrade believes in an open market trade regime for the sake of efficient Palestinian economic growth, yet it also acknowledges the infancy of certain Palestinian industries that need support for effective growth.
- PalTrade is a non-profit organization that aspires to always operate in profit-making efficiency modes.
- PalTrade promotes specialization within its human resource base and structure to encourage technical capacity building and innovation through continuous investment in its human capital.

Transparency in all PalTrade endeavors is not only highly valued but it is inherent in conducting day to day business, most notably sector marketing and development plans, set by its network partners.

Paltrade Projects**GTZ - Training 15/12/2009****Enhancing the Capacity of the Private Sector Companies through Training Programs****Donor** GTZ**Duration** From July 22, 2009 to December 15, 2009**Commercial Crossing Monitoring Program –****Cargo Movement & Access Monitoring & Reporting Program” (Extension)****Financed by:**

Norwegian Consultant Trust Fund Under the supervision of: The World Bank (MNSD) Finance and Private Sector Unit

Cargo Movement and Access Monitoring and Reporting Project (Ongoing)

Project Scope:

Cargo movement monitoring and analysis for:

Gaza Key terminals and the four main terminals in the West Bank Taybeh, Awarta, Jalameh, and Beitunia.

Funding Partner: Norwegian Consultant Trust Fund under the supervision of the World Bank

Trade Corridors’ Facilitation Project (Ongoing)

Project Scope:

This project aims to promote and facilitate the use of alternative trade corridors for Palestinian trade, namely through neighbouring Arab countries, to improve market access and impact high costs through Israeli routes.

Funding Partner: European Commission

To be implemented in cooperation with the Palestinian Shippers Council.

Palestinian Trade Promotion Project (Ongoing)

Project Scope:

Improving export performance through various Trade Promotion such as Trade Missions, Local Exhibitions, International Exhibitions, as well as providing Trade Information.

Funding Partner: Islamic Development Bank

www.expotech.pswww.buildexpalestine.pswww.zadna.ps**Partnership for Peace****Palestinian Exports to Israel Development Project (Ongoing)**

Project Scope:

Project is implemented in cooperation with the Peres Center for Peace, aiming to strengthen the Palestinian-Israeli economic relations through a comprehensive program that encourages cooperation between the Palestinian and the Israeli private sectors. Activities include: Business to Business meetings, Individual B2B. Capacity building workshops, Advocacy & outreach,

Funding Partner: Ford Foundation, The Representative office of Norway to the PA, and the Norwegian Embassy in Tel Aviv

List of Events

The Export Promotion Project in the Olive Oil Sector in Palestine (Ongoing)**Project title:** The Export Promotion Project in the Olive Oil Sector in the Palestinian Territories**Donor :** French (AFD)**Duration:** 36 Months**Partners:** PALTRADE, PFU, PSI, PFIA

Project Components

Component 1(PFU) Improving the productivity and supporting the cooperatives of producers

Component 2 (PSI)

Quality control and national regulation

Component 3 (PFIA)

Quality and food safety certification

Component 4 (Paltrade)

Export strategy and Promotion Paltrade will be responsible for managing the partners and the financial and coordination aspects of the project

Olive Oil Export Development Project (Completed)

Project title Olive Oil Export Development Project

Donor International Finance Corporation IFC

Duration from August 15, 2006 to February 15, 2008

Project Extended to April 15, 2008

About the project:

The OEDP designed to play an important role in developing exports by:

Supply companies involved in the sector with know-how, marketing information on targeted markets.

Upgrade the competitiveness of Palestinian olive oil to meet international quality and standards.

Improving access to strategic markets and,

Strengthening the supply chain and quality management of Palestinian olive oil bottling companies.

Employment Generation Program 2 (Completed)

Project title Employment Generation Program 2

Donor USAID in cooperation with PED/DAI

Duration

6/3/2008 - 31/8/2008

Project Scope:

This Program is built on the success of the first EGP program that was recently completed with the support of PED/DAI, and thereby the program aimed at providing learning and employment opportunities to 60 unemployed graduates while supporting private sector companies and institutions through the infusion of 80 fresh talents and skills in the much needed area of marketing and sales, and through expanding the pool of apprentices to include the remaining apprentices from the EGP1 and the EGP2 applicants (i.e. total of around 120 apprentices).

The program provided the apprentices with training and certification in the specialized fields of marketing; export development and promotion, as these fields have been identified as crucial to SME survival and growth and provided export development a revealed in short supply in the local market.

USAID Funded Projects (Completed)

Project title PalTrade Institutional Development Program

Donor USAID in cooperation with PED/DAI

Duration 1/3/2007 - 1/3/2008

PalTrade Institutional Development Program (in cooperation with PED/DAI- March 2007 - March 2008)

Project Scope:

- Designing and installing a tailored management information system
- Installing a new financial management software
- Upgrading some of the necessary IT equipment

USAID Funded Projects (Completed)

Project title Marketing Service Development Project

Donor USAID in cooperation with PED/DAI

Duration 1/8/2007 - 30/7/2008

Project Scope:

- Improve the quality and accessibility to business development services and facilitate the offering business services to local businesses.
- Develop PalTrade's capacity to provide training services in its core mandate area, marketing and export promotion.
- Assess and quantify domestic market share in selected industries and provide local businesses with opportunities and venues, **towards** increasing domestic sales and improving consumer perception
- Develop the capacity of PalTrade to provide market information and intelligence to its

members and clients.

FACT SHEET

11 Young Entrepreneurs of Palestine (YEP)
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<p>Young Entrepreneurs of Palestine (YEP) is a budding organization based in Ramallah with a goal of promoting entrepreneurship and engaging Palestinian people (especially young and women) in economically productive activities. YEP gives a new value to the notion of entrepreneurship, reinforces the economic dimension of entrepreneurship and helps to build a solid foundation of human security (social, economic as well as national).</p>
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<p>In other words, YEP is a membership based non-profit, non-governmental Palestinian organization, whose mandate is to promote entrepreneurship and support young entrepreneurs, especially those with scarce resources. YEP aims to enhance the active participation, involvement and contribution of young people to the growth and advance of the Palestinian economy and society through the establishment and development of small and medium enterprises in a variety of settings.</p>

YEP VISION

<p>To become a leading service organization bringing the younger generation of entrepreneurs to strongly influence on all fronts and play a major role in shaping up the future of the Palestinian Territories.</p>

<p>The purpose of this initiative is to establish a forum for young pioneers to be involved in business life and the decision making. The vision shared by the yep members establish a distinguished standing of the future generation on all levels.</p>

YEP MISSION

<p>To become a trade facilitator and trade information provider for Micro and Small businesses as well as to assist young Palestinian entrepreneurs to succeed in all their endeavors and contribute actively to the socio-economic development of the Palestinian Territories by achieving these main goals:</p>

<p>Goal 1: Effective representation of members and their interests at different levels</p>
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<p>Goal 2: Stronger voice and active participation in the economic policy making in the Palestinian Territories</p>

<p>Goal 3: Place the YEP at the center of efforts to enhance the contribution of young entrepreneurs to the socio-economic development of the Palestinian Territories</p>

Activities

- | |
|--|
| <ul style="list-style-type: none"> • Providing members and young people in the Palestinian Territories with consultancy services on a number of development related topics; • Supporting Palestinian young people in establishing small businesses and implementing their own ideas/projects through training and access to credits, etc.; • Supporting Palestinian women in business to learn management and business skills while working in a business environment; • Networking activities of meeting people and building relationships that can benefit young people involved; • Providing capacity building programs in assisting existing small businesses and new potential young entrepreneurs through providing professional business training; • Engaging in policy dialogue and advocacy in shaping the economic and social policies in the Palestinian Territories through public meetings, policy papers, media meetings, meetings with Government and Civil society institutions, etc; • Building an information system to help young people to follow up on: community services programs according to the socio-economic in the Palestinian Territories, financial institutions credit programs, preparations for feasibility studies, and raising awareness among young people on how to deal with the current socio-economic situation in the Palestinian Territories and build on the experience of other communities and local and international young people successful stories. |
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<p>The initial activity under consideration is one whose importance almost all the YEP members and young entrepreneurs from the Palestinian Territories in different occasions emphasized, namely the establishment of a Palestinian business incubator which would be a major focus of and tool for the</p>
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development of economic and business endeavors and for the furtherance of the entrepreneurial and institutional skills requisite for their success

In the past two years YEP has been active through a number of activities and two main projects:

1. Economic Empowerment of rural Palestinian Women (220,000 Euro), completed in December 2007.
 - A two year project funded by the European Commission under the EUROMED Program Role of Women in Economic Life (2006/2007).
 - The project is being implemented by YEP in partnership with NISPED, Legacoop (Italy), and Diesis Coop (Belgium) targeting 80 women from rural areas in the West Bank in the age of 20 – 45 years.
 - The project consists of four stages/results:
 - Stage one preparatory work that includes the screening and identification of participants' needs assessment and training on market research.
 - Stage two: vocational and entrepreneurial training this stage includes basic training on developing business plans including marketing, production, management and financing and the enhancement of vocational skills.
 - Stage three: establishment of businesses, looking for financing possibilities, mentorship and support in the actual implementation of the business plan.
 - Stage four: Networking finding markets, joint venture partners, and diversification of products.
2. How to become an Entrepreneur and start your own business (US\$30,000)
 - A one year project (2005), funded by the Japanese Embassy.
 - A comprehensive training program that includes training of young men and women on:
 - Developing business plans
 - Testing their entrepreneurial competencies
 - Information on legal aspects, IT in business,
 - Negotiation skills and other relevant information on selling and finding supplies
 - Basic practical steps of starting a business
 - Naming the business
 - Finding the best location
 - The project trained 25 Palestinian young men and women.

At present, YEP is implementing two main projects, those are:

1. As part of the UNDP/DEEP project (Promotional Social Safety Net Activities Component of the Deprived Families Economic Empowerment Program), YEP is started the implementation of the project in two cities in West Bank (Nablus, and Hebron). The aim of the project (US\$200,000) is to empower the economic situation of poor Palestinian families and graduate them from poverty. YEP will implement an integrated program combining personal empowerment, vocational training and training in entrepreneurship and basic business skills for poor young entrepreneurs. Recognizing that poor young people and their families lack to the access to the financial resources to start –up their businesses and turning their own project ideas into facts. YEP will support the 60- selected poor young entrepreneurs to succeed in their newly established enterprises/businesses through the development of local networks with a wide range of Palestinian business community including private sector institutions, small and large companies, banks and microfinance institutions. Another characteristic of the project is the promotion of business relations and establishment of joint ventures with other Palestinian co-operators and young entrepreneurs, who had successfully participated in the previous YEP activities or those who are currently on the YEP club.
2. Wednesday Event- Part of YEP main services is to introduce the concept of networking to young Palestinian people and provide them with opportunities to practice in networking and community based activities as well as in developing business relations. The Wednesday Event (EUR 6,000 for the current year and around EUR 70,000 for the next year as requested) financed by Friedrich Naumann Stiftung in Jerusalem which is a Weekly meeting for YEP members and non-members from young people to discuss relevant current issues and network among each other and other parties involved in the field.

FACT SHEET

12 Palestinian Federation of Industries (PFI)

The Palestinian Federation of Industries (PFI) is the national institution representing the Palestinian industrial sector through its federated associations. Founded in 1999 as a permanent private sector organization, PFI facilitates industrial development as the basis for economic performance. PFI's representational role is to educate, advocate, and communicate the value of a developed, socially-responsible and globally competitive industry. PFI's strategy of industrial development within industry associations leads to a stronger membership base capable of delivering valuable member services, effective policy formulation, and integrated communications.

Industrial sectors represented by PFI include food and beverages, construction, stone and marble, pharmaceuticals, chemicals, metal and engineering, textiles, garments and leather, paper, printing and packaging, handicrafts, plastic and rubber, and furniture. The industrial sector in the Palestinian Territories includes some 14,000 registered companies in the West Bank and Gaza. The majority of these are small family-owned businesses. Only about 100 of the manufacturing, mining and construction enterprises in the Palestinian Territories have a workforce of more than 100 employees. The contribution of the industrial sector to GDP is approximately 17%, and the industrial sector absorbs around 16% of the total work force.

PFI's main activities:

- Institutional development of sectoral industrial associations and supporting them towards achieving their goals.
- Effective management of industrial policies to serve members' interests and to contribute to the development of the national economy.
- Effective representation of members and their interests at local and international levels and institutions.
- Capacity development of the industrial enterprises in support of achieving domestic and global competitiveness.

PFI is currently working on upgrading the systems and procedures of the Ministry of National Economy in order to qualify them to obtain ISO9001 certificate. PFI works also with the United Nations Industrial Development Organization (UNIDO) on several projects, one of them is the COMFAR project, which is a software program for preparing feasibility studies. Another UNIDO program is the National Diagnostic Tool Kit, which is a tool to diagnose the needs and requirements of the SMEs.

Industrial Modernization Center (IMC) is the technical arm of the PFI and focuses on the following programs:

- Business Improvement Program: In this program focus is on building the capacity of individuals in industrial firms throughout complete training programs that include accounting for none accountants, financial analysis, cost accounting, human resource management, inventory management, occupation safety and health management, maintenance management, communication skills, applied quality management, building competitiveness and operations and production management as well as specialized training programs for each industrial sector.
- Quality and International Certification Program: In this program IMC targets potential firms for export and qualify them to be certified and equipped with international certification such as ISO9001, ISO14001, ISO22000 and HACCP.
- Firm Level Technical Assistance Program: The aim of this program is to define specific areas for improvement inside industrial firms. Areas like financial systems, managerial systems and technical systems.
- Employment Generation program: The aim of this program is to help both fresh graduates and industrial firms. IMC assesses the needs of industrial firms of fresh graduates and trains them for one month intensive and practical training programs and places these graduates in companies according to their specific needs.

FACT SHEET

13 Palestinian Shippers' Council (PSC)

Overview

The Palestinian Shippers' Council - PSC was established to form a national shippers' council that is capable of addressing the urgent needs of Palestinian importers and exporters (the shippers' community)

generated by the protracted conflict, and supporting the PA's reform and long-term trade development efforts. The establishment of PSC was achieved through a technical cooperation project between:

- the European Commission Technical Assistance Office (ECTAO) for the West Bank and Gaza, which is funding the project;
- the United Nations Conference on Trade and Development (UNCTAD), which is implementing and providing technical support to the project, and operating in the occupied territories under the umbrella of the United Nations Development Programme (UNDP)
- the Palestinian Trade Center (Paltrade), which is providing local outreach and logistical support for the PSC during its start-up period.

The project to establish the PSC was implemented over a two-year period, commencing in January 2006. The first year was devoted to establishing a legally recognized PSC with a wide membership base and training its staff and members. Activities included:

- training workshops and study tours to enable employees to manage the PSC and to enhance staff and members' negotiating skills.
- training on modern transport operations, customs brokerage work, warehouse operations, port- and border-crossing operations, and tariff duties and regulations.

In its second year, the project conducted advanced training activities and established tailor-made services to cater to the needs of the Palestinian shippers' community. While the EC technical assistance office provided funding for PSC for its first two years, its financial sustainability will have to be ensured afterwards through a combination of membership fees, service fees and sponsorship, as is the case with successful Shippers Councils around the world.

The establishment of a PSC Preparatory Committee to guide the project and ensure national ownership at an early stage was an early outcome of consultation with PA Ministry of National Economy, Paltrade, UNCTAD and major Palestinian shippers. The PrepCom constituted by seventeen member's representative of various regions and import/export sectors. Four of these members were from Gaza and the rest were from West Bank. The PSC Prep Com acted as UNCTAD's counterpart in the implementation of the project activities. The Preparatory Committee dissolved by the end of 2006.

Since the Council is fully constituted, the PSC held its General Assembly (GA) meeting of full (voting) members (shippers) and associate (non-voting) members (forwarders, transporters, trade-promotion and industrial or professional associations etc), in which the first board of directors was elected for year 2007. Thereafter, the preparatory committee resigned and acquitted the financial disclosure. The Board of Directors Management Committee works through standing Working Groups composed of active members on specific issues/sectors. The PSC structure is clarified in the figure below:



Roles & Services

- **Collective negotiations** service providers to obtain competitive rates and favorable conditions and achieve savings for Palestinian shippers.
- **Cooperation arrangements** with regional and international shippers' associations to support efforts to widen and diversify Palestinian import sources and export markets.
- **Advisory services** to assist members in their dealings with relevant authorities, and in adhering to international best practices.
- **Up-to-date information** on port and border crossing regulations, activity, charges and conditions for Palestinian shippers.
- **Tailor-made services** to ensure responsiveness to members' needs, including contacts, representations and other interventions to reduce transport and transit related bottlenecks.
- **Direct assistance to Palestinian shippers** in their dealings with transport and related service providers.
- **Training workshops** to:
 - provide Palestinian shippers with a comprehensive understanding of the different aspects, processes and stages of import/export transactions;
 - familiarize Palestinian shippers with relevant trade information systems, such as the ASYCUDA Palestine user input facilities;
 - ensure that Palestinian shippers are well placed to overcome logistical and technical problems.
 - **Study tours** to countries with relevant experience and willingness to assist PSC, and receiving international experts and delegates from regional and international shippers' councils to develop and promote trade with Palestinians.

Beneficiaries

Direct:

- Palestinian importer and exporters (individual and corporate).
- The small and medium enterprise (SME) sector
- Commercial Transport and shipping users

Indirect:

- Palestinian international trading community.
- Palestinian consumers.

- PA ministries of Finance, Transportation, National Economy & agriculture.
- Palestinian Customs brokers.
- Chambers of commerce, industry and agriculture.
- Palestinian Private Sector Coordinating Council
- Service providers (carriers, freight forwarders, multimode transport operators, banking institutions, insurance companies, etc.).

FACT SHEET

14 Palestinian Agriculture Relief Committee (PARC)

Overview

The Agricultural Development Association (PARC) is a leading Palestinian non-profit, non-governmental organization involved in rural development and women's empowerment. PARC provides advice, awareness support, services, and special consultancies for individuals, groups, and institutions involved in similar domains. PARC relies on the broad and efficient participation of its beneficiaries, and moreover, on developing the qualifications of its experts to better benefit and develop a democratic Palestinian civil society

General Goal

To contribute in achieving sustainable and integrated rural development

PARC Mission

PARC is a leading Palestinian NGO working in the field of rural development, environment protection, and women empowerment. We offer technical assistance and support, along with extension services to individuals and organizations working in similar fields. In carrying out our projects and activities, we rely upon the active and broad grassroots participation of our beneficiaries, and, in process, develop our experts' capabilities and improve our employees' skills. By doing so, we aim to significantly contribute to the building of a Palestinian democratic and civil society.

Main Area of Intervention

ARC implements a wide range of activities to achieve the planned output, outcomes and goals. The following paragraph highlights main areas of interventions:

1. Awareness activities including: extension services, training, exchange visits, publications, TV and radio series, demonstrations.
2. Work for the protection of environment with various sectors of the society through development of rural sanitation (at individual household and collective wastewater treatment units), implementing environmental campaigns, planting of trees, etc.,
3. Work for increasing the surface areas of agricultural land used for both rain fed and irrigated agriculture through land reclamation of both very rocky and sandy land to increase its arability.
4. Work for conservation of water resources from pollution and wasting. In this context PARC works on modernization of irrigation techniques, installation of irrigation networks rehabilitate leaky ones and rehabilitate old ground water wells, etc.
5. Work for ensuring additional water resources for agricultural purposes through encouraging farmers to use of marginal water; rainwater harvesting, reuse of treated wastewater, brackish water, etc.,
6. Work for the development of household economy activities, particularly with rural women,
7. Building the institutional capacity of grassroots and CBOs in the rural areas of men, women and youth and encourage the formation of cooperative movement that aims at promoting the capacities of rural women to develop their productive and social roles in their societies and contribute more actively in the building of strong and progressive civil society movement.
8. Creation of small income generating project for farmers (Male and Female)
9. Providing CBOs with logistic supports.
10. Working on various national issues that contribute to just peace and freedom of the Palestinian People such as campaigns against the "Occupation Separation wall, non violent resistance of occupation, electoral process, organization of International voluntary camps, organizing of Gandhi solidarity visits to the Palestinian Territories, etc.,
11. Working on promoting the social solidarity with the poor and marginalized groups.
12. Training newly graduate agricultural engineers and vets to raise their skills and capacities to work with rural and agricultural communities on all issues of development of sustainable agricultural and rural

development,

13. Working on reduction of unemployment rate in the rural area. In this context, PARC has developed the concept of “Relief for Development”. In this field PARC has managed to convince great number of donors to adopt this concept which, has permitted to implement an important number of projects for job creation in the agricultural sector.

14. Contribute to the improvement of marketing opportunities of the agricultural products through different ways of interventions, including:

- a.** Marketing of some of farmers production through the fair trade channels that has developed,
- b.** Developing the infra structure for marketing: olive oil filling and filtering facilities; packaging of couscous, thyme and other products,
- c.** Rehabilitate, train and prepare farmers for export to the international market. These have been attained through providing farmers with loans to start or continue their agri-business, certification (organic and global gap certification) and rehabilitation of the necessary infrastructures for export,
- d.** Lobbying and advocacy to open crossing points with the Israeli borders in front of the Palestinian agricultural produce.

15. Distribution of food baskets in emergency conditions.

16. Studies and research related to integrated and sustainable rural development by PARC and relevant institutions and universities.

Strategic Objectives

- Enhancing the Economic Role of the Agriculture Sector through Contribution in Achieving Food Security and Sustainable Agriculture.
- Reinforce the Sustainability of Grassroots, Syndic and Specialized Rural Community Based Organizations.
- Maximizing PARC’s Role in National and Social Struggle.
- Ensuring Organization’s Sustainability.

Governance Structure

General Assembly

General Assembly which consist from 86 members (58 male and 28 female) Palestinians local and abroad and they are representing most sectors of Palestinian society.

The general assembly is the highest authority and they are responsible for:

- Approval of the mission and vision of the organization
- Approval of the general goals and policies
- Approval of the annual budget and report
- Approval annual financial audit report
- Lobbying and advocacy on decision makers
- Contracting of an auditing firm.

2. Board of Directors

Board of Directors that conducts the monitoring of the implementation of work systems and policies that have been approved by the general assembly and will restrict its responsibilities in the following issues:

- Proposing of policies, procedures for execution of the planned works,
- Approval of the overall budget and action plan before submitting it to the General Assembly,
- Approval of the financial and administrative statement report before submitting it to the General assembly,
- Establishing of special committees (Monitor, Finance) to improve working environment within PARC,
- Opening and closing of branches (Outreach).

3. Executive Committee

This committee consists of the General Director in addition to the central department managers; this committee plays the role of a steering committee for the program which is responsible for maintaining the active and specific implementation of the program, and this committee holds monthly meetings and summarizes its tasks as follows:

- Preparing of annual plan,

- Preparing of report specified for the work process that is presented by the department directors regarding the subprograms,
- Monitoring of work process that concern the program,
- Approving upon the modifications proposed by the management of the subprograms that fall within the program before presenting it to the funding parties for approval,
- Approving the procurement of human resources in regards to the implementation of the subprograms and the whole program,
- Approving upon the Terms of Reference of the evaluation and the audit of the program

Branches and Training Centers

1. PARC's Offices and Branches

2. PARC's Training Centers

1. PARC's Offices and Branches

PARC has 6 offices:

- Two head offices one in Ramallah and the second in Gaza.
 - Four branches offices, these are distributed:
 - North part of WB in Jenin and it covers: Jenin, Tulkarem, Nablus, Tubas and Qalqiliya governorates,
 - Middle part of WB in Ramallah and it covers: Ramallah Jerusalem, Jericho and Salfeet governorates,
 - Southern part of WB in Hebron and it cover Hebron and Bethlehem.
- Fourth at Gaza Strip and it covers all the strip.

All these offices are well equipped and the organization will implement the program based on the available tools and equipments.

The two head offices at Ramallah and Gaza are connected with Video conference system and it is planned to connect of the other branches offices within next year

2. Parc's Training Centers

PARC has 3 training centers located in Gaza, Alzababdah and Jericho. These centers are used for training of newly graduated agronomists.

Main Programs

PARC employs a wide variety of approaches in designing its programs to most effectively and efficiently meet the needs of rural and marginalized Palestinian communities in achieving sustainable and integrated rural development. After assessing communities' needs, PARC addresses these needs via interventions rooted in the concepts of building capacity and actively consulting, involving, training, and empowering community shareholders in the development process. PARC seeks to build community organizations and coalitions as well as broaden and deepen partnerships between non-governmental grassroots initiatives and government institutions. Its programs are designed to forge links between different sectors of society locally, regionally, and globally, and provide a platform for exchanging ideas, transferring knowledge, and sharing experiences. PARC's programs take a holistic approach to development, addressing needs across sectors and empowering its beneficiaries socially, economically, and politically.

1.0 Land Development Program

- Program Definition
- Target Group
- Program Objectives
- Desired Results of the Program
- Noteworthy accomplishments implemented in 600 residential communities

Program Definition:

The Land Development Program is a collection of interventions and projects in accordance with PARC's strategic objective to strengthen the economic role and contribute to the realization of food security and sustainable agricultural development. Thus it also conforms to meet PARC's interim goal of securing

and developing natural resources (land and water) and their additional production outputs.

Target Group:

Marginalized rural regions with high unemployment rates.

Program Objectives:

1. To organize, train, and guide farmers in the optimal usage of natural resources, without impacting the rights of future generations.
2. To improve food security in rural areas by increasing agricultural production, improving its quality, and improving access to natural resources.

Desired Results of the Program:

1. Increasing the amount of water available for agriculture while also protecting water sources from contamination and waste.
2. Increasing the area of irrigated agricultural land.
3. Converting marginal mountain lands into fertile farmland.
4. Increasing farmer participation, both male and female, in natural resource management (land and water), and assuming their responsibilities in this regard.
5. Providing more work opportunities in agriculture, whether provisional or permanent, and improving competition in agricultural work.
6. Contributing to the protection of agricultural lands from confiscation.
7. Contributing to breaking the blockade imposed on Palestinian lands through the construction of access roads between population centres and therefore between agricultural lands.
8. Improving the environmental situation through seed farming and building stone retaining walls.

Noteworthy accomplishments implemented in 600 residential communities:

Construction and rehabilitation of 1,349 agricultural roads with a total length of 3102 kilometres. Of these, 390 connector agricultural roads with a length of 1096 kilometres help link more than 590 residential communities to each other.

2. The levelling of 22,071 dunams of agricultural land in the West Bank and Gaza Strip using heavy machinery.
3. The building of more than 1,236,657 square metres of stone retaining walls in reclamation projects, along road sides, and in formerly cultivated agricultural lands in the West Bank.
4. The establishment of wells and reservoirs to collect water in quantities larger than 81841 cubic metres, as part of integrated reclamation projects only in the West Bank that enclose more than 12,789 dunams of recently cultivated agricultural land, or as part of integrated reclamation projects.
5. Cultivation of more than 750,000 fruitful seedlings during the Al-Aqsa Intifada only, both as part of and outside of integrated reclamation projects, from which 81,420 farming families, including over 569,940 family members, benefitted from reclaimed land, walls, roads, fences, wells for reclamation projects, and seedlings.
6. Facilitating access to more than 1,100,000 dunams of farmland, either directly or indirectly, through agricultural roads.
7. Servicing more than 33,650 dunams of farmland by building stone retaining walls on newly reclaimed and formerly cultivated lands as well as along the sides of agricultural roads and in home gardens.
8. The provision of more than 506,000 work days focusing only on roadway, reclamation, and wall projects.

Due to the problems faced by the agricultural sector in previous years from destruction by the occupying forces, donor neglect, small budgets from the Palestinian Authority, as well as taking into account that 65% of residents living in rural areas are either partially or completely dependent on agriculture, and considering the overall importance of the agricultural sector, PARC decided to initiate work and implement agricultural programs and projects.

2.0 Capacity Building Program for Farmers' Associations

- Program Definition
- Program Justification

- Program Objectives
- Target Group
- Program Philosophy
- The Program's Principal Interventions
- Noteworthy Accomplishments

Program Definition:

This program consists of a combination of inputs concerned with developing a leading role for farmers' associations, enabling them to play a bigger role in developing sustainable techniques for agricultural work, and from there, developing a collective solution to their problems.

Program Justification:

Considering the nature of the agricultural lands and the structure of Palestinian agricultural economies, the shrinking size of market areas, and the low level of technology utilization, it has become more and more difficult for farmers to individually realize accomplishments that can contribute to the development of their economic and social situation. Therefore, this program strives to improve opportunities for workers in the agricultural sector and allow them to play a bigger role in their societies, as these farmers have yet to successfully transition to agriculture practices for the purpose of trade.

Program Objectives:

To encourage the farmers in their involvement in associations, non-profit agricultural organizations, or specialized, multi-purpose cooperatives.

2. To build models for sustainable interventions in the area of improving economic returns from farming, through controlling costs or improving returns from the marketing process.
3. To build the capacity of the organizations and improve their public presence.
4. To improve the financial, administrative, and organizational performance of these organizations as grassroots institutions.
5. To improve farmers' ability to form advocacy groups in order to protect sector interests in various areas.

Target Group:

Groups of cooperative or non-profit farmers in rural regions, both officially registered and unofficially.

Program Philosophy:

Farming is economically arduous work, thus it is advantageous to organize efforts related to it.

The Program's Principal Interventions:

- Consulting and assessing organizational and administrative needs.
- Providing training and instruction.
- Facilitating institutional development.
- Transferring knowledge and building models.
- Supporting organizational, administrative, and financial capacities.
- Standardizing institutional control systems across different fields.

Noteworthy Accomplishments:

1. Enabling farmers in collectives to achieve their first gains from retrieving taxes imposed on production inputs, which can be estimated annually at around 40 million dollars.
2. Enabling farmers to save 10% on market prices as a result of adopting the existing policy on collective procurement.
3. Improving cooperative farmers' capacities in the field of marketing their products in a way allowing them to achieve 15 to 20 percent better prices than the market price for individual farms.
4. Implementing health insurance as a top priority in realizing farmers' rights.
5. Building savings portfolios in collectives that contributed to stronger results of the collective purchasing program for these associations.

3.0 Fair Trade Program Rural Marketing

- Cooperation, Savings, Prosperity, Continuation
- General Aim

- Strategic Objectives
- Target group
- PARC's Interventions
- This is reflected in the following
- Overall achievements include

Cooperation, Savings, Prosperity, Continuation:

Previously, PARC considered working with rural women by building integrated programs. The first program focused on empowering women socially. This was complimented by the second program, concerned with empowering rural women economically, meeting their need for financial independence, finding fixed sources of income for contributing to the support of their families, and improving their standard of living. The savings and credit program expanded its core to include an advanced pilot idea for economic and social development that would fit the needs of our society in the form of a specialized lending program based on personal savings volume. Among the first and most important accomplishments of the program, and meeting PARC's second strategic objective, was the organization of 12 savings and credit groups. The culmination of this pioneering initiative was the birth of the Union of Cooperative Associations for Savings and Credit.

General Aim:

To support the establishment and strengthening of women's associations, cooperatives, and unions in rural areas.

Strategic Objectives:

1. To develop financial performance for savings and credit organizations
2. To strengthen financial and operational growth for savings and credit organizations.
3. To strengthen the presence of cooperative organizations in public life.

Target group:

Palestinian women interested in becoming members of savings and credit organizations spread throughout every province in the country, and especially in rural regions.

PARC's Interventions:

PARC's interventions took many forms, depending on the program's stage and progress. The first supervisory support and umbrella program for the Union of Cooperative Organizations for Savings and Credit was formed through deliberate interventions, with 12 organizations represented under its umbrella.

This is reflected in the following:

First: Organizational aspects such as:

- Working on promoting and spreading the idea of savings and credit.
- Overseeing the organizational process, developing and building capacity of both central and branch administrative bodies for the organizations, and networking between them.
- Providing financial, legal, and administrative consultation for the organizations.
- Developing a computerized information system for the program.
- Supervising the sustainability of cooperative organizations and presenting lessons and successful experiences of other cooperative organizations.
- Establishing a professional legal relationship between the union, organizations, and the Ministry of Labour by pledging to apply a procedural index to the work of the union and organizations that would not contradict with labour laws and internal regulations.
- Supervising the institutionalisation and strengthening of the union.
- Providing funding opportunities for organizations and the union.

Second: Financial support, provision of loans, and logistical support.

Third: Promotion of the program through:

- membership in local, regional, and global lending networks
- participation in local and regional conferences
- issuing publications

- documenting and disseminating experiences

Overall achievements include:

- the formation of 12 organizations and 162 groups
- 6,722 members with a total member savings balance of \$2,232,298
- 5363 loans distributed to 3,652 borrowers for a total amount of \$7,394,105

FACT SHEET

15 Palestinian Businessmen Association (PBA)

Overview

Founded in December 1997, the Palestinian Businessmen's Association (PBA) is an independent, non-governmental organization dedicated to promoting economic and social welfare through private enterprise.

The PBA embraces a wide range of well-reputed entrepreneurs. It comprises members of senior businessmen in the Palestinian Territories active in different Palestinian economic sectors including industry, investment, commerce, agriculture, banking, insurance, construction, hotel management, tourism, IT, transport and others.

PBA is a registered Ottoman society that aspires initially to become a think-tank for the Palestinian Business Community attracting all Palestinian Businessmen and Professionals from various sectors to be enrolled under its charter. The PBA's current membership stands at 350 active and associated members.

When established in mid nineties, the Palestinian Businessmen's Association mission was to unify the efforts of the Palestinian private sector in order to protect its interests, promote its products and enhance its productivity and efficiency in a more liberal and democratic environment.

The PBA members represent the core of the private sector and this qualifies the Association to act as the single unified spokesman for Palestinian businessmen in communications and meetings with similar regional and foreign businessmen associations.

The Palestinian businessmen Association (PBA) was initiated to fill a gap and to represent the dynamic Palestinian business community with all its sectors. To act as consolidating factor to the Palestinian Economy, a force in economic decision making. Participate in the formation and issuing of laws concerning the economy and the social welfare of our citizens. Cooperate and coordinate with the Palestinian National Authority and its institutions on all levels, to enhance and bring about, up front, the role of the Palestinian businessmen, to influence the daily aspects of the Palestinian Economy. For that the PBA is constantly in contact with the majority of the local, regional and foreign business institutions to facilitate cooperation amongst all.

In this context, **Joint Business Councils** JBCs have been set up so far with similar associations in Egypt, Turkey, Syria, Jordan, Qatar, China, Iraq, Tunisia, Lebanon, Libya, Yemen... etc. as well with other countries under establishment such as Canada, Poland, Bulgaria, South Africa, Britain, Russia and the united states of America and others. Such councils are invested with the development of relations between private sectors in the Palestinian Territories and the said countries.

With the growing private sector share of the PBA together with the globalization process, the Palestinian Businessmen's Association needs to modify its activities to satisfy the new needs of the Palestinian business community, as a service provider and a catalyst facilitator as well as a lobbying power.

Meanwhile, the PBA is an establishing member in the Arab Businessmen Federation, where the PBA Chairman is the Vice-Chairman for the Federation for the third consecutive period.

There are many investors exploring commercial opportunities in the Palestinian Territories. Today, after the big success of the Palestine Investment Conference that was held on the 21–23 May 2008 in

Bethlehem, and others in Nablus and abroad ,it is expected that prospected investors will play an important role in Palestinian economy.

PBA gathers Palestinian Businessmen from all sectors so as to form a unique powerful structure of elite businessmen, investors, and bank managers among others; to foster and promote strong lobbying and advocacy efforts.

Scope of Work

The Association success is commensurate with the extent of its contribution to the promotion and protection of the interests of the Palestinian private sector in particular, and the ability to address, influence and formulate policies and laws together with related institutions, that will enhance the socio-economic development conditions. To be a generating force for the motivation of businessmen and their establishments to implement their economical and social duties to the environment.

Accomplish and create the right infrastructure, legislature, and the suitable intellectual environment for absorbing new technologies, appropriate mechanisms, and new investments, to the economy at large, and work hard collectively with other institutions to arrive with our national economy to the stage of independence and sustainability.

Over the course of its short span of life however, the PBA has played an active role in the Palestinian society and with the regional business community through taking an important part in the process of policy formation , and the decision making process concerning law regulations and plans related to development and investment in the Palestinian economy .

Our association is in a constant cooperation and coordination with the President economical advisors, and Ministers of National Economy and Planning and International Cooperation, Industry. Economy and Trade, Finances & Civil affairs etc. The economic committee in the Legislative Council and the Palestinian Monetary Authority, etc. where meetings are held periodically with these parties ,for the purpose of defining and reflecting the points of view of the Palestinian public and private sector, and discussing broad spectrum of concerns and issues of importance. As well as keeping coordination with the local NGO's and other organization.

The PBA is keen to advance its relations with the foreign Embassies and Consulates , Representative Offices in the Palestinian Territories, the Commercial Attaches in particular , and other foreign NGO's organizations, to enhance cooperation's and coordination's, with these parties therefore , the association is in contact and has been exchanging visits & invitations on deferent occasions with them .

This increasing coordination with the regional business community has offered the PBA a more recognized role with a deeper insight into the prevailing needs of the local business community in all different aspects. Therefore, the PBA looks forward with a great interest to strengthen bilateral relations with our Palestinian Businessmen in the Diaspora for enhancing cooperation's for a future partnerships, joint ventures, exchange of know how, bilateral trade and for better prospects for development in the Palestinian Territories.

Within the general framework of its mission PBA strives to:

- Be a conduit for exchange of information and develop suggestions on economic and political matters through Conferences, meetings, studies, Panels, Direct Contacts, Press Releases, Reports and Periodicals;
- Encourage joint-venture partnerships between Palestinian and foreign companies
- Establish its own line of communication with local administration and agencies, congressional committees, think tanks, business organizations, media, and international organizations;
- Enhance growing ties by effectively representing and protecting the interests of the Palestinian business community;
- Follow closely the new formulations of foreign economic policy and keep the Palestinian business community informed of the latest developments that would have an impact on the Palestinian Territories;
- Alert foreign private sector opinion to developments that have a direct or indirect bearing on

the Palestinian economy and investment

- PBA supports independent research and policy discussions on important social and economical issues in the Palestinian Territories and potential Markets.

Vision & Mission

Vision

To be the pragmatic address and think tank to business persons and corporate from various sectors. Influence the socio and economical development conditions, through networking and cooperating with business persons, private and public institutions and business communities locally, regionally and world wide. To arrive with our economy to the stage of independence and beyond.

Mission

Act with relentless efforts to promote and protect the interests of its members, the private sector and the economy at large. Be a focal point as a dynamic lobbying body influencing economical legislations and advocacy issues, inviting new technologies and investments; achieving awareness and an enabling and sustainable economy. Promote good governance, Social Responsibilities for enterprises, economical and social reforms.

THE PBA IS COMMITTED TO & PROMOTES

- Committed to an equal opportunity for its members in their rights and obligations.
- Committed to distinguish and provide a unique privileges to its members
- Promote a Free market and Economic policies and strategies,
- Promote good Managerial practices and world standards.
- Promote transparency, declaration and good governance.
- Committed to manifestation of democratic values.
- Promote and facilitate local, Arab and foreign investments and joint ventures in the Palestinian Territories.
- To set and promote a code of Ethics and a Standards of conduct for corporate and members of the PBA.
- Establish the necessary public interest institutions, funds and companies beneficiary to the private sector.

Objectives

The association success is commensurate with extend of the achievements of its objectives and goals, by striving to provide the right environment which enables the PBA to lead the role of the Palestinian Private Sector in cohesiveness and complementarities. Work hard collectively with other private and public institutions to arrive with our national economy to the stage of independence and beyond by serving:

- Ability to address, influence and formulate policies and plans. Help build a sustained functional infrastructure for legislature and regulating bodies.
- The diversity and selectiveness of its members being from all economical sectors gives the PBA an edge in representing the Palestinian Business Community in forming Joint Business Councils which acts as platforms for regional and global interaction and understanding between businesspersons and businesses.
- Organize or participate actively in conferences, seminars, trade missions, exhibitions and activities promoting trade and investment in the Palestinian Territories, and Economic ties with Palestinian business communities in the Diaspora.
- Establish centers and public interest institutions and funds, and new companies beneficiary to the private sector, able to render economic and social services like joint capital companies, consumer protection institutions, management and training institutions, Private Sector Development Centers, Palestinian Business and Information Centers, and Arbitration Centers.
- To undertake field studies, surveys and feedback from the PBA membership and specialists on a spectrum of issues of concern related to their economic sectors on the Macro level.
- Extend technical assistance and developing training programs, unique to the association member's and Private Sector needs aiming to improve working conditions and promoting best managerial practice and protecting the environment.
- Provide a forum for advocacy, lobbying and interaction on the Private Sector issues and

concerns with different government agencies, business communities and companies promoting good governance, economical and social reforms, free trade and democratic practicing values.

- To be a generating force for the motivation of Businesspersons and their establishments to implement their economical and social duties, beneficiary to the interests of the institutions, companies and individuals. Also creating the suitable intellectual environment for absorbing new technologies, appropriate mechanisms, skills and new quality standards.

Major Achievements And participations

- The formation of the Joint Palestinian Jordanian Business Council in 1996.
- The formation of the Joint Palestinian Egyptian Business Council in 1998.
- Establishing member of the Arab Council for consolidating joint action 1999.
- The pre-formation of the Joint Palestinian Tunisian Business Council 1999.
- The pre-formation of the Joint Palestinian Turkish Business Council 1999- & full formation in July 2000.
- Establishing the Arab Businessmen's Council 1997 and then The Federation of Arab Businessmen's in 2000(FAB)
- Issue of several economical publications & Newsletters especially Publishing the "Palestinian Executive" Magazine.
- The Palestinian Center for Private Sector Development (CPSD) in 2001 and issuing of the Private Sector Forum Newsletter.
- Establishing member in the Palestine Trade Point Network Project in 1999
- Forming an important committee to follow-up complaints from the Palestinian Private Sector.
- The Palestinian Businessmen Association has strengthened its partnership with CIPE through several collaborative efforts and continues to play a key role in CIPE Events and initiatives throughout the region
- Established and core member of the (PSCC) Palestinian Private Sector Coordination Council in 2001.
- The PBA had contributed its share in financing the social policies committee – a sub-committee from the PSCC specialized in the labor and social security laws and in representing the Private Sector with the labor unions and Ministry of labor committees since the year 2002.
- The Social Policies Committee also represents the PSCC in the Social Security Fund since year 2003.
- Also PBA is member in the trilateral committee in Ministry of labor.
- Private-Public partnership dialogue.
- The formation of the Joint Iraqi Palestinian Business Council in 2002
- The PBA is an establishing member of the Economical Joint Committee headed by Minister of National Economy and several ministers and private sector representatives since year 2003.
- The PBA is a core member of the National Task Force Committee NTF set to put an economical strategy for the Palestinian Territories on the Macro level, 2003 .
- The PBA is a member of the NGO's Net (PINGO)/since 2003.
- Establishing and incubating the Palestinian Federation of Businessmen since Dec. 2003.
- The PBA is a member in the National Food Security Committee beginning of year 2004.
- The PBA has been a member of the Palestinian governance code since year 2005.
- The formation of the Joint Qatari Palestinian Business Council in 2006
- The formation of the Joint Syrian Palestinian Business Council in 2007
- The formation of the Joint Chinese Palestinian Business Council in 2007
- PBA Participated in several meetings , efforts and supported the establishment of the Young Entrepreneur Forum(YEP) and the women Association in the Palestinian Territories.
- The PBA is member in the private sector Development and Trade Sector working group committee with donor community PSDT, SWG and the smaller task force group out the previous committee.
- the PBA is member in the BOD of Palestinian Investment Authority (PIA)
- the PBA is representing PSCC in the Trade Corridors Facilitation Project , with Paltrade, EU, and PSC.
- PBA is a member in the Quality Improvement Fund in the Ministry of Education and higher

<p>Education since year 2004</p> <ul style="list-style-type: none"> • PBA is member in the Board of Trustees in the Arab Knowledge and Management society (AKMS) since 2007. • PBA is a member in steering committees of several Investment conferences held in Bethlehem, Nablus, Washington , London , Georgia etc.. • The formation of the joint Lebanese Palestinian Business Council in 2008. • The formation of the joint Libyan Palestinian Business Council in 2008. • The formation of the joint Yemeni Palestinian Business Council in 2008. • The Inauguration of the Palestinian Center for International Arbitration in year 2008 by Minister of Justice Dr. Ali Khashan.
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FACT SHEET
16 Palestinian Investment Fund (PIF)
<p>Overview</p> <p>The Palestine Investment Fund (PIF), 100 % SOE (State owned enterprise), was established in 2000 as an independent Palestinian investment company committed to maximizing the assets' value of around \$ 800 million. The PIF's chief objective is to safeguard and consolidate the Palestinian people's investments and property, both in the Palestinian Territories and abroad. In 2003, PIF effectively began its operations, which it has been managing from its headquarters in Ramallah.</p> <p>(Vision)</p> <p>PIF's vision is aimed at creating a stimulating investment environment that benefits the Palestinian people and is founded in the desire to augment domestic investments in various economic sectors, the most important of which are those of telecommunications, real estate, tourism, and energy. In doing so, PIF contributes to the creation of a suitable environment for investment, toward engendering sustained economic development, employment generation, as well as secure and profitable diversification of investment portfolios outside the Palestinian Territories.</p> <p>The current strategy are as follows; The investment strategy of PIF is based upon three fundamental pillars:</p> <ul style="list-style-type: none"> • Diversifying of restructured investment portfolio The diversification of the investment portfolio organizes the investments among different asset classes with the goal of achieving adequate profitable return within an acceptable risk tolerance range. The diversified portfolios comprise equities, fixed income instruments and alternative investments. • Categorizing of existing investment portfolio Categorization of the national investments portfolio entails the division into three different portfolios encompassing traded equity, real estate and private equity. • Placing new strategic investments in the Palestinian Territories New large-scale strategic investments are undertaken in partnership with local and foreign private sector companies in accordance with its role as an enabling catalyst for sustainable economic development in the Palestinian Territories. <p>Under this strategy, the PFI has been investing key investments and projects as follows:</p> <p>1. Key Investments</p> <p>PIF contributed to the establishment and/or growth of a large scale of vital investments in the Palestinian Territories. Among many others, PIF invested in PALTEL, PADICO, Palestine Electricity Company (PEC), the Palestine Commercial Services Company (PCSC), The Arab Palestinian Investment Company (APIC), and Salam International Investment Limited:</p> <p>2. Some Key Projects with a Joint venture partners and overseas investors</p> <p>a) PIF has led a tentative policy that encouraged investment in the telecommunications sector through partnering with Wataniya International to establish and operate the second mobile telecommunications company in the Palestinian Territories. Wataniya International was the highest bidder for the second Palestinian mobile license and won it in September 2006, to become the second mobile operator. Apart from hiring a significant number of employees itself, the second mobile operator company will</p>

stimulate other economic sectors in the Palestinian Territories and contribute to the creation of much-needed jobs.

b) Ersal multi-purpose land project: Ersal Land Development Project is a 200 million dollar joint-venture between PIF and The Land Holding to develop a new commercial center at the heart of the Ramallah-Al-Bierih Metropolitan Area. This is a project that will transform the real estate sector in the Palestinian Territories and will have a great positive impact on the local economy, reinvigorating the area's commercial life and creating thousands of jobs. This pioneering Project comes as a reflection of the PIF's strategy of rebuilding and invigorating the Palestinian economy through investing in strategic sectors, in partnership with local and international strategic partners and through attracting direct foreign investments to the Palestinian Territories. The project is also a strategic extension of The Land Holding's projects in the Middle East, and is a clear indication of the company's aspiration to contribute to the economic development of the Palestinian Territories. For the development, "Arduna" Real Estate Development Company has been launched for the massive development of Ersal multi-purpose land project. Project plans are in the final stage of development in preparation for work to begin.

c) Al Reehan Neighborhood project:

This project is the first step towards PIF Housing Program which aims at developing 30 thousand housing units in all of the Palestinian Territories during the next 10 years. The development of Al-Reehan Neighborhood, which will be followed by similar development projects in other Palestinian governorates, is aimed at easing the housing crisis in the Palestinian Territories. The project, in partnership with local and regional partners, will develop a new residential neighborhood in the outskirts of the city of Ramallah. Buyers of housing units will have access to affordable mortgage loans. These loans will be offered by the Affordable Mortgage & Loan Company (AMAL) which has been launched by PIF in parallel to launching its affordable housing projects. The loans will allow Palestinian households from all income groups to buy homes with affordable monthly payments. Under the MOU of the 500 Million Mortgage program in 2008, the American Overseas Private Investment Corporation (OPIC) will provide 250 million dollars in financing for AMAL, while PIF and the IFC will provide 75 million dollars each. The Bank of Palestine will provide 75 million dollars in joint lending with the company, while the Palestine Mortgage & Housing Corporation (PMHC) will provide 15 million dollars. The UK Department for International Development (DFID) will provide 20 million dollars to support the program.

3. Loan Guarantee Program to Support Small and Medium-Sized Enterprises in the Palestinian Territories

PIF has worked to develop a loan guarantee program for Small and Medium sized Enterprises (SMEs) as part of its strategic policy to support the Palestinian national economy, enhance the role of the private sector in general and SMEs in particular, and implement PIF's vision in relation to social responsibility.

The loan guarantee program will be established through partnership among the Palestinian Investment Fund (PIF), the American Overseas Private Investment Corporation (OPIC), and the Aspen Institute. OPIC is a governmental organization working to develop and encourage investment in the private sector while the Aspen Institute is an international non-profit organization seeking to encourage open dialogue through the Middle East Investment Initiative (MEII). CHF has been chosen as a coordinating party for managing and supervising the program's implementation as well as coordinating the provision of technical assistance demanded by banks or borrowers. In cooperation with the guarantor parties, CHF will organize mechanisms and conditions for loan provision, the rights and obligations of each party, the mechanism of providing guarantees, and the choice of projects that may benefit from the program. PIF will provide US\$50 million in guarantees while OPIC will commit US\$110 million, which will be provided based on an agreement and a mechanism that guarantee loan repayments by SMEs. This implies that banks as the main strategic partner will be able to provide loans for SMEs with a value of US\$228 million over a 10-year period. Banks will also engage in agreements with PIF, OPIC, the Aspen Institute, and CHF.

A2.2 Fact Sheets of SME Development Projects in Support of JICA

A2.2.1 Functions Provided by BDS Organizations

The following Table summarizes major functions provided by BDS functions as both public and private institutions. These functions can be categorized into six groups and applied to the survey and analysis.

Table A 2.1 Supporting Measures by BDS Organizations

1. Management Capacity Development	2. Production Process
a. Owner and Manager Training (Successor)	a. Training on specific (factor) technologies in the technical center
b. Joint Operation by related companies (Collaboration, Merger and Joint Venture)	b. Technology Transfer overseas
c. Business Management Consultation	c. Advices on the facility modernization
d. Entrepreneurship Training/Incubation	d. In house technology training/Consultation
e. Others	e. Upgrade Capacity of R&D
	f. Joint R&D with academic and research institutions
	g. Others
3. Market Development	4. Financial Support
a. Product Development/Design improvement	a. SME support loans (long term loan)
b. Marketing Capacity Development	b. Equity Participation (Venture Capital)
c. Export Market Development (Market Development Tour)	c. Credit/Loan Guarantee
d. Joint Sales	d. Supplemental interest payment
e. Holding Trade Fair/Exhibition	e. Leasing of equipment and facility
f. Trade agency Service (Database, matching)	f. Others
g. Market Information	
h. Others	
5. HRD and HRM	6. Business Environment/Business Networking
a. Vocational and higher education/training	a. Development of Industrial Estate for locating companies
b. Technician education/training	b. Prompt inspection/accreditation
c. Engineer education/training	c. Rationalization of logistical system and logistics
d. Middle class (office, shop) education/training	d. ICT and network development
e. TOT training for technical institutions	e. Infrastructural Development
f. TOT for SME Consultants	f. Revitalization of business associations and chambers of commerce and industry
g. Others	g. Promotion of ISO accreditation

Source: JICA Study Team

Using the above categories, SME support projects conducted by Japan are summarized as Table A 2.2. Detailed contents of each project are described in A2.2.2.

Table A 2.2 Support Schemes to SME Development by Projects

Project name	Areas of Focus						Target	Local partners
	1. Management capacity development	2. Production/ process related	3. Market development	4. Financial support	5. HRD and HRM	6. Business environment/ business networking		
1) HRD for SMEs in Indonesia	✓				✓		SME counselors and SMEs	Committee for HRD of SME
2) Management Improvement for SME Cooperatives	✓						BDS providers, owners SME	BDS providers cooperating with the government
3) Management Improvement Project for SME in Industrial Sector	✓						SMEs	Research institutes and industrial standardization center
4) Trade Procedure Administration Improvement	✓					✓	Administrative officers	Coordinating Ministry of Economic Affairs
5) HRD in Trade Sector	✓					✓	Trainer of the center and traders	Indonesian Export Training Center
6) Regional Export Training and Promotion Center	✓		✓				Local SMEs and Export Training Centers	Regional Export Training and Promotion Center
7) Competition Policy Project	✓					✓	Administrative and judicial officers	Commission for the Supervisory of Business Competition
8) HRD for Small and Medium Industries	✓				✓		SME counselors and course trainers	Small and Medium Industries Development Corporation
9) HRD for DTI-SME Counselors	✓				✓		SME counselors	Department of Trade and Industry
10) Improvement of Packaging for Local Food Products		✓				✓	Packaging Research and Development Center	Packaging Research and Development Center
11) HRD for Supporting Industry for Automobile	✓					✓	Ministry of Industry, Thai Automobile Institute	Ministry of Industry, Thai Automobile Institute

Project name	Areas of Focus						Target	Local partners
	1. Management capacity development	2. Production/ process related	3. Market development	4. Financial support	5. HRD and HRM	6. Business environment/ business networking		
12) Cambodia-Japan Cooperation Center	✓				✓		Trainers and trainees of the Center	Cambodia-Japan Cooperation Center
13) One District One Product Project	✓		✓		✓		Officials in both central and regional levels, pilot producers	Central organizations (DPTP, ERIT)
14) Trade Promotion Project in Laos	✓		✓				Public officials and private companies	Department of Production and Trade Promotion
15) SME Technical Assistance Center	✓					✓	Trainers of the Center and SMEs	SME Technical Assistance Center
16) Business Sector HRD in Dalian	✓				✓		Trainers and trainees of the Center	HRD Center
17) Visionary Leaders for Manufacturing Program	✓						Program staffs and managers of manufacturing companies	National Manufacturing Competitiveness Council and Indian universities
18) SME Supporting Organization Strengthening	✓					✓	SME Development Agencies in two countries	SME Development Agencies in two countries
19) Organization of SME Mentor System	✓						Mentors, mentoring trainers, and SMEs	Agency for Development of SMEs
Two Step Loans				✓			SMEs	Banks in each country

A2.2.2 Support for SME Development by Japan

JICA (and former JBIC) has provided various kinds of assistance for SME development particularly to Asian countries. There is a large number of SMEs in these countries and SME development is a prioritized issue for them. Some countries as Thailand have succeeded in industrialization, and others like Cambodia are now on the way toward industrialization. In addition, cases in Europe (Serbia and Montenegro) are also referred. Through the past cases, basic supporting functions are summarized as JICA's options for SME development projects.

(1) Technical Assistance Projects

JICA has supported SME development in Asian countries as shown in the above Table and following list. One of the major functions is to organize and provide training programs targeting to both training course providers and SMEs. Counterparts, which are local agencies for SME development, are trained so that they can provide more beneficial opportunities as seminars, trainings, and consulting services. Japanese SME counseling system is promoted in many countries as a good experience of Japan.

Japan Cooperation Centers are characteristic projects by JICA. The centers were established in nine countries, which were in transition to market economy. The centers provide training courses on corporate management, entrepreneurship, Japanese language and so on in collaboration with Universities in each country. Construction of the centers as hardware is often supported by grant aid

Another function is development of business environment such as improvement of trade system, quality management system, and reform of institutional structure. These kinds of projects indirectly impact on SMEs, but are essential to make foundation for development of SMEs.

Although many good practices for SME development are observed, followings are considered as practical projects/programs to be referred for support to Palestinian companies.

Indonesia

SMEs play important role for the development of economic, especially from the viewpoint of creating employment opportunities. The Indonesian economic is basically characterized by SMEs that make up nearly 99.5 percent of the total number enterprises (as of 2000). The State Ministry of Cooperatives and SME was established in 1993 solely to support the development of SMEs. The government has introduced many models for promoting SMEs, including business incubators, business consulting clinics and technology centers.

JICA dispatched experts from 2000 and summarized a report on comprehensive SME promotion policy including promotion of supporting, export, and local industries, human resource development of SMEs, SME finance, and development of administrative environment for corporate activities.

1) Human Resource Development Project for Small and Medium-sized Enterprises (2005/10 ~ 2008/10)	
Background/ Purpose	Ministry of Industry and Trade provides training programs for SMEs through various agencies, but comprehensive structure for human resource development of SMEs has not been developed. Working group under SME human resource development committee is assisted by JICA experts and SME human resource development clinic is newly established. This project aims to effectively promote these activities including SME counseling.
Target	SME human resource development committee, working group and clinic
Key Functions	Management capacity development / Human resource development support <ul style="list-style-type: none"> Strengthening SME human resource development committee, working group and clinic in the Ministry of Industry

	<ul style="list-style-type: none"> Introducing and utilizing experiences in Japan and Thailand on SME counseling system Supporting institutional building of SME human resource development center and SME counseling system Implementing model course of counselor training Promotion of SME counseling system
Evaluation	N/A

2) Management Improvement for SME Cooperatives (2004/02 ~ 2009/03)

Background/ Purpose	<p>The government supports BDS providers to serve a certain cluster in a selected area. Under the new program, each BDS enters into a contractual partnership arrangement with the government to serve for three years; in exchange, the government provides start-up capital to a BDS provider that is paid back by servicing clusters nearby within a three-year period. The contracted BDS providers are required to attend consultation meetings with the government officers in charge at the field level and hand regular reports on their activities and the progress of the clusters.</p> <p>To improve the capacity of SMEs in business or financial management and other technical skills is very important in responding market competition. It is also very important to develop/improve BDS providers so that they can provide good services to SMEs, such as business consulting services, business and regulatory information, and information of financial funds, etc.</p>
Target	BDS providers, owners of SME
Key Functions	Management capacity development <ul style="list-style-type: none"> Implementing In Country Training Program: 2 courses (30 participants per course) in 15 provinces of Indonesia
Evaluation	N/A

3) Management Improvement Project for SME in Industrial Sector (2006/11 ~ 2007/01)

Background/ Purpose	This training course has been implemented initially as a part of Japan-ASEAN general human resource development plan in 1999 and later by Ministry of Industry and Trade. This project especially focuses on human resource development of SMEs in comprehensive SME promotion program.
Target	SMEs
Key Functions	Human resource development support <ul style="list-style-type: none"> Conducting domestic training course at research institutes and industrial standardization center under Ministry of Commerce and Ministry of Industry
Evaluation	N/A

4) Trade Procedure Administration Improvement Project (2006/01 ~ 2008/01)

Background/ Purpose	Indonesia needs to improve systems to relating to trade in order to promote trade and investment and strengthen competitiveness for recovery from economic crisis. JICA study on "metropolitan trade environment improvement plan" (2004-2005) clarified bottlenecks of trade process in Jakarta metropolitan and proposed policy improvement. This results and related promotional activities are focused by ministers and media. Improvement of efficiency at ports is one of the main issues and this project addresses the problem.
Target	Coordinating Ministry for Economic Affairs
Key Functions	Improvement of business environment / Management capacity development <ul style="list-style-type: none"> Improving procedures and system (making trade procedure rule book, electrification of procedures, providing information on laws and costs through internet, suggestion to monitoring structure, etc.) Administrative human resource development (making manual, domestic training, training in Japan) Cooperation with related organizations Introduction of trade procedure system in Japan Advice and suggestion to related Ministries Holding seminars in ports/airports of main cities
Evaluation	N/A

5) Human Resource Development in Trade Sector (1997/03 ~ 2002/02)

Background/ Purpose	Indonesia Export Training Center (IETC) was established on 1989 by Japanese grant. Technical cooperation was also provided in fields of trade training, business Japanese, export inspection and exhibition from September of 1988 to September of 1993. And follow up project was done from January of 1994 to September of 1995. These projects achieved technical transfer relating to four fields mentioned above. However, further human resource development for trade is required corresponding to increasing needs of trade facilitation in Indonesia.
Target	Ministry of Industry and Trade, Indonesia Export Training Center (IETC)
Key Functions	Human resource development support/Improvement of business environment <ul style="list-style-type: none"> • Training of course planners • Providing information to instructors • Providing trade information to outside
Evaluation (Term end)	Number of IETC's training courses and participants have increased. However, There are not enough opportunities for instructors to obtain more expertise and work experience. IETC and its training program are appreciated by private companies, but local consultants report that the contents are general and lacking in practical lessons. IETC gradually establishes its position as training institute, but has unstable factors as instructors' less experienced and practical application of IT to trade.

6) Regional Export Training and Promotion Center (2002/07 ~ 2006/06)

Background/ Purpose	Promotions of export and SME are focused area for Indonesian economic recovery from crisis. JICA has supported Indonesia Export Training Center (IETC) from 1988 to 2002 and improved IETC's capacity for trade training. However, the limited number of participants came from outside of Jakarta. For this reason, Indonesian government established Regional Export Training and Promotion Center (RETPC) in several cities to expand achievements of IETC to regional area.
Target	Regional Export Training and Promotion Center (RETPC)
Key Functions	Market development / Management capacity development <ul style="list-style-type: none"> • Training of trade procedures for SMEs in four RETPCs • Providing trade promotion services foreign market information and products exhibition • Advising IETC in Jakarta and RETPCs on how to provide trade information and promotion services
Evaluation (Term end)	Expected project goal is achieved, but it needs time to evaluate impacts on export promotion of SMEs. Sustainability will be achieved through more commitments from provincial governments, support from central agencies, services meeting SMEs' needs, and self-earning businesses.

7) Competition Policy Project (2004/07 ~ 2007/07)

Background/ Purpose	To progress market economy after economic crisis, Anti Monopoly Law was enacted on 1999 and Commission for the Supervisory of Business Competition was established on 2000 for the operation. It is essential to ensure fair competitive environment and make foundation of investment and trade for stable Indonesian economic recovery, but administrative functions is still weak to operate laws and regulations. This project contributes to easing of regulations and customer protection by supporting officials' knowledge on competition policy.
Target	Commission for the Supervisory of Business Competition
Key Functions	Improvement of business environment / Human resource development support <ul style="list-style-type: none"> • Guiding skills to properly handle cases of violation by introducing actual operation of laws in Japan and neighboring countries • Conducting seminars for relating administrative and judicial officers and private experts • Training in Japan • Supporting seminar program of competitiveness policy
Evaluation	N/A

Malaysia**8) Development of Human Resource for Small and Medium Industries (2006/05 ~ 2009/03)**

Background/ Purpose	<p>SME's in the manufacturing sector contributed 21.9% (RM68.8 billion) of total manufacturing output; 26.1% (RM14.2 billion) to value added and 32.5% (375,840) to employment. While the economy has rebounded, Malaysian SME's continue to face the same basic challenges and concern confronting them in both domestic as well as international market.</p> <p>Negotiations in the WTO and AFTA have led to intensified competition in both the export as well as domestic market. The basic issues faced by the SMEs that need to be addressed include, 1) Market access, 2) Access to financing, 3) Low level of technological capabilities, 4) Low level of R & D, 5) Shortage of skilled workforce, and 6) Access to information.</p> <p>The establishment of small and medium industries development Cooperation (SMIDEC) in 1996 was a recognition of the need for a specialized agency to further promote the development of small and medium enterprises in manufacturing sector through the provision of advisory services, fiscal and fiscal assistance facilities, market access, and other support programs. Reorganization of SMIDEC and the increasing number of staff in year 2002 indicates the importance of the development SMEs in the country's industrialization process. Therefore, SMIDEC's staff must be equipped with exposure, information and knowledge to carry out the task to development of SMEs in Malaysia.</p>
Target	Small and Medium Industries Development Corporation (SMIDEC)
Key Functions	Management capacity development / Human resource development support <ul style="list-style-type: none"> • Training for SME counselor • Training for trainers of SME counselor
Evaluation	N/A

The Philippines**9) Human Resource Development for DTI-SME Counselors Project (Introduction of SME counseling system) (2007/02 ~ 2010/01)**

Background/ Purpose	<p>Department of Trade and Industry – Bureau of Small and Medium Enterprise Development (DTI-BSMED) trains SME counselors with developed manuals at local SME centers in cooperation with the University of the Philippines Institute for Small Scale Industries (UP-ISSI). The training started from prioritized centers and would expand to other centers. Training materials would be updated and revised.</p> <p>In spite of the concrete actions, DTI does not have a comprehensive human resource development plan. There are also lots of problems in revision of training manuals. This project aims to facilitate BDS through training of SME counselors who can provide basic advice to SMEs in selected regions.</p>
Target	SME counselors in selected SME centers
Key Functions	Management capacity development / Human resource development support <ul style="list-style-type: none"> • Conducting trainings by present level of DTI-SME counselors in selected SME centers • On site training of planning, counseling and monitoring in selected industries by each center • Supporting DTI-SME counselors to hold counselor trainings for regional stakeholders by themselves
Evaluation	N/A

10) Improvement of Packaging for Local Food Products Project (2005/06 ~ 2009/06)

Background/ Purpose	<p>Food industry in the Philippines produces 47% of value added in the country. There are more than 50,000 companies in the industry and 99.6% (in number) of them are SMEs and 86.2% are located in local regions. Lack of packaging skills is one of the bottlenecks for these local SMEs to ship their products to market. It has constrained their market in limited areas, because their products look unattractive and go bad easily without appropriate package.</p> <p>Department of Science and Technology – Packaging Research and Development Center (DOST-PRDC) holds seminars and workshops for promotion of packaging technology and charged services as consultation and support for technology installation (development, inspection, design and introduction of packaging companies) directly to individual companies. PRDC is the only organization in the country to promote and support packaging technology and has conducted a number of activities as above nationwide.</p> <p>However, it is more needed to raise expertise for responding to customers' needs and to accelerate promotion in regional area. This project is formulated under such situation.</p>
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Target	Packaging Research and Development Center (PRDC)
Key Functions	Improvement of business environment/Improvement of production process <ul style="list-style-type: none"> Supporting formulation of PRDC annual plan Technical transfer of high barrier (half-dried foods), MAP (Modified Atmosphere Packaging), retort, transport package, label design and making digital printer Conducting research and development on making concept of customers
Evaluation (Mid-term)	Contents of seminars and consulting services have improved from conceptual ones to more practical. In view of introduction of planning and monitoring method, the output is not as significant as expected, because PRDC had obtained certain extent of management ability before the project. Technology transfer has been achieved in basic level and moved into the phase for practical application. Counterparts gain skill and knowledge of packaging and labeling and can apply those to request from their clients (SMEs).

Thailand

11) Human Resource Development Project for Supporting Industry for Automobile (2009/07 ~ 2011/03)

Background/ Purpose	<p>Since 2002, Japanese makers increase investments to Thailand for expanding production, training staffs and building R & D core. On the other hand, lack of quantity and quality of technical workers in supporting industries is a problem for expansion. Both assembly companies and Thai government concern human resource development of domestic suppliers. Thai Ministry of Industry especially aims to strengthen SMEs.</p> <p>This is a cooperation project of private and public sectors in Japan and Thailand to solve the problem above. This project strengthens and expands technical certification system and builds implementation structure of training. (JICA is supposed to provide experts of project management and instruments for training.)</p>
Target	Ministry of Industry, Thai Automobile Institute
Key Functions	Management capacity development / Improvement of business environment <ul style="list-style-type: none"> Strengthening and expanding of technical certification system Building implementation structure of training
Evaluation	N/A

Cambodia

12) Cambodia–Japan Cooperation Center (2004/04 ~ 2009/03)

Background/ Purpose	Cambodia makes effort to adopt market economy after peace accord in 1991, but institutional foundation is still vulnerable. Supports for human resource development and organizational/institutional building are needed as well as hardware. In particular, it is urgent to develop systems and human resources for market economy.
Target	Trainers and trainees of Cambodia–Japan Cooperation Center
Key Functions	Human resource development support <ul style="list-style-type: none"> Providing training courses to enhance skills on business management and market economy (seminar series, practical entrepreneurship course and corporate management course) Providing Japanese language course and relevant educational support (promotion of study in Japan, certification of Japanese language, publication)
Evaluation (Mid-term)	This project will be more successful if cooperation is built with Royal University of Phnom Penh in providing or training of lecturers for new courses. However, a few numbers of Japanese companies might be a disincentive to learn Japanese management system and language.

Japanese Cooperation Centers are also established to develop human resources for market economy in the following countries: Vietnam, Laos, Mongolia, Uzbekistan, Kyrgyz, Kazakhstan, Ukraine, and China

Laos

13) One District One Product Project in Savanakhath and Salavang (2008/12 ~ 2011/12)

Background/ Purpose	Lao villages fail to exploit their potential for improvement of lives because of quality of products or problems of market. Lao government strongly requested JICA to support One District One Product (ODOP) in Macroeconomic Policy Support Project (MAPS, 2003–2005). ODOP was considered as an option to stimulate local industries and improve rural lives. The government needs to learn Japanese experience and know-how to promote ODOP meeting to socio-economic conditions of Laos.
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Target	<ul style="list-style-type: none"> • Department of Production and Trade Promotion (DPTP), • Economic Research Institute for Trade (ERIT), • Officials in provincial and district levels (e.g. Department of Industry and Commerce: DIC), and • Pilot producers
Key Functions	Management capacity development/Human resource development support/Market development <ul style="list-style-type: none"> • Training of ODOP officials in the central level (DPTP and ERIT) • Training of provincial and district officials by DPTP and ERIT • Training of pilot producers to promote understanding of ODOP by provincial DICs • Supporting implementation of ODOP for pilot producers such as organization, market development, financing, and exhibition by provincial DICs • Supporting market development to neighboring countries
Evaluation	N/A

14) Trade Promotion Project (2009/03 ~ 2012/03)

Background/ Purpose	<p>In order to grow out of Least among Less Developed Countries (LLDC) by 2020, the Lao government accelerates economic integration with ASEAN countries under progress of AFTA, and develops domestic legal frameworks for trade facilitation with support from international donors aiming to affiliation to WTO. Though export amount increases recently, 83% of it is export of natural resources including energy and only 16% is export of industrial products. And most of them are light industrial products such as textile and hand crafts.</p> <p>It is required to make the most of potential of East-West Economic Corridor by creating and marketing of more competitive industrial products by domestic companies, attracting investments, and formulating trade promotion policies. However, Ministry of Industry and Commerce (MoIC) is a new organization since reorganization in 2006. And Department of Production and Trade Promotion (DPTP), in charge of trade promotion policy under MoIC, cannot achieve expected performance due to lacking in capacity of policy making, marketing information, and capacity of staffs.</p>
Target	Ministry of Industry and Commerce (MoIC), Department of Production and Trade Promotion (DPTP)
Key Functions	Management capacity development / Market development <ul style="list-style-type: none"> • Implementing activities for capacity building of DPTP officials (OJT, seminar and workshop) • Implementing activities for capacity building of private sector based on the needs • Providing information effectively by using various media (e.g. newsletter, company directory, product catalog, web site, library, show room, etc.) • Supporting companies for trade fair and exhibition (including consulting and supporting negotiation)
Evaluation	N/A

Vietnam

15) SME Technical Assistance Center Project (2006/08 ~ 2006/08)

Background/ Purpose	<p>Vietnam promotes industrialization and modernization under “7th Five Years Plan” and “Ten Years Strategy by 2010”. GDP steadily growth (7.7% growth in 2004) but further improvement of business environment and enhancing international competitiveness are required in line with effect of AFTA and affiliation to WTO.</p> <p>Under the situation, Vietnamese government prioritizes to attract foreign manufactures and develop local SMEs as suppliers. However, supporting system for SMEs is insufficient in Vietnam, and it is difficult for local SMEs to access technical information and opportunities for product development and quality control.</p>
Target	SME Technical Assistance Center Hanoi (TAC Hanoi)
Key Functions	Management capacity development/Improvement of business environment and network <ul style="list-style-type: none"> • Conducting training program for technical staffs in TAC Hanoi • Visiting and coaching SMEs by TAC Hanoi staffs • Building management system for industrial information and providing information through web site and published materials • Organizing network for SME promotion and holding seminars and forums through the network

Evaluation (Term end)	Services of TAC Hanoi gain a certain number of users and high level of satisfaction. Although the impact is still limited at the end of project, companies received services from TAC has begun applying learned knowledge and know-how to their actual management. It is sustainable to certain extent in terms of technology, but the institutional structure is a remained issue for Ministry of Planning and Investment and Agency for SME Development to achieve sustainability of the project.
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China

16) Business Sector Human Resource Development Project in Dalian (2006/03 ~ 2010/03)

Background/ Purpose	Dalian Human Resource Development Center was built by Japanese grant for training of corporate management, production management, software development and process management. Technical assistance was also requested. The center is a public educational organization cooperated by universities in Dalian and provides training courses. The center aims to contribute to economic development around Dalian city through enhancing ability of employees in Japanese companies or related Chinese companies and future employees of those companies.
Target	Trainers and trainees of Human Resource Developments Center
Key Functions	Management capacity development / Human resource development support <ul style="list-style-type: none"> Planning and implementing training courses and seminars of software development and process management, corporate management, production management and Japanese language for business Technical transfer for course management to respond to companies' needs
Evaluation (Mid-term)	Though operational environment changed, management of training course and networking were achieved almost as initial plan. However, higher sustainability should be achieved through further improvement by clarifying focus point and target level. Close communication is needed for project management in complicated implement structure.

India

17) Visionary Leaders for Manufacturing Program (2009/07 ~ 2011/03)

Background/ Purpose	<p>Strengthening of manufacturing sector is priority for growth of India, because potential employment of agricultural sector and IT sector is limited. The Indian government works on "strengthening competitiveness in manufacturing sector" especially focusing on clustering of garment/textile, food/agro-products, leather/shoes, and IT hardware/electronics industries.</p> <p>The Indian National Manufacturing Competitiveness Council (NMCC) promotes technical improvement program and has launched Visionary Leaders for Manufacturing (VLFM) Program. JICA has sent experts to the Indian Institute of Technology for building implementation structure and curriculum of the program. Indian side planned to start four courses organized by NMCC, Indian Institute of Technology and Institute of India Management from August 2007, targeting various levels of managers in Indian manufacturing companies (including SMEs).</p> <p>This project aims to improve effectiveness of the VLFM program.</p>
Target	Program staffs and managers of manufacturing companies
Key Functions	Management capacity building <ul style="list-style-type: none"> Developing training curriculum, materials and staffs for implementation of the program Organizing and utilizing a network among participants
Evaluation	N/A

Serbia and Montenegro

After the political power collapses of Milosevic 2000, the Serbia and the Montenegro, has been moving forward with privatization and economic restructure to restore. The promotion of the market-oriented economic reform and the job creation has become necessary and indispensable to both governments of Serbia and Montenegro.

18) SME Supporting Organization Strengthening Project (2006/06 ~ 2007/07)

Background/ Purpose	Both governments are lack in experience and know-how of administrative support to private sector. In this regard, it is requested to develop capacity of agencies for SME development and their regional center as actual service providers.
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Target	Republic Agency for the Development of Small and Medium-Sized Enterprises and Entrepreneurship (Serbia), Small and Medium Size Enterprise Development Agency (Montenegro), and regional centers of these agencies
Key Functions	Management capacity development / Improvement of business environment <ul style="list-style-type: none"> • Implementing model corporate diagnosis and training • Planning incubator development • Generalizing counseling services (individual and general counseling on finance, technology, management, market, starting business, etc.) • Improving customers' service as One Stop Shop
Evaluation (Term end)	Officials in both countries learned know-how on counseling and consulting through seminars and texts provided from experts. Number of participants in seminar and counseling after seminar increased with higher satisfaction. One of the reasons is that contents were modified flexibly reflecting to actual situations of participant companies. On the other hand, constraints on service expansion by the Serb regional center might be bottleneck, because its accounting system is self-supporting.

Serbia

19) Organization of SME Mentor System Project (2008/08 ~ 2011/08)

Background/ Purpose	<p>SMEs occupy 99% in number of registered companies, so development of SMEs is quite important for the governments. SMEs have problem such as access to potential market and financing, though the government works on strengthening international competitiveness of SME sector to expand export through setting new national agency and strategy for SME development.</p> <p>JICA project from 2006 improved skills of officials in regional centers and transferred management approach. In order to utilize these skills as actual advisory services, it is important to more organize mentor system and steadily establish it. Mentor system can provide hands-on advices on site by actively visiting companies and is highly appreciated by the Serb government.</p>
Target	Agency for the Development of Small and Medium-Sized Enterprises and Entrepreneurship
Key Functions	Management capacity development <ul style="list-style-type: none"> • Training of mentor and mentor trainer (teaching counseling method and skills) • Implementation of mentoring • Developing counseling database
Evaluation	N/A

Table A 2.3 Projects for Improvement of Business Environment

Country	Project Name	Period
Indonesia	Improvement of Industrial Property Project	2005/02 ~ 2007/07
Malaysia	Administrative Capacity Development Project on Intellectual Asset	2007/06 ~ 2010/05
	Economic Indicator Improvement Project	2004/10 ~ 2006/09
The Philippines	Standards and Conformity Assessment Program Project	2005/10 ~ 2008/09
	Modernization of Industrial Property Administration	1999/09 ~ 2003/05
	Project on Electrical and Electronics Appliances	1999/04 ~ 2003/03
Thailand	Improvement of Testing Ability of Electrical and Electronics Institute Project	2006/01 ~ 2007/03
	Improvement of Certification Ability of Electrical and Electronics Institute Project	2007/10 ~ 2009/10
	Institution and Human Resource Development Project in Science Technology Sector	2006/10 ~ 2009/03
	National Institute of Metrology Project	2004/10 ~ 2008/10
Vietnam	Utilization Information on Intellectual Asset Project	2005/01 ~ 2009/03
	Modernization of Industrial Property Administration Project	2000/04 ~ 2004/06
China	Protection of Intellectual Asset Project	2005/10 ~ 2010/09
	Standardization and Assessment Project	2005/04 ~ 2007/03

Source: JICA Knowledge Site (<http://gwweb.jica.go.jp/km/>)

(2) Loans

In addition to technical assistance, Yen loans have been provided to financially support SMEs. For instance, IFCT loan in Thailand is two steps loan program to provide low-interest, long-term loans to export oriented SMEs via Industrial Finance Corporation of Thailand (IFCT). This loan program enabled SMEs to invest in new facilities and expand production/sales and employment. Thus, ODA loan contributed to SME development of the country in the first half of 1990s.

Table A 2.4 Japanese Loan for SME Development

Title	Contract Date	Loan Amount (Million JPY)	Implementation Bodies
Indonesia			
Loan for Small Enterprises	1989/11/7	2,441	Bank Indonesia
Thailand			
Export Industry Modernization Program (IFCT Loan)	1985/10/4	4,059	Industrial Finance Corporation of Thailand
IFCT Loan (II)	1987/9/21	3,500	-
IFCT Loan (III)	1990/2/20	4,000	-
Small Enterprises Promotion Plan	1987/9/21	1,500	Industrial Finance Corporation of Thailand
Small Enterprises Promotion Plan (II)	1990/2/20	1,000	-
Small Enterprises Promotion Plan	1997/9/30	3,508	Small Industries Finance Corporation
Industrial Sector Strengthening Plan	1998/9/30	12,094	Industrial Finance Corporation of Thailand
The Philippines			
Export Industry Modernization Program	1980/6/20	5,400	Technology Resource Center
Export Industry Modernization Program (II)	1988/1/27	6,015	-
Expansion of Industry and Supporting Industry Program	1994/12/20	22,500	Development Bank of Philippines
Expansion of Industry and Supporting Industry Program (II)	1999/12/28	35,350	-
Vietnam			
SME Support Program	1999/3/30	4,000	State Bank of Vietnam
SME Support Program (II)	2005/3/31	6,146	-
Malaysia			
SME Development Program	1992/5/28	4,660	Development Bank of Malaysia
SME Development Program	1992/5/28	4,660	Malaysia Industrial Bank
SME Development Program	1992/5/28	4,660	Industrial Development Bank of Malaysia
SME Development Fund	1999/3/4	16,296	3 banks above

Source: JICA web site (http://www.jica.go.jp/activities/schemes/finance_co/index.html)

A2.3 Fair Trade Development in the Palestinian Territories and JAIP

A2.3.1 Introduction

For supplementing the main text, Section 2.5, to present the survey results of the current Fair Trade Development situation in the Palestinian Territories in line with the global trend, and implications and suggestions to the JAIP, this appendix is prepared. The major findings and analysis are based on the followings.

- *Interviews and Surveys* – Interviewed primary FT stakeholders; designed and implemented a field survey in the Palestinian Territories and Europe. Completed 70 general interviews and surveys in the Palestinian Territories and 48 surveys in London and the Netherlands (Amsterdam, Amersfoort, Rotterdam, Utrecht), followed by surveys in the US and research on the Japanese market.
- *Fair Trade Framework* – desk top survey for the Fair Trade practices. Both global and Palestinian frameworks and organizational structures were analyzed, as well as problems and opportunities related to product development, distribution, marketing & promotion, pricing, and human resource development.
- *Fair Trade Best Practices in Other Countries* – the mission in October to the Euro Fair Trade conference in Lyon, France, attending the lectures on Best Practices and surveying FT stakeholders and producer groups. (There is no Fair Trade BPs to follow in the Middle East, as FT is in its infancy, although Lebanon appears to be well organized.)
- *Opportunities for New Export FT Products* – In order to increase economic opportunities, new FT products were analyzed and discussed with producers and buyers, and those recommendations are part of this report.
- *Workshop* – The team held a Fair Trade workshop in Ramallah with approximately 50 stakeholders – government, exporters, producers, NGOs, etc. - all along the value chain to discuss market opportunities and market obstacles, as well as the survey findings.

A2.3.2 Global Fair Trade

The Palestinian Territories is one of 58 countries/regions where Fair Trade operates. Global sales in 2008 were 2.9 billion Euros. The largest Fair Trade buyers are in Europe, particularly the UK where 2008 sales were 678 million Euros. Fair Trade practices have become common in Europe and 50% of UK residents can identify the Fair Trade market.

The US is a huge Fair Trade market due to its sheer size with \$730 million in sales in 2008. Fair Trade recognition is lower in the U.S. than in Europe, but market share is steadily growing, particularly on the East and West Coasts, with sales increasing by 50% annually. Fair Trade is closely linked to organics, and the US is the world's largest organic market. Growing markets include Scandinavia, Australia, New Zealand, and Canada.

Japan is a large buyer of organic products with JAS certification, and the market for imported organic olive oil is increasing. However, Japan is not a major buyer of Fair Trade products. There is a general lack of awareness of the meaning of Fair Trade, and there are few distribution channels, including retail and internet venues. Whether food or handicrafts, Japan's interest is in high quality products, and high quality packaging and design, with limited interest in Fair Tourism.

(1) Defining Fair Trade (FT)

A common definition is: “Fair Trade is about economic, social, and environmental responsibility... it means paying producers enough to cover the cost of sustainable production plus the value of their work (salary, wages related to market conditions) to enable them to develop themselves, their families, and their communities... (Source: *TradeForum.org/Paola Ghillani, former head of Max Havelaar Switzerland, and former President of the Fair Trade Labeling Organization*).

(2) The Global FT Network

The Fair Trade organizational network is extensive, confusing and somewhat complicated. The network includes producers (farmers, crafters, etc.) and supporting producer organizations, processors, traders/exporters, importers such as wholesale buyers, and retail buyers. In order to be called ‘Fair Trade,’ members of this network pay annual membership fees to either the World Fair Trade Organization (WFTO) or the Fair Trade Federation (FTF), which evaluate organizations for their commitment to Fair Trade. Each coop, organization, or company undergoes a rigorous screening process, and if approved members can display the FTF logo on materials connected to their products and businesses.

(3) History of FT

Fair Trade traces its routes to Edna Ruth Byler, a volunteer for the Mennonite Central Committee in Pennsylvania, US, who in 1946 visited a sewing class in Puerto Rico. Her work to ease their poverty through sales of lace in the US grew into Ten Thousand Villages, established in 1958 and now the largest Fair Trade retailer in North America. In 1949, another organization, Sales Exchange for Refugee Rehabilitation and Vocation, now called SERRV International, began as a church related organization importing wooden cuckoo clocks from Germany to help Europe recover from WW II.

In 1967, Oxfam UK started to sell crafts made by Chinese refugees, and the Netherlands created an importing organization, Fair Trade Organisatie. In 1968, UNCTAD gave Fair Trade a sizeable boost by promoting a ‘Trade Not Aid’ motto at its conference.

However, FT sales did not really soar until 1988, when Max Havelaar of the Netherlands began a labeling system for coffee - the first FT agricultural product – opening up a wide array of producer opportunities with other agricultural products over the years. Prior to labelling initiatives, FT products were sold primarily in charity shops, operated by alternative trading organizations such as Oxfam and Traidcraft. When FT products were offered in large distribution channels where consumers normally shop, sales soared. (Source: *EticaFairTrade.com*)

(4) FT Standards

National labelling organizations were set up in European countries and North America, including “Max Havelaar” (Belgium, Switzerland, Denmark, Norway and France), “Transfair” (Germany, Austria, Luxembourg, Italy, the United States, Canada and Japan), “Fairtrade Mark” (UK and Ireland), and “Rättvisemärkt” (Sweden).

But there were still no global standards. In 1994, the “Labelling Initiatives” converged, culminating in 1997 in the creation of Fairtrade Labelling Organizations International (FLO). Located in Bonn, Germany, FLO is an umbrella organization whose mission is to set the Fairtrade standards, support, inspect and certify disadvantaged producers. In 2002, FLO launched a new International Fairtrade Certification Mark, effectively replacing most previous Max Havelaar and TransFair certification marks. The goals of the launch were to improve the

visibility of the Mark on supermarket shelves, facilitate cross border trade, and simplify export procedures for both producers and exporters. Today, all but two Labelling Initiatives, namely TransFair USA and TransFair Canada, have adopted the new mark. These two organizations currently use the Fair Trade Certified Mark.

In January 2004, FLO was divided into two independent organizations: FLO International, which sets Fairtrade standards and provides producer business support, and FLO-CERT, which inspects and certifies producer organizations. The split was to ensure impartiality and independence of the certification process and compliance with ISO 65 standards for product certification bodies.

Under the FLO standards, in order to be certified Producers or Producer Groups (either an association or coop of farmers or a company) must meet social, economic and environmental standards, including the provision of safe working conditions and encouraging continuous improvements to farmers' groups and coops. Once FLO certified, producers are added to the Fair Trade product register and registered companies can buy from them under Fair Trade terms.

There are numerous FLO product categories or standards, many of which could apply to Palestinian products. The list includes: bananas, honey, oranges, cocoa, coffee, tea, cotton, dried fruits and vegetables, dried vegetables, juices, nuts, olive oil, oil seeds, quinoa, rice, herbs and spices, sugar, wine, and flowers. As the economic crisis impacts more and more farmers, there was pressure on FLO to expand the range of approved herbs and spices within the product category, which they did in July of 2009. As a result, Fair Trade certified farmers will be able to offer ANY type of seed, root, flower, or leaf that meets the definition of herb or spice. This is very good news for Palestinian farmers and also good news for consumers, who can expect an increase in the range of herbs and spices found on the market.

(5) No Certification of Handicrafts

The Fair Trade Certification model was designed for commodity products and has not yet been adapted to handicrafts and other products made by small-scale artisans, which are unique and have highly varied production processes and costs. There are no labels or logos that identify FT handicrafts. However, there are many importers and retailers that do adhere to general fair trade principals, including establishing direct, long-term relationships with suppliers, paying fair prices, and assuring safe working conditions. The Fair Trade Federation (FTF) and the World Fair Trade Organization (WFTO) are responsible for auditing FT member handicraft producers and companies that sell FT products, in exchange for members being given permission to display their logos.

The Fairtrade Labelling Organizations International (FLO) and WFTO have been working together over the past few years to integrate their systems more closely. Ideally, this would enable certification of handicrafts in the future. In addition, World of Good Development Organization is developing a pricing tool for fair trade crafts that could contribute to solving some of the technical obstacles to certification. (*Source: Eticafairtrade.com*)

(6) FT Pricing

Traders or exporter must pay the producer the Fairtrade Minimum Price and the price should cover the cost of sustainable production. It is intended to provide stable pricing and a fair living wage. (When the market price is higher, the market price is payable.) Traders should also pay a Fair Trade Premium or additional money to producers to invest in community development. This premium is to be decided democratically by a committee of producers. Traders should partially pay in advance when producers request it, and should sign contracts that allow for

long-term planning (*Source: Maxhavelaar Foundation web site*). Both producers and buyers agree to support human rights, particularly those of women, children, and those with disabilities.

Some Fair Trade purchasing is based on a business model and involves large supermarkets and high levels of quality under commercial conditions, while other Fair Trade buying is more charitable in nature and involves churches and schools. All share the goal of addressing the injustices of conventional trade. For example, Fair Trade Certified coffees and chocolates are generally priced competitively with other gourmet coffees and chocolates, but they are more expensive than mass-produced coffees and chocolates. Fair Trade Certified bananas, on the other hand, can cost much more than conventional bananas because small cooperatives lack the shipping and logistical capabilities of vertically-integrated, multinational fruit companies and incur higher costs to transport their products to market. Furthermore, the same Fair Trade Certified product can have different prices in different retailers across the country. (*Source: Transfair USA*)

(7) Organics Production and Fair Trade (FT)

Fair Trade standards require sustainable farming techniques and offer price premiums for organic production, but FT certification does not guarantee that a product was organically grown. However, FT farmers are more likely to use traditional growing methods rather than expensive agrochemicals, and producer groups frequently use FT revenues to train members in environmentally sustainable farming practices and to finance the cost of organic certification. Thus, FT and organic certification often go hand in hand. For example, over 60% of FT Certified coffee in the U.S. is also certified organic. Unfortunately, there is still considerable variation between certification bodies in the USA and Europe. Europe recently banned a USA organic certificate for over a year. (*Source: EqualExchange.co.uk*)

(Photo is of the only organic cotton being produced in the Palestinian Territories by the Arja Textile Factory in Beit Jala; the owner is interested in exploring how his production could become part of Palestinian FT movement.)



(8) Sales of FT Products

During the past decade, Fair Trade has gained momentum on an international scale, and the range of FT certified products has increased tremendously. The majority of FT sales in Europe is attributed to food, and less than 10% is attributed to handicrafts which are primarily sold through 3000 FT shops ('Worldshop' in the Netherlands has 85% name recognition amongst the Dutch). While sales of food are growing very rapidly, sales of luxury handicrafts are growing, but sales of lower quality handicrafts are declining. An EFTA study showed a Euro gift market of billions of Euros, yet FT products are taking only a small percentage. (*Source: WFTO Europe.com*) The Study Team believes that the challenge is for all Fair Trade products to be development driven and to support as many artisans as possible, but at the same time to develop

quality of design and production standards for handicrafts. Unlike in the past, when Fair Trade was closely linked to charitable buying and product design was less of an issue, Fair Trade of the future will be sustainable through good business practices and competitive design, including the stronger capability of producers and exporters to deal on the international market. Already producer groups in Asia, Africa and Central America are becoming more competitive, and Fair Trade buyers include larger, sophisticated commercial wholesalers and retailers.

In 2008, according to a survey in 15 countries, consumers spent an estimated 2.9 billion Euros on Fair Trade products, and sales grew by an estimated 50% in at least seven countries, including Sweden (75%), Norway (73%), Australia and New Zealand (72%), Canada (67%), Finland (57%), and Germany (50%) (*Source: www.fairtrade.net, 'New Fairtrade Herbs and Spices Standards Open Doors to Thousands of Struggling Farmers, July 23, 2009*). In 2008, Fair trade certified sales amounted to approximately €2.9 billion (US\$4.08 billion) worldwide, a 22% year-to-year increase.^[1] Sales are further expected to grow significantly in the coming years: according to the 2005 Just-Food Global Market Review, Fairtrade sales should reach US\$9 billion in 2012 and US\$20–25 billion by 2020. According to the Fairtrade Foundation, UK sales of products with the FT logo were worth 700 million British pounds in 2008 (*Traidcraft Annual Review 2009*).

Table A 2.5
Retail Value
Global Fairtrade Sales

Year	Sales Value
2008	€ 900 000 000
2007	€ 381 000 000
2006	€ 623 000 000
2005	€ 141 570 191
2004	€ 31 523 066
2003	€ 54 766 710
2002	€ 300 000 000
2001	€ 248 000 000
2000	€ 20 000 000

Source: FLO, 2009

(9) Global Best Practices & Policies Impacting FT

On the FT producer side, there are no FT BPs to emulate in the Middle East, but there are BPs with regard to NGO and private sector handicraft production in Lebanon and Jordan that could be emulated – handicrafts produced by women's groups (perhaps under FT conditions but not labeled FT) are much better designed, displayed, and integrated into the tourism route.

In Laos, the FT handicrafts network is quite strong, and they are working together to display at international trade fairs and to raise the level of quality of all their products, so that they are jointly competitive. There are FT groups in Central America and South Africa that are particularly adept at global networking and web based marketing.

On the FT buyer side, there are BPs that could be utilized by Palestinians:

- National Platforms and Policies
- Procurement Practices.

For example, the government in the UK recently committed to supporting FT through its procurement policies, i.e., the Office for Government Commerce published guidance on how governmental departments can support FT through public procurement, consistent with EU procurement directives. In addition, the UK in October of 2009, as part of an international donor consortium with DFID, authorized 12 million pounds over the next four years in support of Fair Trade. Working with FLO, the goal is to increase by 100% the number of farmers in the FT system (to 2.2 million) with sales of 9.8 billion Euros by 2014. This policy has a particular emphasis on supporting the Palestinian Territories as a conflict zone.

The EU passed a policy in 2009 not to import any products made in Israeli settlements. Since all Israeli dates are grown in settlements, this could open up a new market to Palestinian date producers.

In France, a Fair Trade platform has been produced as a public private partnership, and it is very strong in coordinating all stakeholders' support for and involvement in Fair Trade. In addition, the French Credit Cooperatif is supporting FT and solidarite by financing assistance to develop FT activities. The French non-profit, Equisol, is promoting FT public awareness activities and working with public authorities to set up FT procurement policies. The City of Grenoble, which is involved with the Bethlehem Industrial Estate, is supporting FT education in 30 schools.

A2.3.3 Fair Trade Agriculture/Olive Oil

For purposes of this study, which attempts to encourage the growth of SMEs involved in Fair Trade through diversified product development and increased exports, the concept of a 'Fair Triangle' is used. The Triangle includes three points of analysis: Food, Handicrafts, and Tourism.

With regard to the Palestinian Territories, it is clear that the Fair Trade system benefits stakeholders in three ways:

- by providing a platform for higher pricing and larger quantities of exports, particularly food related products that result in additional income to producers and exporters,
- by reducing isolation and increasing local awareness of the importance of quality standards throughout the value chain, ultimately resulting in a more competitive and stronger economy,
- by raising global awareness of the impacts of the occupation on Palestinian producers through internet links to international organizations, which results in incoming Fair Tours and direct spending in local communities. (*"...a vehicle to connect to the outside world."* N. Abu-Farha)

It is difficult to assess the number of people involved in Fair Trade in the Palestinian Territories, as there is very little data collection and no official or organizational statistics. According to PalTrade, 100,000 families depend upon olive oil production in general. It is impossible to know the exact number of families involved in FT olive oil, but the number is definitely increasing. The number of handicraft producers who benefit from Fair Trade is unclear, but appears to perhaps be shrinking rather than expanding. Regardless, Fair Trade is a vital source of income to Palestinian families, particularly olive oil production, albeit perhaps a secondary and not primary source of income.

(1) Fair Trade Olive Oil

The most competitive Fair Trade product at this time is olive oil. Olives are a five thousand year old symbol of Palestinian resiliency and attachment to their land. Due to the soil and climate, the Palestinian Territories produces some of the finest olive oil in the world, including premium quality extra virgin with low acidity levels. About 93% of the olive harvest is used to make olive oil, and most of that oil is classified as ordinary virgin oil. There is an opportunity to produce increasing amounts of organic and extra virgin with higher value in the export market. It is estimated that Palestinian olive trees have the potential to produce up to 35,000 tons of oil. As a comparison, Spain, Greece and Italy are the world's largest olive oil producers with 2.4 million tons annually. (Source: *Sindyanna.com*, July 2009)

The production process is relatively straightforward. Olives are hand-picked to maintain quality, pressed for oil, poured into temperature controlled stainless steel tanks, tested, taken to a bottling facility, transferred to larger stainless steel storage, re-tested for quality control, filtered, bottled in either glass or tin cans, labeled, and exported. Although we could not obtain an exact list, there are purportedly 277-285 olive presses functioning near Palestinian olive oil fields,

most of which are in the Jenin and Tulkarm areas, followed by Quqilyah, Nablus and Ramallah. (There is no production in the Jordan Valley, as the weather is too hot for olive trees.)

Planting has dramatically increased in an attempt to protect land from expropriation for Israeli settlements. Also, Palestinians have an increased knowledge of nursery production, greenhouses, and the importance of food security. (*Source: For the Palestinian Fairly Traded Olive Oil, FTDC, Bethlehem University, 2008*). In 1970, only 520,000 dunums were planted with olive trees. Now approximately 900,000 dunums are planted with 10–12 million olive trees, more than 40% of the cultivated land area of the West Bank and Gaza (*Source: The National Company for Agro-Industries-Zayt, www.zaytps.com and brochure*). PalTrade has indicated that 450,000 of those trees were destroyed by Israel from 2000–2005.

Unfortunately, although olive oil remains a staple of the Palestinian diet and of traditional medicine and cosmetics, domestic consumption has been decreasing, as less expensive and well marketed other oil products (corn, soy, sunflower, etc.) are easily obtainable at grocery stores and supermarkets. One source said that Palestinian consumption of domestic olive oil is the lowest in the Mediterranean region. Some of those cheaper oils are imported from Israel, so domestic support is going to the Israeli economy at the expense of the Palestinian economy. In the past two decades consumption has dropped by about two-thirds from 10 km/per capita per annum to less than 4 km (*Source: PalTrade 2005*). Most local consumers buy their olive oil in plastic containers or metal tins from farmers (often family members), wholesalers, and olive oil merchants. The Study Team recommended a public awareness campaign to encourage buying local products, and were told that it is on-going, although the campaign was not visible – if it isn't very active, it should be strengthened.

(2) Palestinian Fair Trade Olive Oil Stakeholders

The first olive oil in the world to carry the Fairtrade mark was launched on February 23, 2009, at a Co-op store in London, and it was produced by the Palestinian Fair Trade Association (PFTA), and exported to the UK by Canaan to Zaytoun, as described below. Palestinian FLO certified olive oil is less than one year old, and many producer coops were visited and analyzed by FLO in October, 2009, and are in the process of being FLO certified.

Primary players include the following **Producer/Exporter Groups**. The producers or farmer coops grow and supply the olives, and the distributors/exporters help farmers to develop their production capacity and quality control, storage facilities and bottling plants, grading, packaging exporting, marketing, and constantly updating market data and policy information.

(Note: Some of the names used by FT groups in the Palestinian Territories are confusing. For example, a name such as Palestine Fair Trade Association might normally mean a group of FT participants throughout the Palestinian Territories, but its meaning is quite different as detailed below. The Fair Trade Development Centre might also indicate a more comprehensive approach, but it is limited to a handful of NGO stakeholders. Arabic translations also result in branding confusion in the international market – Zaytoun, Zaytouna, Jabal Al- Zaytoun, etc. In the future, this might be a topic of interest to the growing FT movement, particularly because of the importance of communications and branding on the global market.)

Palestine Fair Trade Association (PFTA) and Canaan Fair Trade (CFT)

The PFTA, located in Jenin, is an association of FT exporters, FT processors, and union and coop producer groups. The coops include 40 small farmers coops and also a few womens cous coops and crafters coops. The membership totals 1,700 and is dispersed amongst coops – mostly in the Jenin area but also in Nablus, Arura, near Ramallah, and Salfite. A total of 3,600 hectares of land is owned by PFTA members. Partnering with Canaan Fair Trade, the PFTA

developed specific FT guidelines for their products, all of which are exported to Europe, North America and Japan including extra virgin and organic olive oil, green and black olives, olive oil soap, almonds, almond oil, jojoba oil, honey, couscous, sun dried tomatoes, bourghul wheat, tahini, capers, and zaatar. They are working on guidelines for their handicrafts producers (pottery, glass, embroidery, wood carvings, etc.). In order to increase export value, PFTA has converted a number of their coops into certified organic operations, under IMO standards. By 2008 over 800 farmers were certified organic producers.

PFTA's exporter is Canaan Fair Trade, located just outside Jenin in Berqin, a private company created in 2004 by Nasser Abufarha (canaanfairtrade.com). Canaan is a certified member of the Fair Trade Federation and TransFair USA. CFT purchases olives from all of PFTA's coops and collectives of farmers. The coops are all Fair Trade members and certified for social accountability under IMO's Fair for Life certification, but only eight coops representing 299 farmers are FLO certified as of September, 2009. (Others might be in process for FLO.)

As a Fair Trade company, Canaan guarantees farmers a 10% Fair Trade premium above the market price and a 10% organic premium above the market. Specifically, Canaan returns 1% of its purchases from a co-op to the respective producing co-op committee for community projects. In addition, 1% of the sum of its purchases from all the co-ops is returned to the PFTA for its general programs to support community development projects, including the Trees for Life program that distributes seedlings to small farmers (40,000 trees planted to date), a micro-loan project that increases women coops/access to business opportunities (\$25,000 raised to date from communities abroad), and the Canaan Scholarship Fund that awards full tuition higher education scholarships to children of farmers (\$20,000 of annual contributions).

Canaan is working with FLO to develop FT standards for fresh vegetables, in order to begin exports in November of 2011 (eggplant, zucchini, red orange and yellow peppers, cucumbers, squash, beets, turnips, herbs, and perhaps artichokes). Canaan intends to work with 1,000 farmers in the villages near Jenin including Al Jalama, Arranah, Kufor Dan, Berqin, Aaba, Jalqamous), as well as farmers in the Jordan Valley, to grow those vegetables, with an export value by 2014 of 20 million Euros. With regard to fresh vegetables, Canaan might have some interest in participating at JAIP.



Photo: Canaan FT olive oil on display in Utrecht, Holland, at Rio de Bio organic market.

Palestinian Agricultural Relief Committee (PARC)/Al Reef

Headquartered in Ramallah with many local chapters, PARC was founded in 1983. It is an NGO that has 130 plus staff and hundreds of volunteers who perform many different functions related to agriculture. One of their departments provides quality control and promotes Fair Trade development. PARC is a member of the WFTO; some of their producer groups are receiving FLO certification this fall (2009). PARC has ISO 22000 food safety certification from the International Organization for Standardization. They are a founding member of the Fair Trade Development Center (FTDC) at Bethlehem University, and they are working together to organize the Second Fair Trade Conference in December 2009 in Amman, Jordan. Responsibilities in regard to olive oil include helping farmers with environmental practices, such as land reclamation and water conservation, and setting up testing labs to monitor quality.

PARC's commercial exporting company is called Al Reef, and it provides PARC with quality control, transportation, bottling (in a facility at Al Ram), packaging, and shipping. In the Jordan Valley, Al Reef operates the Moon Valley Dates Factory. Its growers or producers are the Jericho Palm Farmers Cooperative made up of 25 farmers representing 50 families, and together they export Medjoul dates to the Gulf. Al Reef has indicated that it faces the following problems with regard to date export: the need for better storage, the need for a factory to produce high quality packing materials for food products, and enhanced coordination with Israeli security checks to facilitate shipping without damage, and they have indicated some interest in JAIP. Outside Jericho, Al Reef works with around 1,000 farmers from 15 different farm coops.



(Photo is of PARC's products at the Euro FT Conference in Lyon, France, October 2009.)

United Agricultural Work Committee (UAWC)/Mount of Green Olives Company or Jabal Al-Zaytoun Al Akhdar)

Based in Ramallah with chapters in Gaza, Hebron, and Jerusalem, UAWC is an NGO with 65 staff members that was established in 1986. It is the largest agricultural membership organization, with up to 2,000 members including 200 communities and 16 women's coops. UAWC works through its Mount of Green Olives Company with around 300 farmers to export olive oil to Europe (Switzerland, Belgium, Germany), UK, Japan, Korea, and the Gulf. It is unclear whether the company has FLO certification. They have a close relationship with PARC and PFU, and they are members of the FTDC (described below) at Bethlehem University. UAWC is not interested in having facilities at JAIP.

Palestinian Farmers Union (PFU)

PFU began working with farmers in olive oil production in 2003, and by 2008 they had grown to working with 23 groups. They are working with FTDC and Oxfam to build coops to produce extra virgin olive oil; it is unclear whether their coops received FLO certification in October of 2009. PFU does not export on its own, but they export through PARC. Their exports in 2008 included 300 tons of extra virgin olive oil to France, Canada, and the UK. They hope to increase that number to 1000 tons when supply increases in 2011.

The following companies are olive oil producers, who have indicated interest in future FT:

- ***National Company for Agro Industries/Zayt***
 Located in Ramallah, Zayt was established in 2004, and they have built a factory with a storage capacity of 700 tons of stainless steel tanks. (Basem Khoury, the Minister of National Economy, was the Vice Chair of Zayt.)
 Although not Fair Trade certified, Zayt has become both a domestic producer and a commercial exporter. Its brand is Dahab extra virgin olive oil, and in 2008-2009, Zayt exported to Spain, France, Italy, Canada and the US.
- ***Near East Industries and Trade Ltd (NEITL)/Al Anabtawi Group***
 Located in the Western Industrial Zone of Nablus, the Near East Industries and Trade Ltd is a member of a sophisticated and large family enterprise the Anabtawi Group of companies. Other companies in the Anabtawi family's list of companies include Yaqin Investment Ltd., Near East Marketing, Al-Ard Agri Products, Ittihad Anabtawi, and Alpha Trans (a transportation company). With the largest storage capacity in the Middle East, the Group has numerous international brand relationships including Kraft, Unilever, Clorox, etc. They offer certified ISO organic olive oil under the brands Al' Ard and Zaytouna. They were the first to receive the ISO 22000 food safety certificate for Palestinian olive oil, but their products are not Fair Trade or FLO certified. The company has sophisticated storage, bottling, and filling capability and sells locally and to the Diaspora in the Gulf. In 2009, they began targeting Europe, Canada, and the US markets, as well. The offshoot company, Al Ard Agri Products, also sells traditional Nabulsi olive oil soap and za'atar, and is registered to export to 27 countries, particularly the Gulf, but also Western markets. Alpha Trans Transportation is headquartered in Jerusalem. It provides logistical support, including clearing customs, transportation, and distribution of the Group's products and exports, within Arab communities in Israel and outside Israel.

Fair Trade support organizations include the following:

- ***Palestine Fair Trade Development Center (FTDC) and Palestine Fair Trade Network (FTN)*** The FTDC is part of the Institute for Community Partnership at Bethlehem University, and is dedicated to gathering a database, training to upgrade the skills of olive farmers, raising awareness, networking, and generally improving olive oil producers and their links to Fair Trade markets and benefits. They also hope to reduce the number of intermediaries in the Palestinian olive oil supply chain by creating a marketing unit to serve farmers groups and coops. Members are currently limited to NGOs and include PARC, UAWC, PFU, HLCS, and Oxfam Great Britain. They have certified eight olive oil coops with the WFTO and have applied for 12 coops to obtain FLO certification, which is perhaps being granted by FLO this fall. FTDC was also formed to support and enhance FT activity, not only within the Palestinian Territories but also within the broader Arab region. A regional conference is planned for December 5-7, 2009, in Amman, Jordan.

- ***Palestine Trade Center (PalTrade)***

Located in Ramallah, PalTrade has a membership of 327 leading businesses. Their purpose is to lead the development of trade as a driving force for sustainable national economic growth. PalTrade holds annual international trade fairs in Ramallah, and participates in trade fairs overseas (2009 – Algeria, Malaysia, Sudan), and this includes the promotion of olive oil. (www.paltrade.org). They also work on donor projects, including a report in 2005 called *The Palestinian Olive Oil Sector Trade Development Strategy* in collaboration with POOC, the US Department of Agriculture, and ACIDI VOCA. They found that Palestinian exports of olive oil had been declining over the past decade. They identified nine markets with high potential for importing olive oil, including Japan, the US, Canada, France, Italy, the UK, Australia, Saudi Arabia, and Israel. PalTrade said that to take advantage of those market opportunities, Palestinian olive oil had to become more competitive (quality), the domestic market had to support itself, the legal structure within the PA had to be better developed, and the suppliers had to improve.

- ***Palestinian Olive Oil Council (POOC)***

POOC was legally established in 2005 as a semi-governmental body to coordinate the olive oil sector between the government and NGOs. Its mission is to develop an olive oil strategy and provide networking opportunities to enhance competitiveness. POOC sets the dates for olive picking and recommends them to the Ministry of Agriculture, and then advertises the dates to the sector. Membership is comprised of farmers (who own five dunums or more), presses, merchants, nurseries, agricultural coops, or unions, consumer associations, and other civil institutions. Members receive information and can participate in promotional events. Although a good concept, POOC appears to have been relatively inactive, particularly in regard to database formation. Canaan and PARC have seats on the POOC.

- ***Palestinian Food Industries Association***

Although not directly FT related, PFI is an advocacy body for the food industry, including olive oil and olive products. They are helping farmers to upgrade presses and to improve their marketing and management skills, and they assisted the JST with our analysis of new high value, low water crops for the Jordan Valley.

- ***Palestinian Standards Institute (PSI)***

PSI is not directly involved in Fair Trade; however, in 2005, it began issuing the Quality Chart for Olive Oil, a quality assurance certificate which certifies ‘good practices’ by farmers, etc. It is unclear how many producers seek the certificate. They also offer a testing laboratory free of charge to farmers which could help farmer coops to sell on their own. PSI has worked with French and Italian specialists to train the National Olive Oil Tasters.

(3) Olive Oil Pricing and Export

Although UNDP has invested \$26 million in olive projects and many other donors have been involved in the sector, the basics are not in place including a good data base of statistics on exports – the numbers vary considerably from source to source. It is difficult to quantify not only production but also exports, which include informal channels, i.e., bottles and cans that are taken with family members to the Gulf, Levant, etc.

The Study Team attempted to quantify three areas: total amount of olive oil production, amount of exports, and amount of Fair Trade exports. Based on conversations with producers and research of other sources (World Bank, UNDP and PalTrade), the Study Team believes that numbers from the Olive Oil Council on total amount of production are inflated, and that the

actual numbers are much more modest. It is believed that the Palestinian Territories have averaged around 22,000 tons per year over the past five years, as the production level always goes up and down from year to year due to inconsistent olive tree fruit.

Table A 2.6 Annual Production of Olive Oil

(Total Tonnage)	2005	2006	2007	2008	2009
POOC (inflated numbers)	85,735	139,000	52,000	75,000	----
Other Sources (probably close)	14,000	32,000	22,000	32,000	probably less than 15,000

All sources seem to agree that the domestic market in the Palestinian Territories consumes about 10,000 tons per year, and the remainder is available for export (in 2006, 20,000 tons were available for export according to PARC). According to FTDC, local olive oil prices dropped sharply in 2007 to around \$2–3 per kg, which makes FT olive oil exports even more attractive to producers. The study also indicated that in 2007 approximately 8000 tons were exported, all commercial oil except for 600 tons of FT:

- 3,000 tons to the Gulf
- 2,000 tons to Jordan
- 1,000 tons to Israel
- 1,000 tons to Europe
- 500 tons to the US
- 500 tons to Japan and Asia* (The Study Team doubts that the amount of tonnage to Japan and Asia is as high as to the US.)

(Source: For the Palestinian Fairly Traded Olive Oil, FTDC, September 2008).

On the international commodities market, Palestinian standard olive oil is more expensive than olive oils produced by Syria, Lebanon, Tunisia, Morocco, Greece, Spain, and some Italian, and it is more than Jordanian bulk olive oil but close to Jordanian extra virgin olive oil. As FT extra virgin olive oil on the EU and US markets, it is in the middle price range, close to some Australian and some Italian, not as high as many French, Italian, and California extra virgin olive oils. But it is the only FT olive oil at this time, and so it has a tremendous advantage.

Table A 2.7 Annual Export of Olive Oil Including FT – Supply & Demand Chart

(2008 Total: Close to 1,000 tons of FT exports, higher than 2007 total of 600 tons.)

No.	Producer Coop	Olive Oil Production 2008 (tons)	Certified (organic or FT)		WFTO Member		Exporter	Importer & FT Products			Buyer/ Country	Total FT Tons Exported	
			Org	FLO	Yes	No		Country	FT Olive Oil Tons	Other Food Tons		Olive Oil	Other food
1.	Palm Farmers Cooperative in Jericho (25 farmers)	None – palm farmers	X			X	Al Reef/ PARC (WFTO member)	Italy Belgium Switz. UK		Dates (120)	Italy, Belgium, Swiss, and Britain		120 Tons of Dates
2.	Fruitful Trees Assoc. Jenin & Maythaloun Women's Coop	Unknown oil	X			X	Al Reef/ PARC	Italy Belgium GermanyU K, NZ		Almonds Cous- Cous (85)	Italy, Belgium, Germany, Britain, New Zealand		85 Tons /Cous.Cous
3.- 14.	11 Coops below producing tons together – Yammun, Kuft Rael, Marg Sanur, Seida, Azzoun, Kufr-Tholth, Masha, Western Bani Zeid, Deir Ghassaneh, Al Jeeb) Cooperatives in West Jenin (53 farmers) & Qira	212	X (8 of the 11)	X	X		PARC Al Reef	UK/Irel. Belgium France Germany Switz. Holland Sweden Austria Canada US Japan NZ	212		Belgium, France, Canada, Japan, USA, Swiss , Holland, Sweden Austria	212 Tons/FT	
15.	Beit Jala Cooperative	150		X	X		No Export		(Local sales)			Local sales only	
16.	Deir Istiah Cooperative	120	X	Appl.	App lied		PARC		(Local sales)		Same as list above	120 tons	
17.	Beni Zaid Cooperative	20		X	X		PARC	Italy	20		Italy		
18.	Bedia Cooperative	25	X		X		PARC (also sell to Anabtawi		10		Same as list above	10 Ton	

No.	Producer Coop	Olive Oil Production 2008 (tons)	Certified (organic or FT)		WFTO Member		Exporter	Importer & FT Products			Buyer/ Country	Total FT Tons Exported	
			Org	FLO	Yes	No		Country	FT Olive Oil Tons	Other Food Tons		Olive Oil	Other food
19.	Immatien Cooperative	25	X	Appl.	App lied		PARC		(Local sales)		Same as list above		
20.	Farchka Cooperative	15	X	X	X		PARC		(Local sales)		Same as list above		
21.	About Cooperative	4				X	PARC		(Local sales)				
22.	Sir Cooperative	10	X	X	X		PARC						
23.	Farkha Cooperative	17	X	X	X		PARC						
24.	Qira Coop. (23 farmers)	8.5		X	X		PARC						
25.	W. Jenin Villages	30		X	X		PARC						
26.	Deir Istia Cooperative	10		X	X		PARC		10			10	
27.	East Bin Zaied Cooperative	10		X	X		PARC		10			10	
28.	Till Cooperative	80		X			PARC		80			80	
29.	Joret Amra	5	X	X			PARC		5			5	
30.	Kufr Qadoun Cooperative	5		X			PARC		5			5	
31.	Qarawa Bin Zaied	8.8					PARC		8.8			8.8	
32.	Qarawa Bin Hassan Yasouf Cooperative	2 (local sales) 2 (local sales)									Local sales only		
33.	Baqqa Al-Sharqia Cooperative	5		X	X		PARC					5	
34.	Sebastya Coop	5					PARC		5			5	
35.	Yabad Cooperative	40					PARC		40				

No.	Producer Coop	Olive Oil Production 2008 (tons)	Certified (organic or FT)		WFTO Member		Exporter	Importer & FT Products			Buyer/ Country	Total FT Tons Exported	
			Org	FLO	Yes	No		Country	FT Olive Oil Tons	Other Food Tons		Olive Oil	Other food
36.–73.	37 Olive Oil Cooperatives (1700 Farmers) (Sanour, Anza, Al Rami, Kufro Ra'd, Kufor Dan, 'Anin,Taybeh, Jalqamous Coops are FLO)	405,624 KG (In 2008, Canaan exported 200 tons; in 2009, that number increased to 350 FT tons of 1000 total tons at a value of \$4 million.)	X (800 Farmers are Org.)	8 (6 more Appl.)		X (all are Fair for Life)	Canaan Fair Trade (CFT)	US Canada UK Ireland Holland Japan Australia	251.379k oil, 7215k olive		US,Europe,Japan .Canada,	251,379 K 7215K olive	
74–80.	6 Women's Cooperative						CFT			3,917K Burgal 8,592K Zaatar 9.685K Couscous 2.728K Sundr. tomatoes			3917 K/Burge l
81.	Tubas Coop (JICA supported)						NICCOD NGO	Japan	10				5096K Zaater

(4) Obstacles to Olive Oil Export

Although costs of olive oil production are higher than in some countries, tariff free entry through trade agreements for Palestinian olive oil to Arab states, the US, the UK, and the EU has made the commodity more competitive on the world market. (Up to 2000 tons are exempted from import taxes into the EU.) However, Palestinian olive farmers face unusual obstacles. For example, the village of Anin which produces some of the best Nabali olives, saw 1,100 hectares of its olive orchards cut off from direct access by Israel's barrier fence. It is difficult to get permits from Israeli authorities to tend the fields on a normal, routine basis, and some have given up.

Previously, most of the commercial grade olive oil was used domestically, and the surplus was exported to Israel and Jordan. However, both Israel and Jordan, with growing olive oil sectors, have stopped importing Palestinian olive oil. Since there is no longer that regional export market, olive oil producers are focused on exports to Europe, North America, and Asia – primarily a Fair Trade organic supply, and to the Gulf Arab countries – primarily a commercial grade supply. Saudi Arabia represents the single largest market, with no domestic production but with continuous traditional use of olive oil in cooking. Saudi Arabia imports from 7000-9000 tons annually, followed by the UAE and Kuwait. Public awareness of the importance of FT in the Arab Gulf markets could open up a huge opportunity for Palestinian producers and exporters. The Palestinian Territories is competing with Turkey, Spain, Syria, Italy, Greece, Jordan, Lebanon, and Tunisia to supply those markets. (Source: *For the Palestinian Fairly Traded Olive Oil*, Bethlehem University, September 2008).

The export market requires consistent quality which relies at the source on organic growing practices, harvesting with trucks instead of donkeys, and stainless steel storage containers that prevent exposure to sunlight, more sophisticated packaging and bottling, primarily in glass bottles and metal containers (both of which have to be imported from Greece and Turkey), and politically sensitive and costly shipping through Israeli middle men and the port of Haifa for exports to Europe or the US, or the back-to-back system of loading, unloading, and re-loading at the King Hussein Bridge into Jordan for exports to Arab markets. It also requires sophisticated market research, marketing techniques, and knowledge of distribution channels.

A recent article in a local Palestinian publication stated that over the past decade \$50 million has been invested in Palestinian olive oil sector, primarily studies with NGOs, with very little economic return. It goes on to state that Palestinian share of the world market will probably never exceed 1.5%, although because of the quality it has the potential to become an important, high value niche market. The author argues that Palestinian olive oil should operate on market principles and not be subsidized except for help with facilities and equipment, as it is an economically viable activity. The author warns that Fair Trade and other market distortions could price the oil out of the international market. (Sources: *'Market Failure or Fair Trade, This Week in Palestine*, Peter Laban, Regional Coordinator, IUCN Regional Water Resources and Drylands Program and *The Palestinian Olive Oil Sector*, PalTrade, ADTP, 2005).

As the Study Team has indicated earlier, it does not appear that Palestinian olive oil is at the top of the market, but rather in the middle, and as long as the quality and supply is consistent, it should be competitive as a Fair Trade product with a 15% premium.

(5) Summary of Obstacles to Olive Oil Export, the Primary One Being Inconsistent and Low supply

- lack of water and access to fields which discourages maintenance and appropriate irrigation (Israelis sometimes prohibit farmers from accessing their land),
- lack of farm roads for vehicular access to decrease the time it takes to pick and remove

- the olives (using traditional donkeys) and take them to presses,
- few nurseries that produce high quality olive tree seedlings,
- limited presses strategically located (near the olive fields) and fully automated (only 147 of 277 presses are automated), as delays in pressing increase acidity levels which decrease quality,
- lack of appropriate storage to meet export quality control (e.g., EU regulations mandate that plastic storage vessels used for domestic storage be replaced with stainless steel processing equipment, because of the impact of plastic on the chemical composition of extra virgin olive oil),
- soil and water conservation (yields can be improved with dripline irrigation),
- pest management to decrease crop damage (olive's fly and peacock eye insects, which Oxfam is studying in order to stop the two year cycle of fluctuations in quantity),
- pruning (requires technical training), harvesting (machinery rather than manual),
- stable power and water supply (dependent upon Israel and sometimes Jordan),
- lack of refrigerated trucks; cost of having to hire Israeli agents resulting in costly shipping,
- appropriate packaging and labeling,
- lack of marketing and joint promotions,
- lack of data collection on international markets,
- limited distribution channels and retail outlets,
- lack of business management skills and business and strategic planning,
- limited access to finance.
- lack of cooperation and partnership amongst producer groups and exporters to build sector.

Table A 2.8 SWOT with Regard to Olive Oil & Fresh Ag Exports

Strengths <ul style="list-style-type: none"> • Good product quality • First Global FT Certification • Organic production • Proximity to FT Euro markets, • Euro off-season via Ashdod Port for export of fresh vegetables • Herb export potential all year round via King Hussein Bridge/Queen Alia Airport • 40,000 palm trees planted, projecting 4000 tons of exports by 2012 	Weaknesses <ul style="list-style-type: none"> • Inconsistent and insufficient supply of olive oil • Producer/farmer limited awareness of proper irrigation and pruning • Lack of stainless steel storage • Lack of high quality oil presses • Insufficient production and export data
Opportunities <ul style="list-style-type: none"> • As supply increases, opportunity to improve producer/exporter marketing skills and links to new markets • Improved tree productivity (the Palestinian Territories averages 8 kg; Italy averages 36 kg) • Solar energy to reduce energy costs 	Threats <ul style="list-style-type: none"> • Lack of water although Jericho has more than most areas • Pests (olive fly and cyclamonium) that reduce fruit yield and oil supply • Political instability and destruction of olive trees by settlers • Restrictions imposed on exports

(NOTE: Due to the blockade on the Gaza strip in 2007 there was a surplus of 7000 metric tons of olive oil worth US \$28 million, which went unsold. The chief problem for olive oil production in 2008 was lack of water for irrigation and neglect due to lack of access to the fields and thousands of acres of olive groves. Limited access to water results in reduced irrigation, thereby limiting yields of olives. The Barrier, a 725 km long wall with 59 gates, was built so that 86% of it is inside the West Bank, separating many farmers from their olive groves. Visitor permits are difficult to obtain. Once a gate is opened, the farmer has until 5 pm to cross back or risk being locked out for the night. Sometimes the police announce the gate will remain closed, so the farmers have to go home and cannot access their fields. Of the 59 gates, 30 are usually closed except during the harvest, prohibiting access for ploughing, pruning, fertilizing, and weeding. Hilltop settlements often use much of the area's water, and sewage trickles downhill on to olive groves. In addition, when Palestinian olive groves are near Israeli settlements, Palestinian farmers have faced intimidation, tree uprooting, crop theft, and attack.)

(6) Buyers/Importers of Palestinian Olive Oil

Commercial buyers have been illustrated above. In addition, it is notable that Italy and Spain are the largest producers, exporters, and consumers, but Italy uses so much olive oil domestically, that it is also the leading importer. With regard to FT olive oil, there are now hundreds of NGO, retail and wholesale buyers, ranging from religious, solidarite, and other types of charitable groups to important wholesalers and organic markets. Two of particular interest are illustrated below:

Equal Exchange (EE) – An employee owned workers coop that began in 1979, EE is located in Edinburgh, Scotland. The organization provided invaluable assistance to getting Palestinian olive oil into independent retail outlets such as the Cooperative, a retail chain of 2500 stores across the UK. (*Source: The Electronic Intifada.net, Sarah Irving, May 11, 2009*) Equal Exchange sells food products. Currently, the only Palestinian products that they buy and sell are Canaan/Palestinian Fair Trade Association olive oil through Zaytoun (below). Equal Exchange reported a three-fold increase in sales of Palestinian olive oil in comparison with a year ago. “We have run out of one-litre bottles and we expect sales to double to 400 tons this year compared to 2008,” said Barry Murdoch, Sales Director (*Source: Guardian.co.uk/world/2009 Feb/24*). It appears that they are potential buyers of other food products from the Palestinian Territories, including honey, nuts, tahini (now purchased from South America), and other oils.

Zaytoun – Canaan and PARC both sell through the London based importer, Zaytoun, a small company that is completely committed to linking Fair Trade producers to consumers. Zaytoun also has an office in Salfeet, the Palestinian Territories, run by Taysir Arabasi. The effort to persuade the British Fairtrade Foundation that Palestinian olive oil is worth accreditation is largely the work of Zaytoun, a social enterprise founded in London by women who had visited the West Bank through the International Solidarity Movement. In 2004, they secured a small grant which enabled their project partners, an ag cooperative called Al Zaytouna, to hold a series of workshops to identify marginalized farmers and to organize a collective marketing effort. Zaytoun only works with suppliers who operate under Fair Trade principles. 40% of their sales go directly to the farmers who produce the oil. 20% is spent on processing, all of which occurs in the Palestinian Territories (bottling, packaging, labeling, and transporting), much of which is spent in the West Bank involving other sectors, not only agriculture, in the benefit from olive oil sales. Prior to Fair Trade FLO certification, Zaytoun sold only Palestinian olive oil (170 tons between 2004-2009 and \$380,000 in 2007). The company has expanded its product line from olive oil to include almonds, couscous, dates, za’atar (spice), and Nablus soap. In 2007-2008, Zaytoun sold primarily – 43% - through wholesalers in the UK, followed by 38% to NGOs and Solidarity groups, and 19% directly to retail outlets. (*Source: Zaytoun.org*).

Equal Exchange USA – A US based organization, Equal Exchange has offices in Massachusetts, Oregon, and Minnesota. 2008 was a very successful year for them with 17% growth in sales to \$34.4 million. Coffee comprises 80% of their sales, followed by chocolate (16%), and the remainder is in snacks/nuts (almonds from California). Recently, they made the decision to open cafes in Boston and Seattle. Although the farmers coops with whom they trade are all in Central and South America, their cafes could present an opportunity for Palestinian farmers to sell nuts and perhaps other food products (olive oil, tapenades).

(7) Future Export Markets

Buyers’ concerns include unstable supply, lack of communication with exporters, and poor packaging and design quality.

The FTDC Study recommended new markets in Malaysia, China and Russia. Because of high export costs, the Study Team would focus on increased and new Euro markets (UK, Germany,

Netherlands, France, Belgium, and Scandinavia), and increased US and Canada buyers, as well as the potential in the huge Saudi market, with a cautious focus on Russia, China, Malaysia, Singapore, and Japan. If olive tree yields can be enhanced and stabilized on an annual basis, large commercial entities are interested in buying FT olive oil, such as the UK based Sainsbury group with its thousands of retail stores and Whole Foods in the US and UK, a growing large supermarket chain.

A2.3.4 Fair Trade Handicrafts

Unfortunately, with the decline of tourism and global sales, 2009 was a difficult year for Palestinian handicrafts. Many woodworking factories laid off employees, and some retail stores began to sell Chinese copies, putting pricing pressure on local artisans. Apart from olive oil, FT handicrafts are produced through various associations and workshops, particularly in the cities of Jerusalem, Bethlehem, and Beit Sahour but also throughout the Palestinian Territories. It appears that ceramics and olive wood production are primarily done by men, and embroidery and perhaps jewelry are done by women. The primary producer support groups, who work with dozens of coops and other women's associations throughout the country, are listed below. Both olive wood and embroidered products are produced by technically skilled artisans, but the designs are traditional, and there is little adaptation to changing retail markets. One handicraft export that is commercial, not Fair Trade, but is competitive, is ceramics.

There are a number of supportive NGOs that help women produce embroidered products. They include:

- ***Arab Womens Union (AWU)***
The AWU has a long history of training women to make embroidery, and the Bethlehem Arab Womens Union works with 150 women doing embroidery. They operate a well displayed handicraft shop with one of the best museums in the Palestinian Territories (the Bethlehem Museum) near Manger Square and a project for the handicapped called Al Basma Special Needs Center in Beit Sahour that makes recycled paper, olive wood products, and charcoal in Beit Sahour. AWU is a very dedicated organization, and they partner with Sunbula. Unfortunately, because they do not pay tour guides fees for bringing tour groups, they are usually visited by independent travelers or groups on their own, not by conventional tour groups.
- ***Artas Folklore Center***
This NGO operates in a very picturesque setting in a historic building in the village of Artas, not far from Bethlehem. They work with 40 women to produce a variety of handicrafts, including gypsum and embroidery, and they teach traditional dance. Their dabkeh group has participated internationally. They also sponsor an annual Lettuce Festival. The Center operates with an annual plan, and they raise operating funds, albeit limited, through membership fees. Because their mission is the conservation of cultural heritage, they hope to build a cultural center and to conserve and rehabilitate their buildings. It is an incredible site and a very dedicated organization, but the location is off the tourism path with narrow roads that are difficult to access for tour buses. It should be linked to smaller Fair Tourism groups.
- ***Holy Land Cooperatives Society (HLCS)***
Located in Beit Sahour, the HLCS has 36 members, 16 of whom are active handicraft producers. They offer buyers a wholesale setting with a wide variety of products, including primarily olive wood religious handicrafts, precious jewelry, etc. Their export market includes the US, Europe, Thailand, and Australia. Although they have been in business for more than five years, they do not operate with a business plan. They have worked with SERV and CRS on design training, but the olive wood product designs

have not changed much over the past decade, and they need training in their merchandising techniques (warehouse stacked approach with little regard for the precious quality of handicrafts or differentiation between handicrafts and souvenirs). Because of their displays, our team expressed disbelief that the jewelry was real gold, although it was, and quite attractive.

- ***Palestine Association for Cultural Exchange (PACE)***

PACE is a handicrafts association that sells to various retail outlets in the Palestinian Territories and on-line internationally through Ten Thousand Villages. They do have a retail shop in Ramallah but it is difficult to find. They do not operate with a business plan, but are quite active in both handicraft development and tourism. PACE produced quite a good guidebook on Jericho, and they run tours.

- ***Palestine Heritage Center (PHC)***

Located in Bethlehem not far from the Intercontinental Hotel, the PHC is a private enterprise, not an NGO, and they are very dedicated to conservation of the cultural heritage. PHC hopes to build a museum and perhaps to renovate its facade. They feature very high quality embroidery products in a traditional cultural setting. The Center is active in exhibitions overseas with the Ministry of Tourism (Jordan, Tunisia, others), and they also exhibit at the Peace Center in Bethlehem. They do not operate with a business plan or keep track of production volume, although they hope to start. They hire and train 40 women.

- ***Sunbula***

Sunbula is a nonprofit, Fair Trade organization founded in 1996. The organization is based in Jerusalem at St. Andrews Guest House where they run a good quality gift shop. Sunbula is committed to economic empowerment of women and the disabled. Sunbula works with 14 craft producing organizations representing 1800+ artisans in the West Bank, Gaza, and Israel. Sunbula offers them assistance with marketing, access to markets, product design, training for management, and helping to secure grants. Although their primary emphasis is to promote Palestinian handicrafts, they also sell a small amount of olive oil, including Canaan's FT. the combining of different types of FT products is an excellent model to emulate.

- ***Bethlehem Fair Trade Artisans (BFTA)***

The Bethlehem Fair Trade Artisans (BFTA) is being formed to help promote handicraft exports through marketing and improved web sites, training crafts people on FT principles, and with purchasing raw materials through a cooperative materials and/or equipment buying scheme. BFTA would work with international handicrafts groups to upgrade antiquated designs and to use new materials (recycled) to meet demand and to recognize a broader buyer's market than religious tourism. BFTA also hopes to develop a retail shop or shops that promote a diverse array of FT products.



Photo depicts Palestinian handicrafts, particularly ceramics, displayed at the Euro FT Conference in Lyon, France.

(1) Fair Trade Handicraft Issues

Although international organizations like CHF International have been working in the West Bank since 1994, the Palestinian value chain has serious constraints. CHF did an analysis of the handicrafts sector, in partnership with PalTrade, The Portland Trust, and the PFI. Their primary findings were as follows:

- **Embroidery** – CHF projects that around 30,000 women produce embroidery in the West Bank and Gaza. Embroidery has not evolved into a competitive export because of the high cost of production including raw materials, lack of market access, low capacity for filling large volume orders, and the difficulty/cost of export. Women artisans generally produce it from their homes, working with NGOs and associations. CHF indicated that embroidery has the highest growth potential and opportunity to positively impact thousands of women, particularly the embroidery driven baby clothing market.
- **Olive Wood and Ceramics (did not mention glass production)** – CHF said that the olive wood and ceramics handicraft industries are well developed, and are dominated by a few businesses that can afford assembly line production techniques (automation), professional marketing, and exporting. It is unfortunate that they grouped ceramics and olive wood together, rather than detailing each as quite distinctive handicrafts with not only different designs but also different buyers (religious v. cultural heritage tourists and consumers). Tamimi Ceramics of Hebron, for example, is a well known product throughout the world and a very sophisticated exporter. CHF said that the most successful olive wood exporter averaged roughly \$2-4 million in annual sales. But later the report states that olive wood and ceramics together produce an average of \$500,000 in revenue at a 40% profit margin. They did not indicate how many small olive wood workshops and people that number included. The Study Team does not believe that the design of olive wood products has kept up with retail trends, and many importers are looking for nativity scenes from other countries (such as Central America and Asia) offering unique designs.
- **New Market Demand** – CHF identified a growing demand for high end, unique, home accessory products, particularly in China and India, and for luxury products in the US that represent Fair Trade and other sustainable practices. An example is EBay Marketplace's WorldofGood.com, targeting 19 million socially conscious consumers.

- **Export Issues** – Interventions are needed to address shipping and transportation costs, including costly delays and breakage associated with the back-to-back system.
- **Design Issues** – CHF indicated that a high impact intervention would be providing design and marketing training to artisan groups, particularly embroiderers.
- **Tourism** – A major constraint was the declining tourist market, monopolized by Israel. To sell in local shops, producers are not paid by retailers until their products are sold, which discourages production.

(2) FT Handicraft (and in Some Cases Olive Oil) Buyers & Related Opportunities for Palestinians

There are numerous web sites that market handicrafts. For example, the web site for Folk Art Mavens illustrates embroidered products made by PACE in Ramallah, as well as Tamimi Ceramics in Hebron.

The primary trader groups in the UK are **Oxfam Fair Trade Co.** (Oxfam.org.uk/also in Ireland), **Equal Exchange Trading Limited** (equalexchange.co.uk, **Traidcraft Exchange** (traidcraft.co.uk detailed above), and **One Village** (onevillage.org).

Oxfam – The Study Team visited two of Oxfam's shops in London, but they offered very few Palestinian products (a few Christmas related ornaments). Their concept is quite different from the Dutch world shops, which are well presented competitive retail, as Oxfam is charity based and also offers used clothing, used household items, etc. However, Oxfam could carry newly developed Christmas related and other recycled products, as well as food products, from the Palestinian Territories.

Traidcraft Exchange – One of the major UK players is Traidcraft Exchange, a Christian organization with a 30 year history of fighting poverty through Fair Trade. Traidcraft is one of 11 UK members of WFTO Europe (along with BAFTS, Shared Earth, Divine Chocolate, and Oxfam GB). In addition to buying and selling FT products, Traidcraft receives grant money from the European Commission, the Department for International Development, the International Fund for Agricultural Development, and the Sainsbury Fair Development Fund, amongst others. Traidcraft sources food and handicrafts from over 100 different producer groups in 30 plus countries, within a network of 51 direct Fair Trade partners and 6,641 active Fair Traders, and has long-term buyer relationships in the UK and Europe, including businesses (e.g., supermarkets), churches, and schools.

Nearly 50% of their customer orders are placed on their web store (Storefront). Their single largest selling product is a 'Geobar' candy with nuts and berries – 26 million were sold in 2008. Although still high, direct sales in 2008 fell by 5.3% to 15.9 million British pounds, due to increased competition in supermarkets and the recession. However, Licensed Product Sales grew by 5.6% to 5.8 million British pounds, for total sales of 21.7 million British pounds, and Traidcraft remained profitable. A deficit is projected for 2009. (*Financial Summary, Traidcraft Annual Review 2009*).

Traidcraft sells very few FT products from the Palestinian Territories. The list of foods focuses on UK based Zaytoun's Black Olives (18 B. Pds, reduced from 24) and Zaytoun Olive Oil (500 ml for 34.50 B. Pds). Unfortunately, although Traidcraft offers a Mediterranean Jute Gift Set using Zaytoun olive oil, green olives, and sundried tomatoes, the credit for the production goes to not only the Palestinian Territories but also to Bangladesh. Since it is called a 'Mediterranean' gift set, it's a shame that the entire product or something similar is not produced in the Palestinian Territories. With their Christian orientation, the list of handicrafts

includes a Bethlehem series of cards, but the country of origin is the UK and Bangladesh, nativity sets from Kenya (wood), Bangladesh (terracotta), and Vietnam (see below), and Star of Bethlehem tree decorations from Peru and India. Traidcraft indicates that they will be sourcing more unusual and value added products – such as organics and recycled materials - to increase overall sales. They are also focusing on unique Christmas themed items. Some could be sourced from the Palestinian Territories including:

- organic fruits - dates, almonds, dried apricots, raisins, mango chutney,
- honey,
- recycled products including nativity sets,
- unique embroidered ornaments,
- Bethlehem brands of newly designed embroidery.

They could also be approached to increase design quality in the Palestinian Territories through training, e.g., their product development teams have set up links between producer groups in developing countries and design departments at UK universities or with design consultants from groups such as Craft Aid. One new product is the first Fair Trade charcoal, certified by the Forest Stewardship Council.

One Village – Located in Oxford, England, One Village is a large wholesaler and retailer of handicrafts. Founded in 1979, they supply to 300 shops in the UK. It appears they sell many products that are made in India, Bangladesh, etc. but that could be made in the Palestinian Territories – Christmas themed ornaments, wooden products, and olive oil soaps. This might be an opportunity through Zaytoun.

Dutch Association of World Shops (DAWS but called Wereldwinkel) – Wereldwinkel is based in Breukelen, Netherlands. It began in 1969, and today there are 400 shops. They work closely with FLO, Max Havelaar and WFTO, of which they are a member. DAWS is one of the founders of the Network of European World Shops (NEWS), and they work with many advocacy groups. The web site did not indicate annual revenue. (Source: www.wfto.com) DAWS has created a scoring system to enhance product quality and the working conditions of artisans, and they use the system to certify and monitor traders and producers. The Palestinian Territories should try to work more closely with Wereldwinkel regarding their monitoring system and new designs, in order to take advantage of a huge buying network.

Global Village Fair Trade Company – This organization in Japan was founded by a British woman. It is affiliated with **People Tree**, a Fair Trade, ecologically based fashion and handicrafts company in the UK and Tokyo. It has combined sales of more than \$8 million US annually and a growth rate of 10%. The company works with 70 FT producers in 20 developing countries. Products are sold through 600 FT shops in Japan (flagship store employs 40 people), Britain, and Italy. The Palestinian Territories should try to work more closely with People Tree, perhaps on organic cotton production.

Ten Thousand Villages – Formerly called SELFHELP, this organization began the FT movement in handicrafts. They now work with 130 groups in 38 countries, including the West Bank and Egypt in the Middle East. They operate as wholesalers and retailers, featuring 81 stores across the US and Canada. Sales in 2006 were \$20 million. Their web site features a number of olive wood workshops including El-Atrash in Bethlehem, Johnny Hilal and Mosleh Workshop, and Raja Bannoura in Beit Sahour, but the products from each are few. The web site also features Surif Women's Cooperative, an embroidery program that was started in 1952 by Mennonite volunteers, now selling through Sunbula Craft Shop in Jerusalem and exporting

through Ten Thousand Villages. With design changes to Palestinian products, both embroidery and wooden, there might be new opportunities with Ten Thousand Villages.

SERVV International – This non-profit organization was founded in 1949 and operates out of Maryland and Madison, Wisconsin. SERVV works with 75 coops and community based organizations in 35 countries, not only as a product purchaser but also as a product design trainer and capacity builder. They also provide pre-payments and grants and loans to producers, and some of their funders are the Ebay Foundation, Google Grants, the Shared Interest Society, and Catholic Relief Services. Sales of their handicrafts were down in 2008 by 5% to \$8.7 million, but SERVV is projecting higher sales in 2009. 41% of their products are from Asia, 28% are from Ghana and Germany (chocolate), and 16% are from Latin America. Only 4% of their purchases are from the Middle East, but the Palestinian Territories is the only Middle Eastern entity from which they import. SERVV sells products through Sindyanna of Galilee, a cooperative run by Jewish and Palestinian women. They purchase wood nativity sets from Sheperd's Field Factories, but competition is stiff and they also purchase colorful and interesting nativity sets from other countries (Indonesia, Argentina, Kenya, Cameroon, Nepal, Vietnam, Peru, Haiti, Bangladesh, etc.). It helped to found the WFTO and is a founding member of the Fair Trade Federation in the US. There appears to be opportunity for a well managed Palestinian producer group to work with SERVV on re-designs of handicrafts and increased exports.

Aid to Artisans – A non-profit organization in Connecticut, ATA could provide training to Palestinian handicrafters to better meet market demand. Their products and trainers are very market savvy. They sometimes work through donors such as USAID on projects.

Other smaller but important handicraft importing European organizations include **Liberomondo in Italy, Artisanat Sel, Artisans du Monde and Le Philistin in France, Hadeel in Scotland, Boutic Ethic, Centrale Bio Etik, and Contigo in Germany.**

(3) Financing Handicraft Development

Organizations that offer funding support to FT include OikoCredit (based in the Netherlands and the largest source of private micro-finance with a portfolio of 160 million Euros), Troidos Bank (based in the Netherlands and provides finance to FT and organic certified organizations), the Foundation for International Community Assistance (FINCA), Research and Applications for Alternative Financing for Development (Geneva), and IFC. In addition, UNCTAD offers a document to all types of FT producers, called "How to Prepare Your Business Plan."

Table A 2.9 SWOT with Regard to Handicraft Exports

Strengths <ul style="list-style-type: none"> • Holy Land/Bethlehem Brand • Skilled artisans, particularly in regard to carving and embroidery • Well managed small women's coops (Aseela – high quality soap design, AWU) • Proximity to Strong FT Euro Markets 	Weaknesses <ul style="list-style-type: none"> • Designs • Expensive and not easy to carry, • Lack of distinction in retail market between souvenir and handicraft • Insufficient production and export data • Lack of networking amongst industry • Lack of training • Limited linkage to tourism market
Opportunities <ul style="list-style-type: none"> • Training to transform industry • Job generation potential, particularly for women (embroidery, jewelry) 	Threats <ul style="list-style-type: none"> • Traditional norms discourage change • High raw material and export costs and lack of market discourages production • Reduced tourism demand

A2.3.5 Fair Tourism

When the Barrier was constructed, tourism began to decline in the Palestinian Territories, and 2009 was a particularly difficult year as the Middle East experienced the largest drop in tourism in the world. However, there is a growing fair or sustainable tourism movement with active operators like the Alternative Tourism Group (ATG). They offer the best tour operator web site, and various types of tours: spiritual, political, and cultural. The cultural tours take visitors on a major cities route (Bethlehem, Jerusalem, Hebron, Gaza, Jericho/Dead Sea, Ramallah, Nablus, and Nazareth. Tourists come in and out of Ben Gurion Airport in Israel. They also have Thursday day tours in Hebron and Bethlehem, and the Study Team has recommended Friday day tours in Ramallah for business consultants. They train local people in their home stay program. ATG appears to be very active and well managed, and they are active in international conferences.

The Siraj Center for Holy Land Studies is a well respected NGO located in Beit Sahour, linked to the Catholic Church, that supports global education and interfaith dialogue. Their program features Fair Tours, including the olive harvest and hiking on the Ibrahim and Nativity Trails. The Center is also active in organizing special events, such as the Peace Cycle and Summer Celebration. Like ATG, they offer homestays in Beit Sahour. *(The Study Team recommends that Fair Tourism be both community and ecologically based, and that the homestays should be organized wherever the tour ends up at the end of the day. In the Palestinian Territories, the Fair Tours are taken back to the Bethlehem region for home stays, which causes unnecessary driving and benefits few local communities.)*

The Palestinian Fair Trade Association (PFTA) also acts as a Fair tourism operator during the olive harvest. Visitors are hosted by farm families near Jenin and Nablus (Sabistya and Tallouza), and they learn about organic and traditional farming practices. They also visit Roman ruins, and the old market of Nablus, where they see the ancient spice mills, tahini mills, nut roasting houses, and bakeries. In Jenin, visitors learn about Fair Trade in the Palestinian Territories, visit the Canaan FT olive oil bottling facility, the Church of the Four Lepers, and the Refugee Camp. The cost is \$100/day per person including an overnight dinner and bed and breakfast with a local farming family. PFTA holds an annual Olive Harvest (Jaru'a) Festival on the first Thursday of November.

The festival gathers farmers, coop members, distributors from Europe and the US who exhibit their products, potential international buyers who do tastings, and international volunteer tourists who help with the harvest. The evening is filled with a traditional harvest dinner (musakhan or roasted chicken topped with onions and almonds), prepared in a taboun oven heated with crushed olive pits from the olive pressing. Local folklore bands sing harvest songs and participants dance the dabke.

In 2008, the Fair Trade Development Center at Bethlehem University launched a Fair Tourism contest as part of their public awareness activities, and awarded \$2500 each to three groups (Aseelah Coop (soap making), Palestinian Initiative for Responsible Tourism, and the Palestinian Center for Approaching between Peoples). Their affordable tour (one week for about \$750 plus flights) is called the Zaytoun Palestine Trip. It begins in Jerusalem, where participants meet with the Israeli Committee Against House Demolitions, tour Bethlehem and meet with the FTDC, continue to Al Zaytouna Organic Olive Oil Cooperative, participate in the olive harvest, travel to Nablus, and continues to Jenin for the olive festival.

There are numerous facilities in the Bethlehem region that would attract cultural tourists interested in olive oil and other forms of Fair Trade if they were properly presented and integrated, including the Al-Bad Museum for Olive Oil Production, the Arab Women's shop off

Manger Square with its amazing Bethlehem (traditional house) Museum, the Peace Center (nearby), and the Cremisan Winery and Wine Shop with its park-like setting and red tile roofed historic buildings.

Unfortunately, the Al-Bad Museum, which was generously supported by JICA, is badly managed and presented. An amazing historic structure, it has almost no site management and insufficient staffing. The entrance has become a smoke filled office with a television, and it is not appropriate for queuing of visitors or visitor information. In addition, most of the upper story rooms have become storage facilities for old MOTA brochures and broken parts, and none are interpreted. The adjacent garden has tremendous potential, perhaps as a café offering local baked goods, coffee, and juices, which the museum staff recognizes, but it has become a garbage site.

Apart from the Bethlehem region, historic resources in Jericho are poorly managed. One bright spot is the Mosaic School under the Ministry of Tourism/Department of Antiquities. Like the Mosaic School in Madaba, Jordan, the Jericho School is producing excellent work, and has cross referenced its products with the Ottoman period Archaeological Museum in Ramallah, another good facility under the MOTA.

It seems that a gap exists between resources attractive to a large cultural tourism segment, not only low-spending pilgrims and volunteers, and tour operators. Tour operators and tour guides continue to take tourists only to those places that pay them commissions, such as low quality souvenir shops. This will always be an impediment to moving out of a mass tourism mentality into a higher spending cultural heritage market.

In addition, there appears to be a gap between the Fair Tourism and Fair Trade groups and the Ministry of Tourism, as there is little data and information sharing and cross promotions, although the MoT appears to be quite interested in and open to marketing and promoting all forms of sustainable tourism. As MoT begins to develop a Public Private Tourism Promotion Board, Fair Tourism and enhanced cultural tourism and business tourism should be part of their focus. *(The USAID Siyaha project in Jordan is working on a Fair Trade Tourism Certification scheme, and it would be interesting to explore regional opportunities.)*

The SWOT below details the aspects of tourism that are strengths and opportunities to be more fully supported and analyzed, and the weaknesses and threats that need to be addressed and solved.

Table A 2.10 SWOT with Regard to Fair Tourism

Strengths	Weaknesses
<ul style="list-style-type: none"> • Traditional cuisine including local wine and beer • Hospitable culture • Living Heritage and Special Events (e.g., El-Funoun Pal Dance Troupe and other dabkeh, olive oil harvest, grape harvest, Oktoberfest in Taybeh, Birzeit Festival) • Strong heritage and internationally known historical brand • Natural desert and wadi resources 	<ul style="list-style-type: none"> • Hotel supply; perhaps only one four/five star hotel (Jacir Intercon); only a handful of good three star hotels • Weak product segmentation • Weak or non-existent site management and government support of museums (e.g., olive oil museum in Bethlehem) • Weak merchandising techniques in private sector/1950s style of stacking, no sense of quality or precious nature • Litter and disregard for cultural landscape • Lack of spirituality at holy sites (police presence, aggressive souvenir vendors, • Lack of credit card usage (Arab Women's Union) • Lack of networking amongst industry with limited/inaccurate statistics

Opportunities	Threats
<ul style="list-style-type: none"> • Segment building, including eco-tourism, business weekend excursions, and big spending cultural heritage tourism based on living heritage, not only solidarity • Networking amongst Fair Tourism providers with Ministry of Tourism to better promote Fair Tourism • Training of local communities to build supply of homestays and Bedu tents • Linking to international Fair Tourism support groups (www.cadr.fr, and Fair Tour operators • (Arvel-voyages.com, Tourismesolidaire.org, a national network of Fair Tourism operators in France, voyages-acteur.com, a Fair Tourism operator that specializes in the Arab world, Couleurs-Sensations.com, and the slow walking association of La Boscaglia voyages A Pied in Italy, to link its members to the Abraham Path. • Adaptive reuse of old buildings for new tourism functions with character • Branding 'Under the Palestinian Sun' • 2010 '10,000 Year Celebration' at Jericho 	<ul style="list-style-type: none"> • Tourists are afraid to visit • Difficult to access the Palestinian Territories without Israeli interrogation and limited movement due to checkpoints • Visas sometimes impossible to obtain for potentially large Arab market • Guides/tour operators prevent visits to interesting sites if not paid extra (e.g., Mosaics School in Jericho, Arab Women's Union Bethlehem Museum) • Occupation causes fear of investment in hotel and product development • Settlements negatively impact cultural landscapes and preservation

A2.3.6 Fair Triangle Workshop – Stakeholder Concerns regarding JAIP

The JICA Study Team (JST) held a workshop in Ramallah in October with about 50 stakeholders, including numerous producers, NGOs, government officials, and exporters. The purpose was to discuss FT generally and the JAIP FT pilot project. The Study Team gave a power point presentation, illustrating survey findings and recommendations for the entire Fair Triangle. The Chart below illustrates the stakeholders' concerns and responses by JICA, the Government, and the JST.

Table A 2.11 Summary of Major Points in the Workshop

Stakeholder Question	Concern	Response
Why is JAIP located in Jericho?	It does not benefit FT olive oil producers, as olives do not grow in the Jordan Valley, and to efficiently reach export markets in Europe and the US, olive oil is exported through Israel, not Jordan.	The JICA Study Team recognizes that olive products will probably continue to be exported through the Israeli ports. However, the availability of land, good linkages to export markets in Europe, the US, and the Arab world for fresh fruits (dates), vegetables, and herbs, and the potential for enhanced productivity of JV land are all good reasons for JAIP's location.
Who will JAIP benefit?	It will only benefit management companies and investors, not the farmers.	The project goal is to benefit farmers and other producers with their agricultural activities, all of which can increase, as well as other Fair Triangle stakeholders such as the bedouin with their tourism activities, and the women with their cous cous production.
What are the new exports?	What new crops would be grown and exported from the Jordan Valley?	The JICA Study Team worked with local farmers to specifically analyze low to medium water usage crops that are also high value exports. The list includes not only fresh vegetables (cherry tomatoes, peppers), but also dried vegetables (sundried tomatoes, antipasta such as blends of zucchini, peppers, eggplant), processed foods (chutneys), and new oils (avocado oil). Although avocado uses more water than some crops, it is a major Israeli export and a high value and emerging oil for its health benefits. Hemp could also be planted to be made into fiber for bags, hats, ag containers.
What is the JAIP Pilot Project?	How will it benefit stakeholders?	The JAIP Pilot Project is part of a Business Development Strategy and Center, where training

Stakeholder Question	Concern	Response
		activities will take place, not only of JAIP tenants but also of FT stakeholders.
How will JAIP improve quality?	Packaging and design are primary issues – does JAIP address these?	If JAIP is approved to go forward, the first phase would involve programming of space and activities. A packaging center that offers shared facilities and design assistance would be analyzed as part of Phase One.
Will JAIP be the center of shipping for all of the Palestinian Territories?	Must a producer use JAIP as a shipping point?	No, JAIP would be a commercial entity, and as such, it will be a free market choice for producers and investors to locate there. If they feel it is beneficial, they can do so.
Why would an investor locate at JAIP?	What are the incentives?	The JICA Study Team is studying a long list of potential incentives, including tax issues, provision of water and sewage, infrastructure development, improvements to logistics at the King Hussein Bridge, and many others.
How will JAIP benefit tourism?	An agricultural industrial park is not normally involved with tourism.	Jericho is the third most visited site in the Palestinian Territories, and JAIP can take advantage of that traffic en route from Jericho to the Dead Sea and King Hussein Bridge. In order to integrate JAIP with tourism, there are proposed experiential tourist activities, such as a high quality Fair Trade Shop featuring handicrafts, a FT Café featuring FT food products, as well as ‘green’ activities, such as a solar collector drying agricultural products and a water demonstration garden that highlights new, low water usage crops for high value export.
What about water?	How will JICA facilitate access and availability at JAIP?	Water to Jericho is provided by three primary wells and the Ain Sultan Spring and Canal. JICA is analyzing a financial feasibility study on the water conveyance system to the Jordan Valley.
How is electricity being addressed?	The Jordan Valley is hot and costs for energy are high – how is JAIP addressing this?	JICA is looking at both conventional and renewable systems, including Japanese solar collectors. There are also other studies on-going (ELEMCO and Jerusalem Power) of the potential for solar collectors to power factories in the JV.
What about pesticides?	Pesticides are over-used in the Jordan Valley. How will JAIP convince farmers to go organic?	As part of the JAIP Pilot Project, there would be training in more sustainable agricultural production methods, including the importance of organic farming to Fair Trade and higher values of exports.
Is JAIP addressing insurance?	One of coop members’ biggest problems is the lack of insurance – is insurance part of JAIP?	Insurance for coop members is a private matter. However, solutions for group policies could be sought through training as part of the JAIP pilot project.
What about management of the coops?	Coop management is sometimes weak – how will JAIP address this?	Coop management is very important to buyers/importers, and strengthening is proposed through the JAIP pilot project; it could also be offered through the general BDS training system.
How can producers become knowledgeable about exporting and Fair Trade?	There is very little information on export regulations and Fair Trade certification – will JAIP address this need?	It was recommended that an Export Manual (Arabic) be produced, Groups like the Palestinian Shippers Council and others have gathered information that could be used. It could include info on FLO certification and importing country specifications. Export training would be part of the JAIP pilot project, and groups like FTDC might act as trainers.



Photo of stakeholders at Fair Trade Workshop held in Ramallah, October, 2009.

A2.3.7 Summary of Recommendations to Enhance Fair Trade in the Palestinian Territories

(1) Fair Public Awareness

- Strengthen the FTDC network to become a PP partnership similar to the French platform that offers broad stakeholder participation
- Enhance awareness of Fair Trade, particularly in Japan where FT can be linked to popular acceptance of organic products.
- Develop a public awareness campaign: “Pride in Palestine’s Cultural Landscape” (to promote preservation of vernacular architecture and to prevent littering).

(2) Fair Trade Olive Oil and Other Agricultural Product Development

- Stabilize olive oil supply through continued research for elimination of olive tree pests and improved irrigation systems.
- Rehabilitate and strategically locate olive oil presses,
- Purchase additional stainless steel storage containers,
- Study export markets and strategically plant and/or process accordingly New High Value Low-Medium Water Usage crops and associated products, commercial and Fair Trade (olive tapenades, herb blends, chutneys, antipasta, avocado oil, artichokes in olive oil, hemp products)
- Assist the government with a ‘Fair Trade Arab Olive Oil’ campaign in the Arab region to better capture the Gulf markets and to supply Arab airlines (e.g., Qatar, Middle East, Saudi, Kuwait, Gulf, etc.) with olive oil for business class passengers (French sell to Euro airlines).
- Two Fair Trade FLO certification categories that is not yet being used in the Palestinian Territories are organic cotton and wine, although Al Arja Textile Factory produces organic cotton, and high quality wines have been produced by the Salesians at Cremisan Monastery in Beit Jala since 1885.

The site is spectacular for picnics and visitation, as are some of the buildings, and their wine shop is open to tourists by appointment. Cremisan provides employment for local farmers through production of its own extra virgin organic olive oil brand (23 NLS for ½ liter) and nuts (almonds and walnuts), Both producers are very interested in pursuing their Fair Trade potential, and this year Cremisan exported to Germany, England, and

- for the first time to Japan (630 bottles).
- Assist producers/exporters to attend the Biofach Tokyo in October 2010 and Euro FT conferences.

(3) Fair Trade Handicraft Improvements

- Improve quality of handicrafts and tourism through design training of product development, including reinvented traditions, materials, colors, patterns, designs (secular rather than religious), and recycled materials.
- Elevate the status of handicrafts to a 'Cultural Industry'
- Develop the first Fair Trade Shop based on juried quality of products and international standard merchandising techniques for handicrafts v. souvenirs, linked to global Fair Trade web sites, based on "We sell what you want!"

(4) Fair Triangle Policy

- Israeli policies deserve continuous pressure for cooperation and positive change. Border closure policies often impact export delivery schedules and will become increasingly harmful as export of fresh food products increases. Only 43 of 200 Palestinian tour guides have permits to cross back and forth between Jerusalem and Bethlehem.
- Engage with Macrocot to provide water to Palestinian farmers at 1.5 ILS per cubic meter rather than the higher current cost of 3 ILS per cubic metre. (This would still be higher than the price Israeli farmers pay at 1.2 ILS.) This could lower the cost of FT agricultural production near Jenin and elsewhere.
- Develop a national platform/strategy to expand the Fair Trade Palestinian network and spirit of cooperation, linking the ministries (Agriculture, Tourism, etc.) with the private sector (producers, NGOs, exporters, certifiers, retailers, tour operators).
- The Ministry of National Economy recently stated that they will be more actively involved in Free Trade, including EU tariff agreements and bilateral agreements, reviving the US Palestine Economic Group, and joining the Agadir Group to help facilitate exports to the EU, which would benefit Fair Trade. (*Source: The Portland Trust, Interview with Bassem Khoury, Minister of National Economy, June 2009*).
- Develop a governmental network that links Fair Trade products to European FT procurement authorities (e.g., 500 French cities are committed to public procurement of FT products).
- Develop a policy that stops tour guides and tour operators from directing tour groups away from high quality NGO and private operations and products simply because they do not pay extra.

(5) Fair Tourism and Promotions

- Assist the Ministry of Tourism in developing a public private tourism board to include Fair Tourism
- Link Fair Tourism to the 'Visit Palestine' web site to support tourism as advocacy and to advertise to international tour operators and tourists;
- Train the private sector in product development by tourism segments, promotion, site management of cultural facilities. This could include training for quality standards as part of a Home Stay program (ATG has grown its Bethlehem Home Stay participants to 100 families, and they also involve families in Jericho, Nablus, and Ramallah. Home Stays might be rated to better meet the needs of tourists).
- Assist the Ministry of Education with a Fair Trade in Schools program.
- Develop branding for the Fair Triangle 'e.g., "Under the Palestinian Sun – 5000 Years of Culture', linking FT food, handicrafts, and tourism.

- Encourage publications like *'This Week in Palestine'* to develop a map with FT stops and advance calendars on cultural events (Oktoberfest, olive festivals, Lettuce Festival, etc.) in order to allow six month advance planning by international Fair Tour Operators; include information on weekend tours for business consultants.

(6) Training Programs

- Train on BPS in agricultural related to organic compost production and integrated pest management techniques, as well as water conservation including cropping patterns, drip lines, pipe maintenance and repair of wells; strategic planning for crop rotation; and coop management.
- Develop training programs to grow certification including Fair Trade (FLO), Fair for Life, and Organic (Transfair, JAS), web site development (producers, exporters, tour operators), merchandising techniques, marketing, packaging, business and strategic planning, and exporting and shipping regulations (i.e., How to Become FLO Certified, How to Start an Export Based Organic Coop, How to Write Your Business Plan, Exporting Documents for Olive Oil Producers, Exporting to the US, Exporting to the EU, etc. The ATA Export Manual: A Guide to Exporting Crafts to the US is available from Aid to Artisans.)
- Build a market data base with factual statistics on Fair Trade production and exports, in order to strengthen supply and demand and build a culture of trust amongst producers, exporters, and the government.

A2.4 Lessons and Fact Findings of Egypt and Jordan Industrial Park Development

As a part of the study, the fact finding on the industrial park development in the neighboring countries, namely Egypt and Jordan, is conducted. This is intended to identify the current strategy and practices of the industrial parks in these two countries in relation to FDI inducements. Additionally some SME development practices and export promotion practices are also investigated, though not exhaustive. A summary of lessons are shown in the following table, and what is to be highlighted here are as follows, and incorporated in to the main text.

- The significant drive to the FDI and FDI related Industrial parks are seen in two countries, especially in Egypt where big industrial parks to attract investors are underway through the mechanism of Private Public Partnership (PPP). Both industrial park development agencies and investment promotion agencies are very proactive to induce investors.
- These two countries are more competitive than the Palestinian Territories in cost and volume wise, land lease cost and available sites.
- Various SME development schemes are introduced in these two countries and noteworthy ones targeted and tailor made support to the sector, industry and enterprise seen in Egypt (Industrial Modernization Center) and incubator development in Jordan (Innovation Center attached to some industrial parks) , and some Japanese support programs .

The facts obtained through the interviews with the various institutions are also summarized in the subsequent fact sheets for each institution. The institutions visited are as follows.

This chapter provides a business plan for JAIP including background information, assumed conditions of development and financial evaluation based on scenarios, which are grounded on findings of the preceding studies on JAIP, field survey and interviews.

- 1) Industrial Development Agency (IDA) (Egypt)
- 2) General Authority of Foreign Investment (GAFI) (Egypt)
- 3) Polaris International Industrial Park (Egypt)
- 4) KAIZEN Center (JICA Productivity and Quality Improvement) (Egypt)
- 5) Industrial Modernization Center (IMC) (Egypt)
- 6) Foreign Trade Training Center (FTTC) (Egypt)
- 7) Egyptian Export Promotion Center (EEPC) (Egypt)
- 8) Jordan Industrial Estates Corporation (JIEC) and King Abdullah II Ibn Al Hussein II Industrial Estate, JIEC (Jordan)
- 9) Jordan Investment Board (JIB)
- 10) Al Hassan Industrial Estate, JIEC (Jordan)
- 11) Jordan Innovation Center (Jordan)
- 12) Al Tajamouat Industrial Park (Jordan)

Table 2.12 Lessons and New Models to JAIP Development

(Applicable to JAIP in bold and underlined)

Items	Egypt	Jordan
FDI	<ol style="list-style-type: none"> 1. FTA and QIZ have boosted interests of investors 2. Low factor costs are main attractiveness 3. The current financial crisis shifts from Eastern Europe to Egypt 4. Less incentive and no more free zones 5. Sector , company oriented approach(Japan desk) 	<ol style="list-style-type: none"> 1. The impact of the QIZ and FTA (and Iraq) Sector and specific company oriented approach from the general marketing. 2. Appointment of focal point as Japan desk 3. After care department for the current investors 4. <u>An investment projects list for Diaspora Jordanians and International Investment conferences</u>
IP Development	<ol style="list-style-type: none"> 1. Market oriented approach initiated in 2006 for investors through new breeds in IDA. 2. PPP (land by the government sold to developers who develop the IP in 2007) has expanded, which leads to the supply more than 800 ha / year 3. Strong interest by investors for domestic and foreign markets continues 	<ol style="list-style-type: none"> 1. A strong public sector agency (JIEC)from 1984 more developmental to adopt one stop shop approach 2. A variety of Development models are currently introduced as BOT (Aqaba) and <u>PPP under the JIEC framework</u> (supply of 800 ha/5 years). <u>For rural area, a private company funded by pension funds plays a role of developer as PPP partner.</u> 3. <u>The private sector IP with the QIZ is a success</u> 4. <u>Additional financial incentives to the investment in JIEC IPs(investment law + JIEC law maximum 12 years)</u>
Support to the Implementation of IPs	<ol style="list-style-type: none"> 1. One stop shop to streamline the government procedures(with Development Zone Act) by GAFI 2. Flexible occupancy rate of the cluster industry (70 % to 30 %) 	<ol style="list-style-type: none"> 1. <u>The Plot ration can be negotiable</u>
Logistics		<u>QIZ logistics agreement between Israel and Jordan</u>
SMEs Development	<u>The concept of Industrial Modernization Center</u> <u>Japan's contribution as KAIZEN center.</u> EPPC is seen as Japan Desk FTTC for export /trade specialists is an example	<u>Incubation center attached to the IPs</u>

(1) IDA

- The reform was made in 2005(The Presidential Decree No.30/2005), and actually initiated in April of 2006.USAID supported the capacity development of FDI mechanism, TAPR II with \$130 million until 2010. Consultants are being dispatched: Corporate Plan (2 foreigners), Marketing department (1 foreigner) and HRM (2 Egyptians) IDA's Budget comes from the government sector.
- During that time, the Corporate Plan was developed and this has changed the IDA's operational policy. IDA was converted from the old style -General Organization for Industry- GOFI (1950s) to more PPP oriented and as well as business oriented. Mandates are now changed.
- The Industrial Park workshop was held in July 2006 including foreign investors, WB, USAID, local private sectors :11 foreign countries (Japan, EU , Germany , Gulf countries s) for IDA to know what they want as a test of the market, feedback and gauge if the market is good or not. Only 5 weeks were to set up a workshop (USAID supported TAPR II).
- This is a first attempt of the dialogue between IDA and New industrial parks and incentives, and investors. And PPP schemes are introduced in the Industrial Zones as Industrial Parks. 23 million m2 are allocated for 14 to 16 projects. The tenders in October 2006 were invited and 44 companies expressed interests and 5 Developers are selected in 2007 for 5 industrial Parks in 10th of Ramadan and 6th of October. This totals to 7.5 million m2. 50 PPP schemes are planned in the Industrial Zones for the next 3 years., which totals to 50 million m2. The East Port Said(87 km2) for the next 30 years, and the initial model is a logistic park in phase 1
- Off site infrastructure from the government, not big amount but managed by the public works. They can not sell the land without IDA's authorizations. The lease cost will be decided upon by the developers. Land was sold at \$ 5-6 /m2.Developers are responsible for internal management of the Parks , right to distribute, facility management , and hotel, and supporting services No tax exemption in the Parks. Free Zones are managed by GAFI IDA has nothing to do with this zone and this is a different zone. Investment Zones by IDA but is managed by a single agency as GAFI.
- No BDS services were provided.
- The success is based on the following factors;
 - Egypt itself
 - International Environments slowed down but environmental concerns
 - IDA's people Newly appointed from the private sector under the new leadership.,
 - 20 nucleus people from the private sector wee added to 700 people12 -13 people in the marketing department
 - 4) Sector oriented strategy is needed. Agro is a domestic one, rather than FDI. Lots of Market researches are done for medical, textile, automotives. To make the sector oriented strategies.
 - 5) SMEs: plots were by IDA with special prices, MID purchasing equipment, and Social Fund for Development (SFD) providing long terms funding.

(2) GAFI

- General Authority of Foreign Investment was set out in Ministry of Investment (MOI) as an arms length agency, a sole government agency, to attract foreign investments. However, as an entity, no budget comes from the Government. They conduct investment conferences, trade shows and capacity development to ministries by donors support to GAFI. GAFI itself received the TA from Japan 2003 to 2005 JICA Japan's desk, and EC training on Investment Promotion in Germany
- One stop shop approach is utilized to get together 41 government ministries /agencies

representative in a one roof to smooth applications of permissions/ licenses for investors. Only 72 hours to make a company registration.

- In 2005, the mandate was changed to be more facilitation rather than regulative of which guiding law was the one set out in 1970s as Investment Laws that are to focus on certificates. The followings are initiated:
 - More services are added to be customer oriented. A range of services are:
 - Advices to the investors such as taxation, proper location, local partners more that might be needed by investors
 - One country officer is assigned as a focal point(Japan and India)
 - Consultations (free of charges) for legal and technical parts
- Around the same time, the Economic reform was initiated on the following main points:
 - Reduce the tax, 42 % to 20 %
 - Customs Duty 14.9 % to 6 %
 - Streamline the procedures and introduction of measures
 - Anti corruption, money laundering, banking system is upgraded in line with the Central Banking Reform.

These combined lead to the monetary and financial policy; best financial sector (The liquidity rate is 52 %)

- Macro economy of Egypt is strong: 7 % annual increase of GDP , has dropped to 3 % due to the financial crisis , then 4.8 % (current) As for the investment trends the figures are as follows:
\$ 13 billion FDI in 2007, \$ 8 billion in 2008 (against \$ 10billion (planned) and currently 6 billion \$ up to now in 2009

- Industry Zones and its legal framework;

- 1) Multi-system

- a) In land Regime = 20 % flat tax rate, normal custom rates are applied
- b) Free Zone Regime (fiscal incentives) ; Customs Free, Tax free(minimum 90 % export) 13 Years experiences to manage Free Zones. From 1997 (Designated and developed by GAFI)
These Free Zones are made up of “Public “ and “ Private “
- c) Specific Economic Zone: Between Inland and Export Off shore zone; 10 % Corporate tax and no Customs Duty.
- d) Upper Egypt Incentives (Southern Part of Egypt) Extra incentives LE 50,000for each job . Logistics and supporting industries
- e) One streamled line customs -- Dry Port with supporting and logistics industries.

- 2) Investment Zone in 2007 was introduced where No fiscal incentives, applied to all industries. This is because of no more free zones (MOI and MOF discussions and other agencies) and then Investment Zone is a compromised approach. Private free zones are OK. They are now utilizing their assets for Investment Zone Department.

(Objectives)

It is aimed to create clusters (core and feeding industries) with the private sector investments on the infrastructures.

Rationale: The Researches on the Free Zones shows that financial incentives are not important, but administrative constraints. This zone is a bureaucracy free zone, and controlled by a single regulator

How it works:

- a) Developers can purchase land with the competitive prices from the government (ministers)
- b) The developer make an application of request for Investment Zone

- c) A board of directors with ministries are gathered to one board with GAFI
- d) Executive Offices are formulated to manage the one.

No financial incentives to be fair (No tax exemption) to keep the balance between inside and outside of the zones. It is important to keep balance of the resources in Egypt,, the government, sector and targeted sectors such as Tourism and so on. A single regulator and all related services are provided to investors and SMEs such as TA (Consultants) funds allocation, civil services (fire and health.)

20 zones are under construction that is near to the industrial areas: closest to the sources of the infrastructure.

(Procedures for authorization)

Eight (8) main items are to be scrutinized such as Basic Infrastructure and MP, contractual relations between developers and investors. These are in relation to the government investment plans.

(Situation)

- a) For manufacturing, in 6th of October 1 executive office for 3 zones, and in 10th of Ramadan 2 zones and the developers propose after a developer gets IDA's land (Administrative regime) at a competitive price
- b) Investors are 1) ministry of telecommunications, 2) governorate/ministries and 3) foreign developers /local developers
- c) This is going to be success as up to now; 35 applications 15 rejected 60 % manufacturing, 40 % should be all kinds of supporting industries.

- SWOT of Egypt Investment

Weakness: Red tape, Strength, geographical ports/hubs huge market, FTA agreements, factor costs; 4.5 cent /KW, \$ 100 -150 /Month, 1.62 cent /IMBTU.

- GAFI is a 100 % self financing agency by receiving 1 % of added value created in the free zones. There are 9 public zones and 200 private free zones (industrial zone, bonded areas, stand alone one project , 20, 000 m2 more , 3 meter high fence, GAFI's room and customs rooms, One product –one company , a minimum of 10 million US \$ investment , 500 new jobs (intensive labor))

In each free zone, the number of the companies reaches 100 -160 companies.

- In the future, GAFI is to be an enabling agency to promote certain sectors.
Current Policies and actions are to increase the capacity of the infrastructure; railways, local transport, sea ports and find a developer to set out dry ports. Chinese are now in the special export zone. Suez related industries,

(3) Polaris International Industrial Park (Developer in the City of 6th of October)

- Polaris Dis Yatirmlar is a Turkish textile company. It is know that the chairman advocated the industrial park concept with PPP to MOTI minister. JV (50 % (Polaris) + 45 % SIAC (local contractor) and 5 % (local exporter) the paid capital is 10 million LE (Egyptian Pound) against \$ 1 billion project.
- The JV Company is set out in the late 2007 in the 6th of October that is one of the major industrial zones, purchasing 2 million m2 land from the IDA. In the phase wise, the first phase is allocated for large companies and for the phase2 to SMEs. Currently the phase one is all sold out. Phase 3 and phase4 are not ready to sell. They are not anxious to sell at the moment. Other 5 industrial parks are in 6th of October, and the Polaris has got another 1 million m2 with 20 % IBUZAN (local), 70 % Polaris and the rest for steel industry cluster development. The completion of the on site Infrastructure will be by Oct 2010, and the current project itself is going to be 10 years (in comparison a new one will be 7 years.)
- Investors are P&G and a large automotives; however, the textile industry is to be majored as a cluster development. This is due to high demand for lands before the final

agreement with the IDA. 82 % is multinational (P\$ G , India 60,000, Mansour, parts, local national SMEs Turkish textile companies) According to the general agreement 60 % should be textile related but the ratio was reduced to 30 % due to the economic situation. P&G has already mobilized to the site.

- A new company for a commercial complex with the residential complex is set out to facilitate the employment of good managers, and this can be used for a recruitment package. A Facility Management company that manages those complexes is new to Polaris.
- As for site engineering requirements, those are: Power Substation 34MW, Power Supply < 65 MW (requirement), Gas 40,000m³, Water 18,000 M³/day. On site sewage treatment is not mandatory. The provision of sewage treatment facility is investor's responsibility.
- The government construction is delaying in the off-site infrastructure. The site (on site) is under construction by Polaris using many consulting companies and contractors, Polaris has deployed a team of Project /Construction management team through a sister company.
- According to the agreement, everything should be approved by the IDA. Environmental monitoring is done by the MOE with the study and MOE will make a direct control of the investors. GAFI is a coordinator for Investment Zone arrangement. For IDA every 3 month report is also a requirement.
- In line with the marketing strategy, the missions to Europe that were already done and Egyptian representatives for investors, PR/ mission, News paper, TV, personal contacts, contacts several organizations are planned. GAFI requested them to do so. However only sales department is now currently deployed due to the facts that there is a strong demand.
- Land Prices are 2 kinds: 280 LE /m² for industries and 500 LE for logistics.¹ As for SFB, 650,000 m² (SFB) floor are allocated for lease /buy and the lease is at 25 LE/m² /month for production and for services 30 LE /m² /month. Every transaction should be endorsed by IDA with less priced than the maximum ceiling.
- Other facts:
 - A 200 million LE development is planned for the commercial and residential mix.
 - Building coverage ratio is maximum 65% and minimum 40% of the total plot area.
 - The 25% land occupation is accepted at the start of the production.
 - Maximum height for the buildings is 15 meter.
 - Construction has to start within 9 months after the contract with the developer.
 - Security system consists of property fence along the perimeter and guard gates with landscape plantation without TV cameras.
 - Street lighting is equipped with solar panels.
 - Shallow foundations are advantageous, less than 15 meters in depth.

(4) KAIZEN Center

Management training is providing by the KAIZEN Center supported by JICA and other technology related innovations are managed by other Technology Centers

- Defect rate in production is more than 10 % in comparison to Japan where it is less than 2 %. The approaches been a top down and no bottom up with KAIZEDN concept. Nonetheless, there are companies who are willing to pay for being trained /consulted.
- SMEs definition: Large is more than 300 employees, less than 100 is Medium. There is a local company (group) that employs 10,000 people in Egypt. The number of companies are 14,000 (roughly more than 100 employees) not inclusive of micro

¹ It is not confirmed , however, the land was sold at \$ 5-6 /m² to developers by IDA(in the interview with IDA)

- industries (informal)
- The Center has 10 local experts with one accountant. The staff is now being trained through OJT and Counterpart Training Study in Japan. Direct Consultations by local experts in the center are not yet eligible. The training started from no experience and to hire an engineer is a must. Turn over rate is very low , though they can get double salary when employed in American consulting companies
- JICA supports a long term expert and short term consultants with TQM, I.E, and QC(3 months x 4 experts) However, no direct expenses allocated to Japanese experts for pilot projects or others.
- Menus are:
 - seminars, 3 areas /month for investors associations, industrial zone, and academic institutions (chemical institute in BULBARAB) 10 days 1000 LE , conference room charge is \$ 100/day (expensive) Those are almost fee based, .
 - Campaign (5S, QC) (fryers through associations) is conducted as one day course,
 - In company training Factory advising (local) 2-3 days , and 2 -3 month in house training course
 - Consultations by Japanese experts once /w x 3-4 companies for Japanese companies. 10 companies \$150 /day x how many days. Foreign consultants \$ 400 /day Japanese presence is appealing
- The revenue goes to MOTI. The obligation is to cover more than 70 % of the salary (currently 63 %) This depends on the open rate. LE 2000 (new), LE 3000 -4000, and top three are LE 6500.

(5) IMC (Industrial Modernization Center)

- IMC was created in line with the EU project (Industrial Modernization Program, IMP), but not very active until 2005(2002-2005) when the project was itself managed by the EU. History is:
 - 1998–2002 pilots,
 - 2002–2005 10,000–1,000 clients,
 - 2005–2009 65,000–14,000 clients and thus huge money is left and not taken away.
- IMC was created in the 90s with a special presidential decree as special entity, and sole agent when the financial sustainability is achieved. Minister of Industry is a chairman of the IMC board. IMC is responsible for Industrial Development in partnership with the federation of industries. Chambers of industries in different sector to serve members of those chambers. IMC has Supported 14,000 enterprises with 75,000 interventions. Small is less than 50, Medium is 50 -200, Large is more than 200. 25,000 enterprises in the formal sector. 10,000 less than 10 employees and IMC do not provide services for SMEs, yet, SFD (Social Fund for Development) is taking care of SMEs.
- Integrated approach for competitiveness 3 level: the ministries/ Sectors, Institutions, Enterprises. MOI has got 40 vocational centers restructuring them through ITC (industrial Training Center).
- A variety of services:
 - Technical assistance + transfer
 - R&D
 - Access to Finance
 - Market Access
 - Quality/Productivity
 - Data base of consultants
- Short term quick fix solutions to vocational trainings for employees that are managed by ITC (Industrial Training Council, an affiliate of IMC) to make them grow from local to regions, regions to international.

- Co Sharing schemes depends on 90 % to 60 % grants by IMC for joint programs (donors funds are available)
 - Annual Budget is 1.3 billion LE = \$200million (EU money leftover, recycling money of the activities, HRM and vocational training funded y the government for 600 million LE through MITI. And Market Access: Trade Fair funded by the Government with the export councils and export authorities) Donors UNIDO and WB. The running cost is now covered by the operation. In each industrial zones and parks and new industrial cities, there are 18 branches with 180 staffs in number. The companies in those regions will go to these braches as clinets and stakeholders.
 - Speedy and Efficient 380 employees with a qualification of project management (coordinators) 80 in the HQ, and 120 (ITC) Staffs need project management, Business Development and Sector Knowledge should have
 - 4KPIs a) export 21% increase, b) investment 18%, c) employment 7 %, d) 34 % turn over increase over 5000 samples, in order to be transparent.
 - Clients should be responsible to disclose financial statements.
 - New Initiatives a) NSDP (National Supply Development Program for multinationals), suppliers and employers, b) Supply chain (vertical and horizontal) supply chain, c) Services to new factories (1,000 new factories to be established by FDI), d) focus on upper Egypt to create job opportunity. Multinationals in Egypt faces problem with Egyptian suppliers so IMC intervenes to develop capacity of suppliers employees.
 - IMC is much more needed in the post financial crisis. The industrial development strategy is developed by the IMC. 2005–2012. Annual Plan is being ready soon.

(6) FTTC (Foreign Trade Training Center)

- The FTTC was set out in Feb 2001 with a ministerial decree; supported by JICA project Phase I 2002–2004 for Capacity Development, and Phase II 2005–2008 for full operation and jump start.
- A new office is under construction, and completed in November 2009. 5 rooms to 25-30 seats. The area is 900 m2 in the ground floor, and 300 m2 in the first floor.
- Developed an integrated training program “Qualified Export Specialist (QES) Program” consisting of 6 modules with help of JICA. The 6 weeks program was certified by UK Institute of Export. FTTC is offering QES program both with UK certificate (15,000LE) and with local certificate (7,000LE). 16 other courses with varied duration. Those course fees are subsidized by IMC. In addition to UK Institute of Export, FTTC has cooperation with CBI-Centre for the promotion of Imports from developing countries(Holland), International Trade Center, UNCTAD/WTO, Islamic Development Bank(IDB).
- The number of trainees is 3445 in 2008. Up to now 12,000 were trained. Since 2005, any company, which seeks for export registration, has to have at least one trained staff before registration. FTTC has been providing 5 day general course for those companies. (No subsidiary by IMC)
- Objectives: dissemination of export culture and success stories; reducing the cost (the number of containers), finding a new market, a new company.
- Target audiences:
 - governmental officers /customs/export councils /foreign trade., b) exporters , c) newly graduates, d) regions (outside Egypt)
- The QES courses are held 4 times/year with on line exams and project study. 4pm–9 pm in the afternoon is a preferred time for trainees.
- Chairman of the board is the Minister of Trade an Industry The Board of Directors includes representatives from the ministry, export related organizations and private sectors.

- Plan to develop Distance Learning Program as well as to be a regional center for Arab countries. FTTC has already implemented various training programs for other Arab countries in cooperation with IDB and JICA. FTTC will implement training in Dubai soon.

(7) EEPC (Egyptian Export Promotion Center)

- Focus on the development of Business Developers in the EPCC by utilizing the local staff (only 10 staffs + 3 other staff to develop the market Information system, capacity development, the basic data collection (statistics) and the format, reasonable foreign market advices and data search.
- The network development among local and local/Japan is mandatory through Foodex, and in networking exercises. The EPCC should be a trustable institution.
- a) Multidisciplinary Committee in the Export Council for 14 sectors. And the number of members in the active committee is less than 30 that is aimed to promote the export opportunities to Japan.
 - Tried to develop a kind of JETRO of Japan in EPCC
 - Pilot projects are formulated to make them as a model success story for Egyptian Enterprises to make a transaction with Japan and also instill the culture of exports and know how to develop sellable goods. (identity, competitiveness and background story) specialty goods to Japan
 - Inviting Japanese experts (short term) to develop a new products.
 - Successful products are: Spices and herbs, Neckties, and Glasses
 - Limited to the sectors due to the Shortage of the budgets and experts (Short term experts only)
- The experts are trying to connect those to Japan on a voluntary basis, and JETRO is not that helpful.
- A new model should be developed in the ODA scheme. The concept is BOP (Bottom of the people)
- Japanese Style Management is most appreciated, from top to the bottom, detailed approach rather than European Consulting report oriented approach.
- There are possibilities to use the power of SMEs in Japan for technical transfer and increase the trade, and businesses between them. There are many Best SMES in various prefectures (Hiroshima 189 SMES) JETRO gets money for the study.
- Export Councils consisted of 11-12 chambers is a private entity who can be appointed by the Minister to make advices on Minister.
- No affiliated money for Pilot projects are allocated.

(8) Jordan Industrial Estate Corporation (JIEC)/King Abdullah II Ibn Al Hussein II Industrial Estate

- JIEC set out in 1980 by Jordan Industrial Estate Corporation Law, and in 1984 King Abdullah II Ibn Al Hussein II Industrial Estate was initiated (in 1992 200 projects). Its equity is 87% governmental and 13% by private. No budget from government and no return benefit to the government. Mandates are, equipped with being located in strategic position and without natural resources, the IP was initiated for environmental concerns, creating job opportunities (Jordanian labors) with the state of arts infrastructure. Two type of auditing: internal and entity of Auditor's office. They believe that they are No.1 in the Region for IE. 240 staffs are working in the administration building.
- King Abdullah II Ibn /Al Hussein II Industrial Estate where JIEC Head quarters is located is the very first Industrial Estate established in 1984, a total site area of 253 ha with full infrastructure: Pharmaceuticals, chemicals, engineering, and food industries are the major sectors in the estate. The public facilities in the site are preparing

Administration office, One-stop shop service, bank, hospital, vocational training centers and whole community facilities. The revenue is based on self financing mechanism with no government budget and guarantee. One stop shop approach to investors is a general practice. The Power is attached to municipality status, thus some levies can be chargeable to the investors.

- JIEC is itself doing the marketing and have conducted the scoping mission for Singapore, Europe (Greece, and Turkey) and, from embassies and receiving supports no media advertisement. Egypt is a big competitor.
- Three more in the pipeline:
 - Mawqqar (2009) 40 % sold of 250 ha. to Saudi, Iraqi, Greek companies. Almost phase I is done by Oct. 2009. and the construction in parallel
 - Zalka Industrial Estate ((2nd largest in Jordan) in terms of the population. 20 years 250 ha. Very close to Iraq and Saudi border,. The tender was released, and the result is not yet.
 - Madaba: 45 minutes south west of Amman 50 ha MOU of PPP (BOT) with (Qatar Company “SOURUR” was made but, currently suspended (in grace period) due to the financial crisis. This is for medical product.
- The BOT type was initiated for Aqaba International Industrial estate with the consortium (American and Turkey) and the concession is now renewed to 20+10 years. 3.5 million JD was spent to for the line to the nearest point to the border. The BOT came with the notion of limited resources, risk sharing and private sector management/networks. JIEC buys land from the government at nominal price. Currently 2000 durums x 4 sites are reserved.
- One stop shop to inventors and JIEC works as a coordinator. JIEC has got a power of the municipality and collect some taxes and fees. This leads to the competitiveness. JIEC is now contemplating to form another PPP for dormitories and logistics with foreign companies (Saudi/Kuwait)
- However, among the current IEs, the Occupation rate in Karak is very low due to the remote location; more social oriented approach with the support by USAID is being contemplated for agro and food industries with the Social Development Fund (SDF)
- Selling price is 32 JD /m² (all inclusive of the land cost , off on side infrastructure and management cost) up to 38 JD depends on the lot sized, 50 % down payment with 50 % in 3 years, 3 JD/ m² for lease but one year free. A maximum increase is 5 % annually. Lease cost calculates based on land purchase cost, initial investment cost, annual O&M cost, and administration cost but excluding street light cost, Security cost, green cost.
- Completed buildings sale price/sq.m: JD85/sq.m – JD110/sq.m (\$120/sq.m – \$155/sq.m), the price does not include the price of the land
 Developed lands sale price: JD50/sq.m (\$70.5/sq.m)
 Completed buildings annual rent: JD15/sq.m (\$21.1/sq.m)
 Developed land annual rent: JD2.5/sq.m (\$3.5/sq.m)
 (Though this depends on the category of the lands) there is a note of 32 JD /m²(land and infra and management.)
- Annual O& M is not charged to the investors. Such as Maintenance, Landscaping and lighting and so. Utility costs are passed through respective authorities. Sewage treatment is charged to the investors (0.5 JD/M³) that is recycles for greenery with free of charge.
- • Engineering Requirements
 - Security system consists of 4 m height property fence, gates, and police patrolling in the site.
 - The effluent quality of wastewater of BOD is 60 ppm and TSS 60 ppm. The chemical wastewater factories are installing pre-treatment facility. Weekly quality

monitoring executes these factories. In case of factories can not keep of the standard quality, AHIE instruct keep the standard, but factories do not follow the instruction AHIE cancels the contract.

- Others
 - JIEC borrowed a soft loan from China (2010) (6 million JD) to develop Maan Industrial Estate
 - JIEC has advocated that all industries go to the IPs, though the Greater Amman MP has designed another park near to the current park.
 - For land purchase, an investor makes 50 % down payment and another 50 % will be payable over 3 years. For lease (3 JD/m²) for the first two years, one free year is adopted.
 - For Water, Water Company gets fees from each investor, For telecom, directly to the company, For Electrics: a certain reduction to a SME, and for Solid waste: Hirea Garbage Company dump it on a special area for free

(9) JIB (Jordan Investment Board)

- A sole agent set up in 1995 by the Investment Law and its board consists of 6 public and 6 private sectors. An independent and its budget come from MITI.
- Promoting sectors are defined as Industries, Agro, Hotel, Hospital, Entertainment, Conference, Rail, Call Centers, Flight Academy, Transportation of Oil and Gas. ICT is managed by many ministries for development of software industries.
- 100% owned by Non Jordanian is OK for the above promoting sectors. For other sectors, 50 to 50 % Joint Ventures. Non Jordanians are treated equal to Jordanians. Only one condition is that they have to open a bank account in a local bank with more than 50,000 JD.
- Wide Incentives
 - Customs Exemption 100 % fro all fixed assets. As for a hotel, apart from Skelton, everything is exempted, renovation (3 years or 7 years) can be also every 25 % expansion, another yea is added.
 - TAX exemption: Zone A 25 % , Zone B 50%, Zone C 75% depends on the zones,
 - Facilitation of all the procedures on a one stop shop approach. 10 governmental departmental representatives in the office for A to Z (company registration, residential introductions, other permits and regulations)
- Investors to JIEC Industrial Estates can enjoy 12 yrs tax exemption with a combination of JIEC Law and Investment Promotion Law. Special Economic Zone in Aqaba is created. 5 Development Zones are created. These gives forth to confusion to investors,
- Free Zones Pubic /Private Free Zones with income tax expected for two years and 100 % Customs Duty exempted. No more free zones??
- QIZ is seen by the JIB as dubious in terms of the impact on Jordanian economy, and it is said that the country Sector oriented approach is more productive.
- New initiatives are more country/sectors and then company oriented approach
 - Supply side; Mapping the local resources and supply side advantages
 - Demand Side: mapping the world to identify interested countries /sectors and then these companies are targeted.
 - For Gulf, more on opportunity seeking to hold different businesses, feasibility studies at a symbolic price (JD 3000) to the Gulf Regions. 140 project ideas in 12 governorates (HR/NR) are completed. This result is going to be presented in the 1st International Conference in November 11th? When other projects are requested, then they will do F/S for them. Energy, Chemical, Soft wear and Tourism is for Japan.
 - Additionally, after care department 4000 established through JIB so that reinvestment is sought after from them.

- Expansion of regional offices with the enhanced status by the embassy. 3 in Gulf, 1 Turkey and 1 in China and Europe (Spain)
- They will form National Investment Strategy that is disclosed in the investment conference.
- JIB is planning to develop investment maps in each governorate for SMES (JD 50,000 – 1 million JD) by expatriate Jordanians.
- The JIB track Record: in 95-96 only 200 million JD to 2008-2009 2.2 billion JD and up to now 1 billion in 2009. All those macro figures are improved; Unemployment (25% to 14 %) , GDP growth 5.5 % (8 %) and also capital income. to \$ 2500.
- One highlighting event is that Yahoo bought an Arabic portal site (Maktoob), which was developed and managed by a Jordan company, with US\$100 million.
- Jordan's competitive edges are , though Egypt is a strong competitor:
 - Peace and Security, b) Low Corruption, c) Infrastructure, d) FTA with 100 countries(5 million to 1 billion (USA, CANADA, Singapore)
 - Labor cost is higher so that higher engineering parts.
 - Banking System(upgraded)
- JIB is closely working with other agencies: JIEC, JE (Jordan Enterprise) which was a merged institution of export development corporation and industrial modernization program, and Chamber of Commerce. . MOU is agreed upon with those ministries and agencies.

(10) Al Hassan IE (Northern Jordan)

- The first Qualified Industrial Zone (QIZ) worldwide, and was established in 1991 on a site area of 117.8 ha, in which Phase I site area is 55 ha. Due to the QIZ, the IE attracted Textile, garment, and engineering industries that are the major sectors in the estate, and 100 companies occupied which are 68 productions.(107 and 76 in production and 31 under construction) However, due to the garment sector of USA market in decrease, this sector productions have slow down since last year in the IE. 25 % down in exporting and the number of employees went down to 16,-17, 000 from 21,000 at peak. 3 big companies and 5 small subcontractor companies were closed down. The IE is still expanding with the yearly extension being around 20,000 m2 (SFB)
- Prices:
 - Completed buildings sale price: JD85/sq.m -JD110/sq.m (\$120/sq.m -\$155/sq.m), the price does not include the price of the land
 - Developed lands sale price : JD30/sq.m (\$42.3/sq.m)²
 - Completed buildings annual rent: JD15/sq.m (\$21.1/sq.m)
 - Developed land annual rent : JD2.5/sq.m(\$3.5/sq.m)
 - Building sizes are providing from 100 sq.m to 1,300 sq.m.
- Service fees and rates
 - Wastewater : 0.5 JD/cu.m
 - Electric: Tenants pay to electric company
 - Telecommunication: Tenants pay to telecommunication company
 - Water : 0.9 JD/cu.m source is a well
 - Waste disposal: Tenants contract private waste company base on 20 litter/person
 - Industrial waste disposal : Tenants contract private waste company
 - Street light cost, Security cost, green maintenance cost are no charge for tenants,
- On-site infrastructure
 - Water capacity is 4000 cu.m/day including fire fighting water
 - Wastewater treatment capacity is started 260 cu.m/day, extended to 500 cu.m/day, and effluent quality of BOD is 60 ppm and TSS 60 ppm. The chemical wastewater

² Land price is surrounding area was 1000 JD/sq.m to 2000 JD/sq.m in 1987, but now increased 30000 JD/sq.m,

factories are installing pre-treatment facility. Weekly quality monitoring execute these factories. In case of factories can not keep of the standard quality, AHIE instruct keep the standard, but factories do not follow the instruction AHIE cancels the contract.

- Water reservoir capacity is 4000 cum/day including firefighting water.
- Ministry of Environment executes daily monitoring for air pollution of the surrounding area of the estate.
- Security system
Security system consists of 4 m height property fence, gates which are the main, rush hour and custom, and TV cameras installing at gates which monitoring at manager's room. And police patrolling in the site.

• Logistics arrangement between Israel and Jordan) for Al Hassan IE.

Special Logistic procedures from Al Hassan IE to Haifa port was agreed between security committees of Jordan and Israel in 2007. The security committee consists of several departments of Police and Customs. A Container is sealed in customs in Al Hassan IE and monitored through GPS tracking system by Jordanian side until the border, Sheikh Hussein Bridge then change the truck at the border without opening, then monitored by Israeli side until Haifa Port.

The procedure is applicable to all investors.

(11) Jordan Innovation Center (JIC)

- The incubator system was set out in June 2006(effective from Jan 2007) by the King's initiative for IE, and Innovation Center has an intention to build up 10-11 incubator centers in every Industrial Estate. There are other Incubator centers in some universities. This totals to 10 units. To manage nationally those incubation centers, JIC (Jordan Incubation Center) Network for 10 Innovation Centers is directed by JEDICO.
- Jordan Innovation Center has 3 units and its board of members are : JIEC , JEDCO, JEA(Jordan Engineer Association), JUST(Jordan University of Science and Technology), Yarmouk University, King Abdullah II Fund for Development, Moqata University, Philadelphia University. Laboratories in each universities help R& D. for the incubates. Those boards provide the operation and management funds to the center.
- The JIC has 3 branches:
 - 2007 (Industry) (Al Hassan)
 - 2008 (Software) (Al Hassan extension, with 2 universities)
 - 2009(Agriculture) (South , Al Hussein bin Abdullah II IE, Karak) (agriculture, dead sea product . renewable energy)

The Center has a director, business development officer, Administrator, Office boy) , and in Karak (Assistant Administrator, office boy, no business development officer)
- For other incubator centers, different boards manages. JUST has another incubator, RSS(Royal Scientific Society), Higher Council , Jordan University, Philadelphia University, Woman Forum.
- JIC is supported by Board members, 650 m2 in JIEC office space (free of charge) and rented out to incubated ones at nominal price.
- EU-JEDCO –JIC Network supports funds to incubatees. NAFIS (supported also JICA supports the funds from the reverse fund mechanism) JIC supports non financial assistance and financial supports with those funds. So 70 -80 % of expenses are covered by NAFS.
- Procedures.
 - First Contact Form to show Project Description
A group of people is preferable, what they want from ICT and what he understands

what to do, The registration of companies is supported by ITC. A series of interviews are held between ICT and the companies.

- Application Forms (Applications) are examined by the technical committee (Advisor and guidance) 80 % success rate
- Admittance Form
 - 2006–2007 75 contacts to 1 company
 - 2007–2008 200 contacts to 7 companies
 - 2008–2009(up to now).... 100-200 to 3companies

So 11 companies are admitted, Selection criteria depends on what they want.
6 (industry) and 5 (IT) and they also launched a product
Enough Money and Management capacity if they have no need to be here.
Start up of SMEs from the scratch for new ideas and new products (it is easier for expansion)

 - a) Pre incubation phase) for 6 months this is supported by NASF (70-80 % subsidy)
F/S , B/P , Visibility, Marketing , organizational capacity development
 - b) Incubation
One –to three years. The office rental fees starts from JD 50-80 /month depend on companies to JD 150 (2009) Non intention to kick out
Every company should attend a meeting for monitoring.
- Funds to the incubates are summarized as follows:
 - JD 5,000- 15,000 (Seed Capital) by EU
 - JD 5,000-15,000 (R&D) by EU
 - JD 10,000 -15000 (B/P, F/S) (Pre-incubation) by NASF

Marketing products and businesses model/clustering is supported by the JIC
- Graduation
No graduation so far, but a success story is a company succeeded in getting JD 100,000 more (A chance to be a millionaire) for a remote sensing control unit development. They consulted the largest electrical company. He is a nominee for the award of Asian Science Park Association.
- JIC's Strategy (credibility and Visibility)³
 - to be recognized by many international networks, such as EBAICN(European Business and Innovation Center Network)Like ISO in 2010 to get EU grant
 - International Association of Science `Park , a member

(12) Al Tajamouat Industrial Park (ATIP)

- Three public shareholding real estate development companies are established in 1994(the founder is Palestinian and his son is a successor) with a current paid up capital of JD 20.5 million. The company has assets of over JD 70 million, and manages and operates the largest privately owned industrial zone in the country. They have two sister companies (Catering and Housing) that is going for franchising a restaurant chain, and shopping mall.
- As for Industrial Parks, they are now expanding to Syria IZ (Medium sized industries) and Egypt(10th of Ramadan 1.2 million m²) for 53,000 workers and light and medium industries (\$1 billion FDI, \$1 billion export with \$100 million their investment) Qatar/Libya/Iraq is in the pipeline. They are now investing 25 milion JD for logistics/ Warehousing with foreign investors and a cold chain development was studied to be feasible, but stopped.
- This private industrial park's whole area is 42 ha with full infrastructure and built up area is 35 ha.(floor) There is still 100ha left for development. They are now attracting

³ In the Palestinian Territories, there is one incubator for IT under PITA

a high tech. pharmaceutical, confectionary companies, though these three requests are different. It is changed for Green City (Solar, high speed city) from the garment sectors. The decisions are not yet made.

- The end of 1999, ATIC was designated a Qualifying Industrial Zone (QIZ) by the US Government. ATIC is now home to 40 international manufacturers from 11 nationalities, 120 local businesses and holds close to 40% of the total US export related foreign direct investment in Jordan. The park employs over 17,000 people. At peak the export is \$ 600 million and 40, 000 in employment.
- Turn key operation for both tailor and ready-made industrial buildings and turkey operation for warehousing and storage buildings. Full time management with professional curry out in –house engineers. Number of Staff: Administration 35 staffs, and other staff such as O&M, engineers are 120, total 150 staffs.
- On-site facilities
40 garment factories from 11 different nations, and other factories, constructed by ready made concrete structure.
Fully furnished dormitories equipped to unit 7000 workers.
Catering services offering various cuisines on a daily for 6,000 meals per day, that providing of an area of 2500 sq.m kitchen.
Clinic and health care services, office of ministry of Labor, office of the customs Department,
Police station are providing in the site.
Warehouses and storage facilities are providing also.
The building coverage ratio is 50% by Municipality regulation, but TIE negotiated and acquired more 20% for these buildings. Permission price is 1JD/sq.m.
- On-site supporting services
A full time staffs of security and maintenance available in the site.
removal of liquid and solid waste, housekeeping for dormitory and common areas throughout the zone, local labor recruiting in cooperation with the ministry of labor, Dormitory unit size planned international standard which is 3.5 sq.m/person.
- On-site infrastructure
Full infrastructures are provided.
Recycled water of wastewater will be used for industrial laundry and other industrial purpose.
Security system consists of property fence with green and gates.
Logistics arrangement between Israel custom and Jordan custom: Custom office is locating in the site. Custom officer inspect documentation and loadings in the container, after checked container sealed until destination and open. During transfer checking by GPS.
- Prices
The factory lot sale price is 250 JD/sq.m to 300 JD/sq.m
The factory lease annual price is 20 JD/sq.m to 25 JD/sq.m
The warehouse lease annual price is 35 JD/sq.m
Normal recovery period is 12 years, attractive period is 8 to 10 years.
A unit (50 m2) lease is 250JD /month
Dormitory 20 JD/head/month (furnished) 15-10 JD (unfurnished) for 3.5 m2 /head (US Standard)
Lands are so far 50 % sold and 50 % on lease
- Success Story
 - Engineering parts , they have done everything and Municipality has done nothing (road connections and water pipeline)
 - Labor laws to employ different workers

- Cumbersome and subjective treatments in relation to rules, regulations and services.
38 ministries to get approval
- They are competing with JIES , and less supported by the government (investors go to JIEC first)
- Marketing(2 sales manager /marketing) keep knocking , attending fairs and through the current investors
- Advantages of privately managed IE is ability of manage by themselves, and in good maintenance and tailor made, which leased to faster and cheap.

A2.5 EXPORT PROMOTION

A2.5.1 Export Promotion Policy and Practices

As the Palestinian Territories is a small, resource poor country, its economic growth depends on open trade and the future growth will depend upon Palestinian enterprises capability to access new markets beyond Israel, especially the Arab markets in the mid term and also the European market. However, Palestinian goods find it difficult to even compete with Israeli imports in the local market. Moreover, since most of Palestinian businesses are small or medium sized, they lack marketing skills and relevant information on markets, standards, procedures, and target groups to access external markets.

In line with the SME development, this section further elaborates on the export promotion (trade facilitation) which is seen as engine of the economic growth for the Palestinian Territories and distinguished development of SMEs. However, as the export is new in the Palestinian Territories, and since SMEs are not ready to be more competitive to penetrate into the world market beyond Israel, the export is still at its infancy. This is exemplified in the report "Palestine Exports: Best Practice" (December 2008 Portland Trust) where it is stated "the seemingly leading companies in the exports are mostly "Starter" and "Typical Palestinian Companies" that are to be trained of professional business management, product development and more on the export market development."

The Palestinian Authority (PA) supported by donors programs and international organizations has undergone a significant process of modernization over the past few years- to enhance competitiveness and to promote export.

(1) Recent Export Performance

Export Overview

The Palestinian economy is characterized by profound structural imbalance and high external dependence. This owes much to the lengthy period of dependency on Israel and it is highly dependent on imports and has a chronic trade deficit. The political stabilization is of significance to the industrial performance. These are seen in table below.

Imports of goods and services are equivalent in the last five years to, on average, 70% of the GDP. Exports, by contrast, are equivalent only to on average 18%.

Its uniqueness is that the Palestinian economy in general and export and import in particular can be highly affected by external factors so that this vulnerability to external factors has caused the economy's performance to fluctuate widely. Table 2.7 of trade activities over the past seven years shows that the total Palestinian export increased by around 40% in 2007 compared to 2006, and by 53% to 2005. This increase resulted from the increase of export to Israel by 40% and 57% for the same period. In 2007, the total Palestinian exports to Israel were equivalent to 87% of the total Palestinian exports.¹ The total Palestinian exports by road represent 100%. On the other hand, the total Palestinian imports are increased by 14% in 2007 compared to 2006, and 18% to 2005. The total Palestinian imports from Israel represent 73% of the total Palestinian imports, and the dominance of trade to Israel would be a major representing character of Palestinian trade.

¹ The total export from the Gaza Strip to Israel decreased by 35% in the year 2007 compared with 2006, and decreased by 56% compared with 2005.

Table A2.5.1 Trade Activities over Years

Indicators	Value in Million US \$							
	2000	2001	2002	2003	2004	2005	2006	2007
Total Palestinian Exports	401.0	290.3	240.9	279.7	312.7	335.4	366.7	513.0
Total Palestinian Imports	2,382.0	1,515.6	2,033.6	1,800.3	2,373.2	2,666.8	2,758.7	3,141.3
Palestinian Net balance Trade	1,981.0	1,743.3	1,274.7	1,520.6	2,060.6	2,331.4	2,392.1	2,628.3
Total National Exports	295.0	217.8	178.0	195.7	216.1	234.6	263.7	347.6
Total Re Exports From the Palestinian Territories	106.0	72.6	62.9	84.0	96.6	100.8	103.0	165.3
Total Exports From West Bank	323.0	251.9	208.1	234.4	272.8	294.2	332.8	490.7
Total Exports From Gaza Strip	78.0	38.4	32.7	45.2	35.0	41.2	33.9	22.3
Total Palestinian Imports From Israel	1,739.0	1,352.0	1,117.0	1,309.6	1,747.9	1,872.9	2,002.2	2,307.0
Total Palestinian Exports to Israel	370.0	273.0	216.0	256.0	281.1	290.6	326.6	455.0
Total Exports From West Bank to Israel	311.0	235.5	189.4	217.0	246.1	253.4	292.6	448.0
Total Palestinian Exports of Services to Israel	129.1	84.8	66.3	73.1	92.6	127.7	131.3	121.8
Total Palestinian Imports of Services From Israel	83.1	66.2	49.0	61.6	94.0	119.1	123.2	104.7
Palestinian Net balance Trade in services	46.0	18.5	17.3	11.5	-1.5	8.6	8.1	17.2

Source: PCBC 2008

Structure of the Palestinian Territories Export

The structure of exports has two sides: The first is the products structure (sector) and the second is the geographical distribution of exports.

1) Sector Performance

The total Palestinian export increased by 28% in 2007 compared with 2000. This percentage resulted from the increase of the exports of the following sectors: Chemicals, Leather & Textile, Non-Metallic, Metallic & Machinery, Wood & Furniture, Others by 66%, 41%, 23%, 55%, 70%, and 57% respectively, except for the food and beverage which decreased by 16%. But it is worth mentioning that Food and Beverage export have significantly improved in the last four years, though it does not come back to the 2001 level because of the Gaza's situations where fruits and food export was collapsed.

Table A2.5.2 Export by Sector over Years

	2000	2001	2002	2003	2004	2005	2006	2007
Food and Beverage	98,125	47,552	40,691	47,206	53,086	50,501	48,797	83,095
Chemicals	29,688	27,594	20,251	26,028	29,440	28,866	35,212	49,256
Leather & Textile	40,017	32,785	23,925	27,784	30,593	34,613	40,328	56,414
Non-Metallic	90,852	75,889	60,362	67,158	70,226	74,795	79,958	111,851
Metallic & Machinery	37,078	22,157	16,182	22,484	29,504	30,275	40,988	57,336
Wood & Furniture	35,482	31,294	26,763	30,069	35,663	39,471	43,177	60,399
Others	69,615	53,079	52,691	58,951	64,176	76,922	78,249	34,229
Total	400,857	290,350	240,865	279,680	312,688	335,443	366,709	512,979
Base year 2000	--	72%	60%	70%	78%	83%	91%	128%

Source: PCBC 2008

The issues of low labor productivity, lack of competitiveness and low of quality remains (World Bank) are the same, yet the export contribution to GDP are now growing. The industrial performance has greatly improved over the past 5 years, and more to that, the food industry has outperformed other industries. The main groups of exported commodities are:

- Manufactured goods classified mainly by materials (which include stone and marble)
- Miscellaneous manufactured articles (which include furniture, footwear, etc)
- Food and live animals (which include processed food, vegetables and fruits)
- Chemicals and related products (which include medicine, plastics etc.)

These are mainly made by the Palestinian SMEs due to the current lack of interests in terms of foreign direct investment. Somehow niche markets, where an opportunity is particularly relevant to Palestinian products, are now being found.

2) Geographical Distribution of the Palestinian Exports

The following table presents statistics on both Palestinian exports and imports by group of countries. Although Israel is the main or the dominant export partner for the Palestinian Territories, however, recently, the export expanded to other markets such as the EU and other Arab countries. Still the percentage of Palestinian export to Arab countries reach 8% and 2% of the export goes to EU countries and the rest of the World such as African countries, South America countries, Australia, etc.

Table A2.5.3 Geographical Distribution of Export and Import

Value in 1,000 US \$

Group of Countries	Exports							
	2000	2001	2002	2003	2004	2005	2006	2007
Asian Arab Countries	28,960	14,497	14,973	14,796	18,278	23,154	29,867	33,044
Asian Countries	369,988	273,164	216,409	256,355	283,136	292,560	327,148	456,018
African Arab Countries	162	79	120	181	1,079	2,701	4,164	1,728
Other African Countries	0	0	0	0	54	85	27	236
North American Countries	71	128	203	802	1,700	4,218	2,553	3,601
Central American Countries	0	0	0	0	0	-	-	13
Caribbean Countries	0	0	0	0	0	-	-	0
South American Countries	0	0	0	159	0	103	-	2
European Union Countries	1,675	2,453	8,921	7,041	6,958	11,405	2,638	18,076
Total of Remaining European Countries	0	28	241	327	91	239	302	127
Australian Countries	0	1	0	18	0	-	7	131
Sundries	0	0	0	0	1,392	978	0	-
Total	400,857	290,349	240,867	279,680	312,688	335,443	366,706	512,976

Source: PCBS 2008

Table A2.5.4 Geographical Distribution of Export and Import (continued)

Value in 1,000 US \$

Group of Countries	Imports							
	2000	2001	2002	2003	2004	2005	2006	2007
Asian Arab Countries	25,734	23,779	21,639	26,643	34,801	36,399	35,052	50,274
Asian Countries	1,958,322	1,534,842	1,274,234	1,514,979	2,005,967	2,250,059	2,354,584	2,710,294
African Arab Countries	13,934	13,002	9,436	19,078	30,299	32,601	31,885	28,167
Other African Countries	2,243	4,793	2,257	4,522	4,125	4,779	4,425	1,817
North American Countries	58,127	41,022	648	31,591	40,759	33,313	24,248	29,455
Central American Countries	2,392	1,759	1,189	2,085	1,355	2,346	2,944	3,490
Caribbean Countries	52	233	72	20	55	72	52	80
South American Countries	6,396	9,228	6,289	9,215	13,774	15,418	20,586	15,405
European Union Countries	263,605	358,829	161,151	154,564	205,141	250,356	225,615	246,352
Total of Remaining European Countries	35,131	32,743	28,317	27,204	26,862	33,107	43,258	52,907
Australian Countries	16,001	13,292	9,748	10,049	9,626	8,101	14,888	2367
Sundries	871	126	629	317	483	1,041	1,189	691
Total	2,382,807	2,033,647	1,515,608	1,800,268	2,373,248	2,667,592	2,758,726	3,141,297

The major trading partner is still Israel as shown in Table 2.9; however, a diversification of outlets has spread to other countries as well. EU, Jordan, and The Gulf are now increasing because the export promotion is widely accepted and new and old export market channels are also maintained since the local market is small and the proximity to the growing external markets such as the Gulf countries is an advantage.²

(2) The Government Role and Intervention to Enhance Export

The Palestinian Authority had in several occasions and is documented in various development plans that “open economy” and free trade are both strategic choices. This has been manifested in reality by the different free trade agreements concluded by the PA and third parties. Special focus has been on integrating the Palestinian economy in into the multilateral trading system and to comply with WTO principles. In Parallel the PA is also developing and attempting to restore economic and trade relations with Muslim countries as the thrust and depth of its free trade strategy, trade creation, and diversification.

As shown in the section 2.1.2 (2) and herein repeated, the MoNE, in full cooperation with international organizations and donors, and through local NGOs and private sector institutions, implements different development programs to support the private sector in general and SMEs

² Import substitution is another issue as still dominant market share especially in the food industry is borne by Israel goods.

in particular, therefore, the government role is a facilitator rather direct provider. The donor programs for the MoNE are concentrated in the following main areas;

- Institutional reform for enterprise that includes land registration, commercial laws, improved business licensing, industrial development, and staff training.
- Trade infrastructure and facilitation that includes the improvement of the flow of goods through crossing points, improvement of products packaging/labeling to meet export requirement, upgrade of infrastructure at crossing points, entry to WTO, improvement of competitiveness, development of readiness for export, export promotion, etc.
- Enterprise Investment and Development that includes projects focused on a permanent exhibition center, technical assistance to SMEs, economic empowerment for women, and investment promotion, such as (GTZ) Private Sector Development Program.
- Industrial and Services Capacity Development: quality standards testing labs, dissemination of information about international product quality standards, developing and enforcing construction standards, industrial zones, industrial business capacity development, technical assistance for businesses through UNIDO, ICT projects to improve product quality, etc.

Movement and access is a big issue, which is dealt with in the subsequent chapter, as an enabling environment.

Policy Level

Rule and Regulations

Harmonization and simplification of procedures affecting the flow of goods and services is also key to the competitive position of enterprises yet as complex as this matter maybe given the political and security restrictions of the Israeli government, many aspects of trade facilitation in the Palestinian context are meant at this point on an internal level. PA is working on to enhance transparency of related PA bodies in the administrative procedures for imports and exports by creating a hotline for receiving complaints and identifying obstacles faced by companies from public sector agencies involved in the trade facilitation. These ideas have been discussed in the Public – Private Dialogue, and it gained the interest of the Prime Ministry himself. In this relation, for the food industry: Palestinian Standard Institute “PSI” and business sector association enhancement go with the sector modernization ahead.

The Financial System

The PA has facilitated the growth of banking services by allowing the creation of new Palestinian banks and the introduction of foreign banks in the West Bank and Gaza. Credit availability, particularly long-term credit program are being implemented.

Public-Private Interaction

The PA has taken some steps to consult more extensively with the private sector. This tendency needs to be strengthened and the private sector given a much more active and vocal role in determining commercial policy. The Private Sector Institutions Coordinating Council was established in 2000 for this purpose. PalTrade has begun a process of internal reform to help it become the driving force in export promotion.

Industrial Estates and Free Zone

The PA supported by donors established laws of industrial state, free zones rates, and free zones for export activities geared to regional and international markets. An independent body was set up to oversee the zones. The first industrial zones established in Gaza, the PA supported

by the French government started working on the Industrial zone in Bethlehem. The PA supported by the German government concluded agreement to establish an industrial zone in Jenin governorate.

Palestinian Trade Agreements

The PA has signed various trade treaties

- “The Paris Protocol”, an economic protocol signed with Israel promotes free trade and access for Palestinian goods and services to Israel ports of entry and exits;
- An agreement with the USA, duty free treatment is granted to all Palestinian products entering the US mainland, in all quantities and of all types, and vice versa;
- Free trade arrangement with Canada where tariff were eliminated on industrial products. For the agricultural products and processed food, tariffs were reduced or eliminated in accordance with quotas;
- An agreement with the EU grants free trade on all industrial products. Concerning agriculture items, the EU grants duty free or reduced tariff treatment on the products exported to EU with quotas. The same applies to agriculture imports from the EU to the WBGS;
- An agreement with EFTA countries (Switzerland, Liechtenstein, Iceland and Norway) allows for free trade on all imports and exports;
- Unilateral custom-free entry of Palestinian products is allowed into Saudi Arabia, Qatar, United Arab Emirates, Bahrain, Tunisia and Morocco;
- All imports from other countries enjoy an average tariff rate of 7-10%; and,
- Export from the Palestinian Territories are not subject to export tax and do not require licensing.

Policy Tools

Moreover, the additional measure to directly serve the SMEs is now set out as PalTrade as shown in the section 2.1 (SME Development). PalTrade is an active export promotion agent, and sole marketing agent working together with various industrial organizations to help develop strategies, statistics and moreover on the capacity to develop the Palestinian marketing.

PalTrade

Purpose is to lead the development of Palestinian trade as a driving force for sustainable national economic growth. As the National Trade Development Organization (NTDO), PalTrade advocates a competitive, enabling business environment and is dedicated to improving trade competitiveness through trade promotion and capacity building. Its operation and services are guided by sector-based strategies for trade development supported by assessment of cross-sectoral opportunities and impediments.

With its four divisions, Pal trade has been working on the followings:

- Trade and export promotion including local exhibitions, international exhibitions, promotional activities, business to business, trade missions, promoting the image of the Palestinian Territories.
- Trade Development: Capacity building through training programs in export procedures, international marketing, and marketing, packaging (technical side of packaging and marketing side of packaging), ToTs. At the firm level, Paltrade has a branch in Jordan to

support companies to enter the Jordanian market. They support the company to find potential investors from Jordan, provide information on standards, advises on packaging and information on market niches, competitors, marketing entry strategy, match-making clients. PalTrade worked with 30 companies to develop strategies to penetrate into the Jordanian market, they succeeded to support 10 companies to enter the Jordanian market.

- Trade information: Provide companies with relevant information on external markets, and they cooperate with UNIDO to build the capacity and competitiveness on all levels, macro, sector, firms and product level, through using value chain analysis. Financed by donors, PalTrade conducts country studies to better understand the markets; recently they are conducting a study on Algeria.
- Trade Policy and Trade Facilitation: advice on legal, regulatory framework for the Palestinian Territories (legal system). PalTrade is hosting private sector technical unit advocacy to the government.

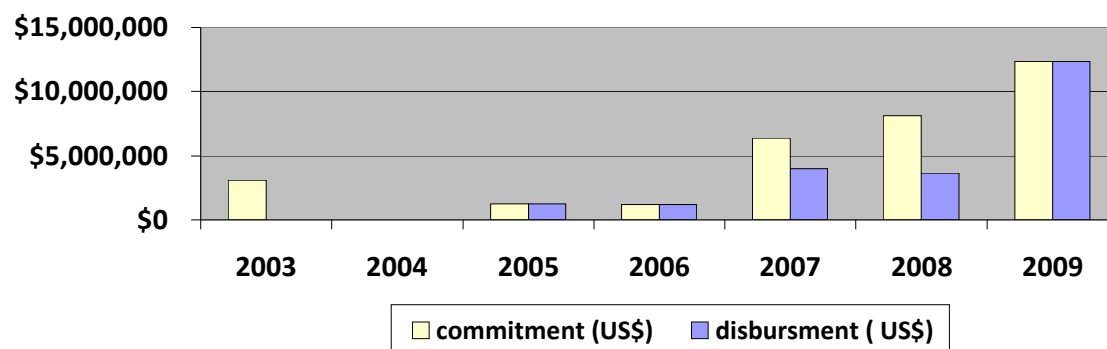
PalTrade Programs

- Enhance Capacity of the private companies through training in marketing, know-how, marketing information on targeted markets, improving access to strategic markets and, strengthening the supply chain and quality management these project supported by the GTZ and UNIDO
- Trade facilitation: this project aims to promote and facilitate the use of alternative trade corridors for Palestinian trade, namely through neighboring Arab countries, to improve market access and impact high costs through Israeli routes. This project is funded by the EC.
- Organizing trade missions exhibition, Local Exhibitions, International Exhibitions, as well as providing Trade Information supported by IDB.
- Export promotion of olive oil through improving the productivity and supporting the cooperatives of the producers this project is supported by AFD

A2.5.2 Donors' Programs for Export Promotion

(1) Donors Contribution

Similar to SME development, the donor communities are focused on the NGOs, business associations, and private sector organizations to deliver direct services to the SMEs. Most of donors program are targeting PalTrade being a focal point for promoting export in the Palestinian Territories. Donors programs also are focusing on development of new export channels for certain products such as olive oil, dates, traditional Arabic food, Herbs, honey, etc.. As for Market development and Business Environment/Business Networking, the donors such as France, EC, Islamic Development Bank, Switzerland, Germany, Sweden, Norway and World Bank, USA, and Denmark are focusing on implementing a project with the relevant ministries and Palestinian organizations such as PalTrade, and Shippers Council to build trade infrastructure and to support trade facilitation. The below chart indicates that the donors commitment and effort to support trade increase in terms of budget allocated for this purposes.



Source: based on the WB donor's contributions table

Figure A2.5.1 Trade Infrastructure and Facilitation Programs

(2) Details on Selected Donors /Programs

Italian Cooperation

Italian Cooperation is implementing a “Production of High Quality Olive Oil Project”, a three year program, from 2007–2010 implemented by the Italian Agriculture Institute for Overseas (IAQ) and funded by the Italian government for amount of Euro1.1 million. The project aims to provide support for olive growing in the Palestinian Territories by intervening in the three phases of the production chain, mainly olive growing, olive processing and marketing of olive oil. In addition, an institution to establish and operate the Palestinian Olive Oil Council (POOC) with technical support from the Italian Institute for Statistics (ISTAT).

French Cooperation

AFD has decided to support Palestinian olive oil exports in the framework of the Trade Capacity Building Program (TCBP). This program aims to help poor countries benefit from globalization. This aid helps improve export capacities and finances institutional technical assistance. Support for Palestinian olive oil exports. The project includes four components:

- To improve the productivity of producers' groups by strengthening their management capacities, training them in olive harvesting procedures and techniques and storage;
- To control the quality of oil by providing additional equipment for a test laboratory using international standards, training new taste panels and creating an international trademark;
- To obtain quality certification for Palestinian olive oil mills based on international standards in order to comply with market requirements;
- To promote exports by implementing a strategy to focus Palestinian exporters' efforts on niche markets that will have been identified

Dates and amounts: Start-up: 2007, financing: €1.25M grant to the Palestinian authorities represented by the Ministry of Planning and International Cooperation.

USAID: Trade Facilitation Project (TFP) March 2009

The Trade Facilitation Project is designed to facilitate the movement of goods and people into and out of the West Bank and Gaza. The project works with the public and private sector to boost trade and economic opportunities in the West Bank and Gaza.

Project activities will:

- Support facility and equipment upgrades on the Palestinian side of select crossing points with Israel
- Build capacity of Palestinian Authority Customs and modernize the administration and procedures consistent with international best practices
- Help establish an appropriate PA presence to effectively manage crossings and borders in a way that improves the flow of trade and promotes transparency
- Support continual dialog between Palestinian traders, PA officials, Israeli authorities, and the international community to help identify and ease critical movement and access restrictions
- Promote greater use of risk management techniques, such as the “Known Trader” approach, in order to minimize waiting and processing times at crossing points
- Support the use of advance shipment information
- Support administrative and logistical improvements at Allenby Bridge that make the crossing more cost-effective for exporters and importers
- Establish a trade information portal to serve as a primary source of consistent, reliable, and up-to-date information on a variety of trade related issues.

Canadian International Development Agency (CIDA)

CIDA has a plan amounting to 300 million US\$ support for 5 years. 50% is allocated for Security, Law and Order, and 50% is allocated for Humanitarian Support and Private Sector Development. Trade facilitation is one of the target areas. CIDA is also planning to help develop the capacity of PalTrade in the following fields:

- Legal environment for trade, including ISO or European standard introduction is considered. CIDA is making considerations so that this program would start before December 2009.
- Other program is planned to work with ILO, but the details are not yet fixed. Industrial park at Ramallah is abandoned, because investment from Canada is not expected.

(3) Way Forward To JAIP

Having reviewed the above, it can be said:

- The capacity of existing donors’ projects can be utilized in the JAIP BDS services.
- International trade and export is now facilitated by an agent and donors. However, more sector and company wise approach is needed to boost the export; in addition, much effort is needed for logistic improvements. JAIP should have such a facility and organization to support the export.
- Many Palestinian enterprises are isolated from global developments and from information on international shipping and commercial transport. They are ill-informed about shipping areas, regulations and operating procedures, as well as new rules and regulations relating to standards. JAIP through the BD Center could organize professional training programs to enhance SMEs marketing capacity, market information, standards, etc.
- Private sector institutions development (PSCC, PalTrade, PFI, Chambers of Commerce, etc.), develop industrial policies and develop necessary networking infrastructures for international market access.

Initiate programs where the thrust is on improving the productivity and competitiveness of key

export sectors and firms (e.g. food industry, meat processing companies, agriculture, furniture, etc), and improving economic environments.³

A2.5.3 Practice and Prospect of Fair Trade

The Palestinian Territories is one of 58 countries where Fair Trade operates. Global sales in 2008 were 2.9 billion Euros. The largest Fair Trade buyers are in Europe, particularly the UK where 2008 sales were 678 million Euros, followed by France, the Netherlands, Germany, Italy, Spain, Belgium, Austria, and Switzerland. Fair Trade sales are annually increasing in many other European countries, including Sweden, Norway, and Finland. The US is a huge Fair Trade market due to its sheer size with \$730 million in sales in 2008. Fair Trade recognition is lower in the U.S. than in Europe, but market share is steadily growing, particularly on the East and West Coasts, with sales increasing by 50% annually. Fair Trade is closely linked to organics, and the US is the world's largest organic market. Other growing markets are Australia, New Zealand, and Canada.

Japan is a large buyer of organic products with JAS certification, and the market for imported organic olive oil is increasing, however, Japan is not a major buyer of Fair Trade products. There is a general lack of awareness of the meaning of Fair Trade, and there are few distribution channels, including retail and internet venues. Whether food or handicrafts, Japan's interest is in high quality products, and high quality packaging and design, with limited interest in Fair Tourism, most of which is Solidarity based. JICA is sponsoring a Fair Trade olive oil project in Tubas, called NICCOD, which is exporting a small amount of high quality extra virgin olive oil to Japan.

For the purpose of this study, which attempts to encourage the growth of SMEs involved in Fair Trade through diversified product development and increased exports, the concept of a 'Fair Triangle' is used. The Triangle includes three points of analysis: Food, Handicrafts, and Tourism. Globally, Fair Trade foods and Fair Tourism are both growing. Luxury handicrafts are also growing, but lower quality handicrafts are declining in market acceptability and sales.

Unlike in the past, when Fair Trade was closely linked to charitable buying and product design was less of an issue, Fair Trade of the future will be sustainable through good business practices and competitive design, including the stronger capability of producers and exporters to deal on the international market. Already producer groups in Africa and Central America are becoming more competitive, and Fair Trade buyers include larger, sophisticated commercial wholesalers and retailers. There is growing opportunity to strengthen Fair Trade through national governments and the international donor community, both of which are beginning to favor Fair Trade practices, through national policies and procurement practices, and international grants.

(1) Practice of Fair Triangle in the Palestinian Territories

With regard to Palestine, it is clear that the Fair Trade system benefits stakeholders in three ways:

- By providing a platform for higher pricing and larger quantities of exports, particularly food related products that result in additional income to producers and exporters,
- By reducing isolation and increasing local awareness of the importance of quality standards throughout the value chain, ultimately resulting in a more competitive and stronger economy,

³ PA still lacks a clear coherent economic and trade strategy and priorities of those sectors with high value added and employment.

- By raising global awareness of the impacts of the occupation on Palestinian food producers and development situations through the links set up to international organizations, which results in incoming Fair trade linked tours and direct spending in local communities⁴.

Olive oil is of particular interest to this study, as the olive tree is a 5,000 year old symbol of Palestinian heritage and attachment to their land, and about 100,000 families are dependent on the olive harvest. In February of 2009, the Palestine Fair Trade Association with Canaan as their exporter was the first in the world to get Fair Trade or FLO certification for olive oil. In October, 2009, FLO certification was achieved by a number of other Palestinian producers and exporters, as well. (FLO certification is not given to NGOs, so that was an issue to be overcome by groups like PARC.)

Palestinian extra virgin olive oil is of good quality and is medium priced on the international boutique grocery store market, with Greek, Italian, Spanish, and Tunisian oils priced lower and with other Italian, French, and California oils priced higher. Zaytoun/Canaan and PARC olive oils are competing in the UK at sophisticated venues like Whole Foods. Other large UK stores such as Sainsbury are interested in buying not only olive oil but also other Palestinian Fair Trade foods. (Palestinian producer groups and exporters are working with FLO to establish categorical standards for Fair Trade fresh vegetables.) As a buyer, Europe's primary concerns are quality and health standards, and a 15% premium for high quality extra virgin organic Palestinian Fair Trade olive oil is acceptable.

In the Netherlands, which offers a smaller but unusually enthusiastic Fair Trade market with 85% name recognition of the term, 'Fair Trade,' Palestinian olive oil is successfully being sold in organic markets throughout the country. (Fair Trade handicrafts are very common in the Netherlands, and are sold in hundreds of WereldWinkel shops.)

On the demand side, the survey in Europe and the US indicated that the primary concerns from the olive oil importer/buyer's perspective are:

- Unstable supply,
- Lack of communication with the exporter, and
- Poor quality packaging and design, particularly in regard to olive oil soaps.

On the supply side, the survey also indicated the primary concerns for producers/farmers are fair pricing and timely payments (concern over late payments). Primary concerns for Palestinian exporters were high shipping and logistics costs, VAT issues, difficulty in finding new markets, and producer quality problems.

Fair Trade is supposed to provide producer groups with a minimum guaranteed price or Fair Wage that covers the cost of production and their family's basic needs. (For example, according to the PFTA brochure, the current minimum price to be paid by a trader to a farmer is 15 NIS/KG of extra virgin olive oil.) Fair Trade is also supposed to facilitate transparency, respect cultural identity, foster community development and reinvestment, support safe and healthy working conditions, and utilize good environmental practices including organic farming and use of recycling and biodegradable material when possible.

⁴ Fair Trade development itself in around Jericho that would be demonstrated in the BDS center in JAIP can be a tour product in Jericho as well as in Palestine. This movement will also benefit the JAIP in terms of the market expansion through the tourism development.

It is somewhat unclear in the Palestinian Territories as to how many of these Fair Trade goals are actually being met, as there does not appear to be a shared monitoring and evaluation system. Certainly it is clear that the exporters are helping farmers by investment in training, marketing, seedling plantings, and equipment such as presses and stainless steel storage, and exporters have successfully linked producers to overseas markets, and have helped farmers who would encounter difficulties in processing, packaging, branding, and accessing those markets on their own. Other food exports, such as couscous, almonds, and honey, have provided Palestinian women producers with additional income.

Because of traditional farming methods and the fact that the Israelis do not allow chemical fertilizers (linked to explosives), environmental practices are good and organic farming is being implemented. However, Israeli water restrictions and the Barrier Wall make irrigation difficult. Apart from political access issues, additional training and eradication programs would improve farmers' irrigation and water conservation practices and pest control to result in higher olive fruit yields and more olive oil. This is very important, as the biggest problem in the future is limited yield and the lack of supply for export. Based on a low yield this fall, it is estimated that in 2010 Palestinian producers/exporters will not be able to meet European and US demand for Fair Trade olive oil and related products.

Apart from olive oil, one of the primary Fair Trade exports from the Palestinian Territories would be handicrafts, particularly olive wood and embroidered products, both of which are produced by technically skilled artisans. About 90% of the olive wood relies on the Holy Land brand and targets religious pilgrims; the opposite is true for other handicrafts which are about 90% secular in design. Primary problems are traditional designs that do not meet market demand and a lack of distinction in the retail tourism market between souvenir and handicraft.

Other exported handicrafts include competitive ceramics, as well as jewelry and recycled glass. There is no FLO or global certification for handicrafts. Thus, the only type of certification is membership in the World Fair Trade Organization (WFTO, formerly IFAT). Handicraft quality is not controlled like it is for FLO certified products. Ceramics seem to be the most successful export but they are not Fair Trade, and data on handicraft exports is less attainable than on olive oil.

With regard to Fair Trade standards, through observation, it is clear that woodworking workshops are not always healthy environments in which to work (sawdust without ventilation which the workers inhale). Women handicraft producers, such as embroiderers, often work in their homes, so safe work environments are not an issue. However, production is generally based on traditional but worn out designs, which results in limited market acceptance and related sales income.

There are dedicated NGOs and associations that provide women with training and retail venues to reach tourists in the Palestinian Territories. Both the AWU's shop near Manger Square in Bethlehem and Sunbula in Jerusalem are two of the best handicraft shops in the country in terms of product quality and merchandising techniques. But AWU does not take credit cards, and Sunbula is not on the main tourist route, although it is within a popular guest house, both of which limit sales.

Exports of handicrafts are limited and are not as competitive as Fair Trade handicrafts from Asia and Central and South America, although CHF has estimated the potential for reinvented, redesigned Palestinian embroidered products to be quite high. Large European buyers, like Oxfam, Traidcraft, Equal Exchange, and Wereldwinkel are buying limited items. US based handicraft buyers, like Ten Thousand Villages and SERV, are buying very little from the Palestinian Territories – SERV's inventory is only 4% from the entire Middle East with 41%

from Asia. In most 2009 catalogues, the Star of Bethlehem Christmas ornaments are produced in Peru and India, who have usurped Palestine's brand.

It is noted that the development of the Fair Trade handicrafts could be used as good practices and lessons for the development of new and another array of food products like olive oil related goods and processed food, and export market development, the development could be well monitored.

With regard to the third point of the Fair Triangle – Fair Tourism – or community based tourism that uses existing resources to allow direct payments from tourists to local people without leakage to international beneficiaries, the industry segment is just beginning to emerge on both a global scale and in the Palestinian Territories, and there is only one tour operator (Alternative Tourism Group or ATG), one NGO (PACE) and one solidarity group (Siraj Center) who are facilitating Fair Tourism.

Conventional Palestinian tour operators, who primarily offer tours to Christian pilgrims, have a difficult time competing with Israeli and Jordanian tour operators for a variety of reasons, including Israeli policy that prohibits free access for Palestinian tour guides between Jerusalem and Bethlehem and unsophisticated web sites that are difficult for even the most determined solidarity tourist to understand. In addition, conventional tour operators do not enrich their programs with living heritage products, and take tourists only to those souvenir shops, often low quality, where tour guides receive commissions.

There appear to be no specialized eco-tour operators in the Palestinian Territories, although the country offers beautiful wadis and desert landscapes, and eco tour products such as hiking are offered under the Fair tours. Although Ramallah is the site of numerous donor projects, and it is the continuous home to literally thousands of international consultants, weekend tours for business tourists do not really exist, and it is nearly impossible to get information on local sites.

It is noted that the development of the Fair tours could be used as good practices and lessons for the development of new and another array of community and ecological tours in the Palestinian Territories and Jericho in particular, the development could be well monitored.

(2) Prospect of Fair Triangle in the Palestinian Territories

Primary recommendations for growing Fair Trade and the Fair Triangle are:

- Develop a strong framework for Fair Trade to build a cultural industry of quality to balance pricing, including a supportive network or Public Private Partnership involving all stakeholders of the Fair Triangle (producers, NGOs, ministries, and private businesses – exporters, retailers, tour operators), as is being implemented in France
- Increase Fair Trade producers and products, such as organic cotton, wine and fresh vegetables, and processed foods which remain outside the local Fair Trade system - link to international procurement practices and closely link to the development of JAIP and food industries.
- Develop a national brand that reflects the Fair Triangle (e.g., Under the Palestinian Sun).
- Increase olive oil supply through donor grants to eliminate insects and enhance irrigation techniques and break the cycle of olive fruit production that results in very little olive oil every other year. This would allow the growth of olive oil related processed products.

In relation to the Fair Triangle, the following supporting mechanism is to be set out.

- Develop a national strategy pushing each aspect of the Fair Triangle to strengthen and support the others through linked technical, financial, access to market information, and global marketing.
- Train on BPs in agriculture, particularly involving water conservation and crop patterns.
- Train to improve the quality of handicraft product design and packaging – key to success through demand driven retail production.
- Train to improve private and NGO merchandising techniques in order to achieve higher sales – differentiate souvenirs from handicrafts in retail shops.
- Reduce pricing of handicrafts through innovative new designs and reduced labor but increased quality and quantity – reinvent traditions, forms, and materials.

APPENDIX 3 SECTOR REVIEW OF FOOD INDUSTRY

A3.1 Food and Beverage Manufacturing in West Bank/Gaza

A3.1.1 Introduction

Manufacturing production is considered the backbone of economic development, the activity capable of achieving a qualitative move towards economic and social progress.

The food and beverage (F&B) sector has been one of the fastest growing sectors of the Palestinian economy, it play a main role and contributed with more than 24% of the production value, 18% of the added value total, and 16.7% of the employment total in the manufacturing industries and represents 14% of the total number of manufacturing establishments during 2008¹. These establishments grew under occupation due to the protective nature of the Israeli economy, along with a national campaign designed to encourage consumers to buy Palestinian products throughout the late 80's and early 90's. The Palestinian Territories offer a business friendly environment in which to start a business or to expand an existing business in the food and beverage industry for a number of reasons, including:

- Strategic location in the region, close to land and seaports, as well as to other major markets in the area
- The recently passed Investment Encouragement Law, which facilitates the growth of newly established businesses
- The availability of an experienced work force, and the food industry still play an important role because it provides many job opportunities, not only in a direct way, but also indirectly through the cluster, starting from the agriculture, storing, distribution, filling, packaging, researches, services...etc.
- Food industry contributes in providing most of the Palestinian consumer needs.
- The food industry plays a main role in increasing the farmer's income, developing the rural areas, strengthening the farmers at their lands and reduces the immigration rate to the cities.

A3.1.2 General Indicators of the Palestinian Food and Beverage Industry

The food and beverage industry represents approximately 23% of Palestinian industrial production. The average Palestinian household spends roughly 36–38% of its annual income on food and beverage products.

In 2008, there were 2,063 enterprises, it was (2,548 enterprises in 2007) enterprises in the food and beverage-manufacturing sector, making up 14% of all manufacturing establishments. Although the 2008 number of enterprises in the sector constitutes a decrease of approximately 19% over 2007, there has been an overall 35% increase in the number of total establishments since 2004. The F&B manufacturing sector output in 2008 showed an increase of 32% over 2006 figures, while Gross Value Added for the same period increased 24% to \$108,719,600.

Compared to 2004 figures, output for the F&B manufacturing sector had risen by 48% in 2008 to \$493,473,200, and Gross Value Added had increased by 24% to \$108,719,600.

A3.1.3 Food and Beverage Sub-Sectors

The Palestinian food and beverage manufacturing sector is divided into 9 sub-sectors with the following percentages of total establishments:

¹ The Palestinian central Bureau of statistics, economic survey series 2008, main results

Table A 3.1 Percentage Distribution of Sub-Sector Establishments, 2007

Food and Beverage Sub sector	No. of establishments 2007² (No. in 2004)	No. of employees	Percentage (%) of Establishments
Production and preservation of meat	15 (27)	190	0.06
Preservation of fruit and vegetables	38 (30)	408	1.6
Manufacture of vegetable and animal oil	266 (231)	1,618	10.5
Manufacture of dairy products	59 (77)	989	2.5
Manufacture of grain mill products	143 (139)	514	5.5
Manufacture of prepared animal feed	36 (25)	305	1.5
Manufacture of bakery products	1,301 (1,271)	5,094	51.5
Manufacture of chocolate and sugar products	122 (40)	460	5
Manufacture of Macaroni and similar products	12 (8)	59	0.04
Manufacture of other food products	497 (444)	1,482	19.5
Manufacture of soft drinks and mineral water	59 (23)	614	2.3
Total	2,548	11,731	100.0

There are approximately 15 meat production and preservation plants currently in operation, with a total production capacity of 1,400 to 1,500 tons per month. Production concentrates on cold cuts, Mortadella, and canned meat. The biggest and most dominant name is Siniora products. The Palestinian share of the meat market of the West Bank and Gaza ranges between 70–80%, including East Jerusalem, with Israeli and other imported products, most notably Al Mara'I from Jordan and zyglopic from Israel accounting for the remaining 20–30%.

The meat production sub-sector is growing in quantity of production and declining in number of enterprises, due to the increase in demand for canned meat and luncheon products, and to low production costs. The increase in demand for these products is mostly due to decline in per capita income, and the fact that these products are inexpensive and are often substituted for fresh meats in traditional cooking, this sub-sector produces over 70 kinds of Luncheon and cold cuts products, which provides the Palestinian poor families with a good source of protein. The opportunity to develop this sub-sector is to establish slaughterhouse and Turkey farms to cover the needs of these factories.

The manufacturing plants in this sub-sector such as saniora, salwa and Islamic co are modernly equipped and using the latest technologies, most of them semi- or fully automated. These factories is taking on consideration the international hygiene, quality and food safety standards, four factories from this sub-sector are ISO 22000-certified. Most of these factories were certified with Palestinian quality certificate (PSI).

A3.1.4 Geographic Distribution of Establishments

The food and beverage industry is distributed all over the West Bank and the Gaza Strip, with major concentrations in Nablus, Ramallah, Hebron and Gaza.

With the passing of the Investment Encouragement Law and the easing of restrictions, the sector has become a major attraction for investment.

The vast majority of the establishments, 73%, are family-owned enterprises, employing 1–4 persons. About 19% of establishments employ 5–9 people. The following figure shows the distribution in more detail:

² Economic Establishments, main findings, May 2008

Table A 3.2 Distribution of Establishments According to Number of Employees

Number of Employees	Quantity of Enterprises	%
1-4	1,860	73
5-9	500	19
10-19	144	5
20-49	28	1
50-99	10	-
>100	6	-

A3.1.5 Labor Issues

In 2008, the F&B industry employed more than 9988 employees, with total industry capitalization of more than \$430 million. This number represents approximately a 28% increase over 2006, and an 19% increase over 2006 industry employment figures, respectively. The food and beverage sector employees constitute 16.7% of the total employees of the manufacturing sector in West Bank/Gaza. Female employment makes up between 4.5% and 5% of the total employment rate.

In 2007, the number of employees in the F&B sector represented 18.8% of the total number of employees in the manufacturing sector. Compensation per employee also increased by 10.4% in this sector compared to other sectors, reaching an average of \$3,593 for the food and beverage sector versus \$3,440 for other manufacturing sectors.^{5 6}

Table A 3.3 Statistical Indicators of the Food and Beverage Sector

The Food and Beverage Sector	1998	1999	2006	2007	2008
Percent of persons engaged	11.3%	10.4%	15.5%	18.8%	16.7%
Output per person engaged	\$30,828.94	\$31,273	\$42,880	\$46,077	\$49,406
Output per paid employee	\$49,636.77	\$49,359.05	\$66,576	\$70,121	\$73,740
Value added per person engaged	\$11,730.54	\$11,229.06	\$11,246	\$18,273	\$20,090

In 2006³, the value added per person engaged was \$11,246, lower than the manufacturing average of \$13,323. The output per paid employee was \$66,576 compared to the manufacturing industry average of \$46,144; the output per person engaged \$42,880 compared to the manufacturing industry average of \$29,473. The total number of employees in the food and beverage manufacture sector is divided amongst the nine sub-sectors as follows:

Over the period of 10 years, the sector has improved the performance due to the increase of local demand for high quality food products, the demands of new range of products, the increase of market share for local products and the high competitiveness in this sector.

Table A 3.4 Distribution of Employees According to Sub-Sector 2007

Food and Beverage Sub sector	No. of employees	Percentage (%) of employees
Production and preservation of meat products	190	1.6
Preservation of fruit and vegetables	408	3.5
Manufacture of vegetable and animal oil	1,618	13.8
Manufacture of dairy products	989	8.4
Manufacture of grain mill products	514	4.4
Manufacture of prepared animal feed	305	2.6
Manufacture of bakery products	5,094	43.4
Manufacture of chocolate and sugar products	460	3.9
Manufacture of Macaroni and similar products	59	0.5
Manufacture of other food products	1,482	12.6
Manufacture of soft drinks and mineral water	614	5.3
Total	11,731	100.0

³ Economic survey series-2006, main results

A3.1.6 Market Share and Competition

The market share of Palestinian-made food products has increased dramatically during the past few years. In 2006, the Palestinian food and beverage market share was at 50%. Major competition in the market came from Israeli products, followed by Turkish and Egyptian products Jordanian and other countries as follows:

Table A 3.5 Distribution of Market Share by Country of Origin, 2006

Type of products	Market share (2006)	(1996)
Palestinian	50%	25%
Israeli	25%	20%
Turkish	10%	20%
Egyptian	8%	16%
Foreign	4%	16%
Jordanian	3%	3%

Recognizing the challenges of global competition and the need to develop and better market and protect locally manufactured food products, the industry was organized in the Palestinian Food Industries Association in 1995. The Palestinian food industry has been steadily gaining market share for the past decade. Consumer buying patterns have been positively influenced by improvements in quality, packaging and safety standards for Palestinian products.

In 2006, the Palestinian products market share for the sector increased to 50%, due in part to aggressive government policies to encourage local investment. Recently, the Palestinian Authority passed policies making 100% of all displayed products in government schools and security camps of local origin. In the other hand this increase of market share for Palestinian food products refers to the development of the quality of these products, for example now we have 75 factories certified with Palestinian quality mark and 8 factories ISO 22000 certified.

A3.1.7 Market and Profitability

The food and beverage manufacturing industry is dependent, as are other manufacturing industries, on the strength of the local market as well as the export market. In 2008, sales totaled \$493.5 million, while in 1998 it was \$183.3 million. The local sales in 2008 was \$440 million while it was in 1998 \$170.8 million, the exportation percentage in 2007 is 89% while it was 93.2% in 1998 of total sales; exports were only \$53.5 million while it was \$12.5 million in 1998, constituting 10.4% in 2007 while it was 7.3% of total exports for the manufacturing sector in 1998.

As for the local markets, 80% of all sales are directed at the West Bank, with the rest going to Gaza. As for exports, 88% of exported products are sold in the Israeli market; the rest are sold in Arab and some European countries.

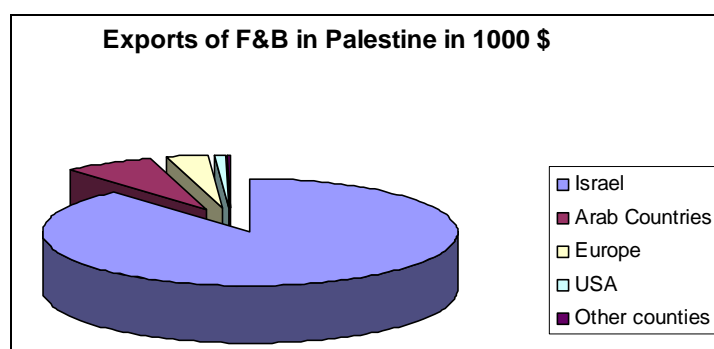


Figure A 3.1 Distribution of F&B Exportation by Country

In 2008, production costs for the F&B sector reached \$345 million, distributed as follows: 61.4% raw material, 14.2% employees, 3.1% depreciation, 2.6% production fees and taxes, and 18.7% for other.

After subtracting production costs, the food and beverage sector generates gross profit of \$148 million, a gross profit margin of 30%, compared with 35.1% for the manufacturing industry as a whole. This translates to 5.1% lower profit percentage than other manufacturing sectors, most likely due to the higher than industry average production costs, especially for raw materials. A 10% decrease in raw material costs causes a 6.4% overall cost decrease, and an increase of profitability to 37%.

In summary the following table is shown:

Table A 3.6 Comparison of Sales 1998 and 2008

Performance items	2008	1998	Change in %
Total sales	493.5 Million \$	183.3 Million \$	169
Local sales	430 Million \$	170.8 Million \$	152
Export	66.5 Million	12.5 Million \$	432

A3.1.8 Export Potential for the Food and Beverage Industry

The sector has developed substantially since 1990. It expanded to include new export markets, mainly Jordan, Russia, Eastern Europe, USA and Japan. Exporting companies list:

- Meat products export to Jordan and Gulf area
 - Al-Haya food industries co
 - Isalmic co for development
 - Manar meat products co
 - salwa food processing co
 - Meat land food industries co
- Fruit and vegetables companies: export to Jordan, Yemen, Europe, Russia and USA:
 - Alreef agro industries co
 - Palestine garden company
 - Palestinian group for beverages
 - Khayzaran agribusiness co
 - Zadona agro industries co.
 - Taybeh beer co
- olive oil companies: export to Europe, USA and Japan
 - AlArd agro industries co
 - Green olive Mountain co
 - National agro processing co
 - New farm co
 - Zaytoun industrial co
 - Agri tech co
- Traditional food products: export to Jordan and Gulf area
 - Anaser mills factory
 - Hithnawi co
 - Ajawi co

A3.1.9 Detailed Information about the Palestinian Food Industries Association (PFIA)

The Palestinian Food Industries Association was established in 1995 to represent the Palestinian food industries in the West Bank and Gaza. PFIA currently represents 167 member companies

and is in the process of expanding its membership to include other participants in the Palestinian food production and marketing sector. PFIA aims to assist in promoting locally made products and in improving local production, management and marketing practices.

PFIA offers a number of services including:

- Coordination between food producers and public sector institutions;
- Representing the sector in local and international forums;
- Providing training in production, management and marketing with special emphasis on ISO 9000, ISO 22000, Quality Control and HACCP (Hazard Analysis Critical Control Path) to assist local companies in reaching international standards and requirements;
- Sponsoring a “Buy Palestinian” campaign to promote Palestinian products in the local market;
- Offering technical assistance to members either directly or in cooperation with other international and local organizations; and,
- Assisting companies in opening export markets.

PFIA Activities and Achievements

- PFIA is promoting quality and food safety through ISO certification and applying International standards (8 factories certified ISO 22000, 1 factory certified organic, 1 factory certified SA 8000 ...etc)
- PFIA has represented the sector in international exhibitions and coordinated a number of trade fairs, exhibitions and trade missions (Dubai, Russia, Egypt and other countries).
- PFIA also coordinates with public sector institutions and other organizations with regard to policy issues affecting the sector.
- PFIA also conducts training and awareness campaigns on specific subjects that will improve and develop the sector’s capabilities.
- In 1997, PFIA established a specialized technical department to provide direct assistance to members in their effort to meet quality standards; this department conducts capacity building, GMP prerequisite, system development to help the factories to be ready for ISO certification.
- PFIA also conducts quality gap analysis to the factory to analyze it’s readiness to food safety certification, and provides full reports about GMP requirements.
- In 1996 PFIA started organizing an annual national exhibition for the food industry. The event was very successful in linking local wholesalers and traders with food manufacturers. The event was held annually until the year 2000 after which it could not be held as a consequence of the Palestinian uprising. On 2005 the event was revived as part of ACDI/VOCA's program with Paltrade, and on 2007 the event also organized in cooperation with Paltrade. These events were very successful and each of them attracted about one thousand local wholesalers and food distributors as well as thousands of consumers. Participating food companies reported business transactions of about NIS 2 million
- PFIA help in expanding market share for Palestinian products in the local and foreign markets
- Enhance the local consumers' perceptions and awareness of the high quality of Palestinian food products.

A3.1.10 PFIA Member**Food processing factories - Sector 15 according to ISIC**

No.	Company name	Contact person	Fax	Tel	address
1511	Meat Processing factories				
151101	Sanabel Meat processing Est.	Belal Rajabi	09-2311476	09-2311476	Nablus
151102	Sunbela meat processing co.	Salah Marouf	09-2379342	09-2379342	Nablus
151103	Islamic Est. for development	Waleed Khatib	09-2674139	09-2681115/6	Tulkarem
151104	Manar Meat Processing Co.	Masoud Othman	04-6383451	04-6383798	Tulkarem
151105	Salwa Meat processing co.	Taher Dwayat	02-2987174	02-2951569	Ramallah
151106	Ghosheh Meat processing co.	Majed Ghousheh	02-2322320	02-2321919	Jericho
151107	Aqsa meat products co	Rajab abu Arab	08-2840234	08-2820846	Gaza
151108	Al Haya Food Industries	Mr. Walid Issa	02-2799088	02-2796804	Jeusalem
151109	Said Danaf and sons co	Said Danaf	08-2823351	08-2822198	Gaza
151110	Meat Land food industries co.	Maher Ramadan	02-2345659	02-2340006	Jeusalem
151111	Jarashi National Poultry co	Wael Jarashi	02-2765017	02-2765016	Bait laham
151112	Jerusalem poultry co.	Fuad Faqeeh			Jerusalem
151113	Palestine meat processing factory	Omar Abuawad	02-2269380	02-2268491	Hebron
1513	Fruit and vegetable processing factories				
151301	saera for trade and food industries	amir Qaisi	02-2447429	02-2447429	Jerusalem
151302	Maqboul pickles factory	Mamoun Maqboul	09-2371683	09-2371681	Nablus
151303	Abu Abdo Pickles Factory	Omar Alhasan	09-2373389	09-2311188	Nablus
151304	Bader Factory co	Mahmoud Hamadah	08-2821474	08-2860866	Gaza
151305	Natsheh and Sinokrot co	Ibrahim Natsheh	02-2251070	02-2228141	Hebron
151306	Shuaala food Industries co	Ali shrouf	022344858	02-2344858	Jerusalem
151307	Palestine food Industries co	Alaa Aaraj	02-801234	08-2801235	Gaza
151308	Nice Food processing Factory	Fakhri Qadah	02-2485467	02-2485413	Ramallah
151309	Fruiti salads Factory	Ahmad Farah	09-2679516	09-2679516	Tulkarem
151310	Line food canning co	Ayman hamadeh	08-2456960	08-2456940	Gaza
151311	Zadona Agriprocessing co.	Tariq Abu Khaizaran	02-2955702	02-2959170	Tubas
151312	Salam Refregenerating co.	Adli Natsheh	02-2220759	02-222813	Hebron
151313	Palgarden agriprocessing co	Mazen Sinokrot	02-2328349	02-2328348	Jericho
1514	Vegetables oils and ghees				
151401	Vegetable oils factories co.	Mahdi masri	09-2325036	09-2324010/1	Nablus
151402	Agri-tech processing co.	Osama Odeh	02-2401868	02-2401868	Ramallah
151403	Near East Industries & Trade Co. Ltd	Ziad Anabtawi	09-2348436	09-2348035	Nablus
151404	Naser Odeh co	Naser Odeh	08-2864807	08-2864807	Gaza
151405	Abu Marie food processing co	Anwer Abu marie	82825993	08-2866929	Gaza
151406	New Farm agriprocessing co	Daoud Istanbuli	02-2900025	02-2900026	Ramallah
151407	Alreef agriprocessing co	Saleem Abu Ghazaleh	02-2963850	02-2963841	Ramallah
151408	National agriprocessing co	Samir haleeleh	02-2958415	02-2958410	Ramallah
151409	Munir vegetable oil factory	Munir abu marie	08-2835449	802820793	Gaza
151410	Green oline mountain co.	Khaled hedmi	02-2965545	02-2954289	Ramallah
151411	Muhsen Abu hameed co	muhsen abu hameed	08-2860699	08-2864612	Gaza
151412	Alard Agriprocessing co.	Ziad Anabtawi	09-2348436	09-2348035	Nablus
1520	dairy processing factories				
152001	Junaidy Dairy processing co.	Hashem Junaidi	02-2220558	02-2229011	Hebron
152002	Patra food processing co.	salman Kharshiq	02-2251631	02-2228618	Hebron
152003	Al Arz Ice Cream Factory Co. Ltd.	Mr. Zahi G. Anabtawi	09-2379808	09-2377677	Nablus
152004	Kurd Brothers co	hashem Kurd	02-227208	08-2220928	Hebron
152005	Arousa Ice cream co	Ghazi Mushtaha	08-2864930	08-2869824	Gaza
152006	Rayan Dairy processing co.	Taher Dwayat	02-2984739	02-2984737	Ramallah
152007	ADS dairy factory	Mufid alami	02-2321028	02-2322401	Jericho
152008	Aris Ice cream company	Yousef maqadmeh	08-2053319	08-2051239	Gaza
152009	Amir ice cream co	Imad wadeyah	08-281007	08-2810005	Gaza
152010	Hamodah Dairy processing co	Mohmad salameh	02-2797820	02-2797821/2	Jerusalem
152011	Sahel dairy products co	Khader Abu nada	08-2856690	08-2856690	Gaza
152012	Sarayo Biscuit factory	wael wadeyeh	08-2801192	08-2801191	Gaza
152013	Pinar Dairy processing co	Mosa Hadid	02-2402279	02-2402277/8	Ramallah
152014	Amal Ice cream co	Reyad Abu Ouf	08-2864662	08-2863802	Gaza
152015	Zuhour Ice cream factory	Mohmed Khatib	08-2015575	08-2070174	Gaza

No.	Company name	Contact person	Fax	Tel	address
152016	Safa Dairy factory	Ahmad Abdelfatah	09-2328761	092328001/2	Nablus
152017	Smart processing co	naser anabtawi	02-2344970	02-2344969	Jerusalem
152018	Qaisi Dairy processing factory	Sami Qaisi	09-2670894	09-2670895	Nablus
152019	Jebrini dairy processing co	Jehad Jebrini	02-2291056	02-2259612	Hebron
152020	Nama Agricultural co	Kamel Mujahed	02-2223371	02-2215518	Hebron
152021	Animal production cooperative	Imad shaweesh	02-2672526	02-2672526	Tulkarem
152022	Saad wadeyeh Industrial co	khaled wadeyah	08-2808527	08-2808526	Gaza
152023	Shams Ice cream co	mohamed telbani	08-2531124	08-2533155	Gaza
152024	Safi dairy processing co	Nafez Mujahed	02-2252238	02-2252238	Hebron
152025	Beladi dairy products co	mustafa shaasha	08-2880333	08-2850679	Gaza
152026	Jibrini Investment co	Ismael Jebrini	02-2299885	02-2299886	Hebron
152027	Tarqumia Dairy farm co	Ali fatafteh			Hebron
152028	Wefaq agriprocessing co	Fayez Abusnaineh	02-2220558		Hebron
152029	Junaidi agriprocessing co	Nedal Junaidi	02-2270853	02-2270852	Hebron
152030	Rukab Ice cream Factory	Ihsan Rukab	02-2956467	02-2956467	Ramallah
152031	Zaitawi Hatching co	Yousef Sukhun			Nablus
152032	Rayan dairy farm co				Hebron
152033	Murshed Rajabi sons co	Shehadeh Rajabi			Hebron
152034	Aseel grand investment co	Nedal abu hamdan	02-2299944	02-2299944	Hebron
152035	National agriproducts co				Hebron
1531	Wheat milling comapanies				
153101	Golden wheat mills co	Basam Walweel	02-2818014	02-2818013/5	Ramallah
153102	Arab mill co	Nazeeh Nassar	09-2313461	09-2311485	Nablus
153103	Palestine mills co	Kamal majaydeh	08-2070733	08-2070744	Gaza
153104	Faiha mills co	Tayseer Atal	08-2476619	08-2457565	Gaza
153105	Salam mills co	Talal Awad	08-2535177	08-2535188	Gaza
153106	Iman mills co	Mohamed shraiteh	08-2551297	08-2551180	Gaza
153107	Bader mills co	Rashad hamadeh	08-2855274	08-2855272	Gaza
153108	Huda mills co	Tayseer Yazeji	08-2456852	08-2456850	Gaza
1533	Feed mills processing companies				
153301	United feed mills co	Fawaz Shakah	09-2590116	09-2590367	Nablus
153302	Golden cock feed mills	Sabeih Nassar	09-2329485	09-2324313	Nablus
153303	Taweniah Feed mills co	Saif Deek	02-2402045	02-2402256	Ramallah
153304	Maraie feed mills	Moaz salous	09-2371627	09-2382071	Nablus
153305	Morouj feed mills co	Adnan abuawad	02-2963070	02-2980470	Ramallah
153306	abu sebaa feed mills	hatem abu sebaa	04-2414860	04-2414862	Jenin
153307	Sinokrot feed mills co	Marwan Sinokrot	02-2959178	02-2959177	Ramallah
153308	Khali rahman feed mills	Ibrahim khatib	02-2520901	02-2521619	Hebron
153309	Aseel feed mills		02-2521678	02-2521901	Hebron
153310	Arabah feed mills	asad izeddin	04-2468170	04-2468190	Jenin
153311	Hasad industrial trading co	Faisal Bakeer	09-2311830	09-2311003	Nablus
153312	Poultry breeding cooperative	Othman Deek	02-2957742	02-2954696	Ramallah
153313	Palestine Poultry co.	Abdel hakeem faqha	09-2683180	09-2683177/8/9	Tulkarem
153314	National feed mills	Khader abu ajwa	08-2531212	08-2531213	Gaza
153315	Ghelal feed mills co	Faisal daras	02-2959350	02-2955971	Ramallah
153316	Shaar feed mill co	Omar Shaar	09-2682514	09-2682514	Tulkarem
153317	Palestine feed mills	Adnan Bakeer	02-2400913	02-2404814	Gaza
153318	Waleed abutaeela feed mills	waleed abu taweela	08-2804653	08-28806194	Gaza
153319	Masri and ghabon	iyad ghabon	08-2135930	02-2139587	Gaza
153320	Rashad safi	rashad safvi	08-2457647	08-2456050	Gaza
153321	Palestine Nutrition center	Kamel Mujahed	02-2223371	02-2215518	Hebron
1541	Bakery products				
154101	Ajour bakery companies	Jameel Ajour	08-2813494	0599-400417	Gaza
154102	Malham for bakeries	Ibrahim melhim	02-2215002	02-2215002	Hebron
1543	Chocolate and confectionaries factories				
154301	Whiterose food industries co	Mahmoud Shabaro	09-2346446	09-2340852	Nablus
154302	plaza sweets factory	yousef khalili	09-2324531	09-2324531	Nablus
154303	golden sweets factory	zahi nwaser	09-2389019	09-2379187	Nablus
154304	shuqu sweets factory	afif shabaro	09-2391178	09-2384891	Nablus
154305	kabri sweets factory	zahi shabaro	09-2376828	09-2371757	Nablus

No.	Company name	Contact person	Fax	Tel	address
154306	Sinokrot food products co	Mazen Sinokrot	02-2955702	02-2959170-3	Ramallah
154307	silvana chocolate factory	anton mardosian	02-2955881	02-2956458	Ramallah
154308	Sharawi confectionary co	Ahmad Shaarawi	02-2955340	02-2955535	Ramallah
154309	Mahsiri Food products co	Said Mahsiri	02-2952756	02-2952756	Ramallah
154310	rania biscuit factory	Husaian abed samed	02-2404412	02-2956045	Ramallah
154311	Awada factories	mohamed telbani	08-2531124	08-2533155/6	Gaza
154312	Shomar Industrial co	Yousef shomar	08-2811913	08-2810407	Gaza
154313	arafat sweets factory	majdi arafat		059-409298	Gaza
154314	Ayman wadeyeh	ayman wadeyah	08-2806978	08-2806981	Gaza
154315	paris biscuit factory	mustafa bakir	08-2533150	08-2535111	Gaza
154316	Omar and Rushdi aloul co	Mutea Aloul	09-2380053	09-2383453	Nablus
154317	Halwani Factory co	Omar Ayes	09-2378946	09-2371678	Nablus
154318	Safadi trading co	tayseer safadi	08-2452808	08-2457936	Gaza
154319	Snack food factory	mohamed ali	08-2452550	08-2452540	Gaza
154320	Hana factory	akrm madhoun	08-2849777	08/2849777	Gaza
154321	Nisr Tahina Factory	Mutea Aloul	09-2312788	09-2312788	Nablus
154322	Abu Kharma Tahina Factory	Adeeb abukharma	09-2340860	09-2340860	Nablus
154323	Hamama Tahina factory	Farid Qamhie	92344193	09-2344193	Nablus
154324	Jarw factory	Issa Jarw			Gaza
1544	Macaroni and pasta companies				
154401	Macaroni Production company	Yousef Far	02-2956772	02-2955244	Ramallah
154402	K.A.R food stuffs co	Osama Herbawi	02-2233860	02-2233459	Hebron
154403	Alami macaroni factori	mutaz alami	08-2842446	08-2821588	Gaza
1549	Other food products companies				
154901	Qasrawi industrial and trading co	Zuhair Qasrawi	02-2233956	02-2233950/ 1/2/3/4/5	Hebron
154902	Salah trading and industrial co	Khaled Salah	02-2224970	02-2229960	Hebron
154903	Nasr Industrial co	Anton Habash	02-2956358	02-2954188	Ramallah
154904	Husari co	kamal husari	08-2821893	08-2864613	Gaza
154905	Sharaawi food products	ghasan sharawi	02-2294678	02-2294677	Hebron
154906	sheeb food processing	zاهر sheeb	09-2381172	09-2379955	Nablus
154907	rich food company	sami abdnor	09-2333204	09-2370379	Nablus
154908	awida food compan	hamed awida	02-2229636	02-2228693	Hebron
154909	zhaiman food product	qasem zhaiman	02-2984367	02-2958819	Ramallah
154910	zhaiman food stuffs co	Khaled Zhaiman	02-2984781	02-2984780	Jerusalem
154911	Zahra food stuffs factory	Khaled Zaater	09-2311404	09-2311134	Nablus
154912	Naser mills and factory co	Naser Jaber	04-2453665	04-2445385	Jenin
154913	kamal hamato co	kamal hamato	08-2802295/6	08-2811086	Gaza
154914	Sanabel for nutrition	Esam Arafat	09-2384113	09-2375985	Nablus
154915	West Bank salt factory	Husam Halaq	02-6264523	02-6284427	Jericho
154916	Sultan soices co	hamdi sarsawi	08-2807785	08-2807727	Gaza
154917	Hatem ala factory	wael alai	0-82840011	8910303	Gaza
154918	General Snaks co	Zuhair Qasrawi	02-2233956	02-2233950	Hebron
154919	maslamani roastery	Jamal maslamani	09-2374604	09-2389698	Nablus
154920	Karwan Tahina Factory	Anan Tamam			Nablus
1554	Soft drinks and mineral water companies				
155401	Jandoul juice factory	ghasan dardouk	09-2376828	050-303362	Nablus
155402	National beverages co	Imad Hindi	02-2987558	02-2987559	Ramallah
155403	Jericho mineral water factory	Samer fetiani	02-2322113	02/2322111/2	Jericho
155404	National co. for mineral water	Khaled Qutub	02-2402915	02-2402919	Jerusalem
155405	fansi soft drinks	kamal husari	09-2311748	09-2311765	Nablus
155406	yazeji soft drink co	naser yazeji	08-2806731	08-2806732	Gaza
155407	Palestinian group for soft drinks	Manhal Malki	09-2683458	09-2683483	Tulkarem
155408	adam juiocce factory	mohamed balah	08-2820197	08-2820204	Gaza
155409	star and top cola	sami murtaja	08-2827537	08-2827567	Gaza
155410	fahed food processing	mohamed abu zayed	08-2823712	08-2530168	Gaza
155411	ajyal food industries	abed jalil marar	02-2344824	02-2344889	Jerusalem
155412	rabat juice factory	alaa namari	02-2442252	02-2449647	Jerusalem
155413	mardawi soft drinks		09-2943104	09-2943104	qalqiliay
155414	madina soft drinks co	mosa about	08-2814998	08-2814999	Gaza

A3.2 SMEs in Food Industries and Their Expectations for JAIP

A3.2.1 Surveys on Food Industry for JAIP

The survey has the objective of analyzing the current status of production, distribution process (marketing) of agricultural products and processed agricultural products by direct hearing and a document search.

(1) Characteristics of Food Processing Enterprises who are Interested in Moving in to the JAIP

The surveys of food-related enterprises this time clearly indicated that the enterprises who showed an interest in moving into Jericho Agro-Industrial Park (JAIP) expected that it would function as a hub for export operations.

One of the motives for this is that they had lost their market in the Gaza district and their sales volume had decreased significantly due to the Israeli siege and blocking of that area. Therefore, they are looking forward to and are interested in JAIP being located close to the Jordanian border so that they can start up and/or expand their export businesses with Jordan and the Gulf States.

However, those enterprises who wish to move in are, as a whole, currently operating at facilities with a fair amount of investment. Therefore, full-scale redeployment would be unlikely, and most of the enterprises may move in as a newly invested attempt at business (export) expansion.

In addition, those enterprises who have shown interest and intend to move in would make their decision after they have verified JAIP conditions, such as: water supply (primarily supply quantity); electricity (primarily price and supply capacity); BDS (market information, finance for machines, training for workers, etc.); and updating information regarding the export environment (free-zone, logistics, etc.). However land contract (size, purchase/lease, fee for lease) will be the main issue they will take into consideration when making their decision.

(2) Specifying Commodities

For specifying commodities, the Study Team have taken up (1) commodities for which raw materials are easily accessible from the Jericho district, where the Jericho Agro-Industrial Park (hereinafter “JAIP”) is located, and are already being exported with expectations of increased exports (e.g. meat, dates, and fresh, dried and/or frozen organic vegetables), (2) commodities for which raw materials are not accessible within the vicinity of Jericho, but which can be obtained in the Palestinian Territories (West Bank) and are export-oriented (e.g. dairy products, articles of taste such as zaatar, and nuts), (3) commodities for which raw materials depend on imports, but where related enterprises are considering expansion or relocation to JAIP in Jericho for their bases of export operations (e.g. snacks, coffee, and feed grains), and (4) commodities which are unlikely to be processed or produced in Jericho, but which are typical export commodities of the Palestinian Territories (e.g. olive oil).

(3) Commodities Utilizing Raw Materials Obtained in Jericho

Meat

This commodity has recently gained an export item status, especially turkey meat, which was originally imported in Israel. Palestinian workers in Israel then brought it into the Palestinian Territories and increased its consumption. Since then, exportation has increased very rapidly. Turkey meat had been imported from Israel in the beginning, but recently has been farmed locally, especially in the Jericho district. In addition, Sinokrot Global Group, the largest food

industry group in the Palestinian Territories, launched an integrated production project including breeding, slaughtering, packaging, storing, and selling of turkey meat. Meat makers use beef, poultry, lamb, and fish as their raw materials, most of which are imported; beef from South America; fish from Scandinavian countries; and poultry (chicken, turkey) from Israel.

As for turkey meat related business, concerned parties are focusing their attention on increased turkey production in the vicinity of the Jericho district, and there has been a tendency to consider moving in to JAIP with the aim of expanding their production and exportation by utilizing the increased production as raw materials. Among the enterprises which the Study Team covered with our door-to-door survey, many meat-related enterprises showed interest in moving to JAIP. For instance, Meat Land Co., same as Sinokrot Group mentioned above, has the intention to integrate the production of turkey meat and claims that they would like to free up 10 hectares of land in JAIP (although requiring only 2 hectares if breeding and slaughtering are set aside). Another meat company, Salwa Co., although somewhat skeptical about when the JAIP will be completed, aspires to move in and secure 0.5 hectares of land. Five more meat companies are also considering, or are interested in, moving in. As mentioned above, most of the meat companies produce and sell not only turkey meat, but other meat products as well, and according to the survey made by JICA, the export of meat products to Jordan, the Gulf States, and Kuwait is increasing by a large (Market Research for The Agro-Industrial Park in the Palestinian Territories Nov.-2008: hereinafter called “Market Research”).

SWOT analysis of ‘Turkey Breeding Project’ as shown in the table below, also tells of this commodity’s rapid growth in demand and promising prospects for export.

Table A 3.7 SWOT Analysis of ‘Turkey Breeding Project’

Strengths <ul style="list-style-type: none"> • New mover advantage. • Existing knowledge of the industry. • Available through the current sponsors. • Demand for turkey meat is accelerating, as it is still considered a new product. This is in addition to the increase in consumption for industrial purposes (meat derivatives). 	Opportunities <ul style="list-style-type: none"> • Proximity to the Jordanian border, facilitating the exporting process. • Relatively lower price of Turkey meat, compared to other meats. • Increase in demand for cold cuts in their different kinds.
Weaknesses <ul style="list-style-type: none"> • New product; no prior experience in managing and operating Turkey breeding and proceeding establishments. • New line of business, no brand or name recognition in the local market. 	Threats <ul style="list-style-type: none"> • Strong competition from Israeli market; they know the product, and have an established name and brand recognition. • Bird diseases • Local production in this industry is relatively unfocused, with manufacturers tending to produce homogeneous product lines.

Source: INVESTMENT OPPORTUNITIES Project and Concept Profiles 2008 by Palestine Investment Conference

Dates

In the Palestinian Territories, the Jericho district is regarded as one of the three big production areas of dates in the world, along with Morocco and California, U.S.A. (It is said that there are 350 species of dates worldwide, and Jericho district’s main product, Medjoul type, is regarded as high in quality.) The current annual production of dates in the Jericho district is 900 tons and about half of these are said to be exported. However, because there are very few factories and cold storage facilities in the Palestinian Territories that can maintain the temperature of 18 degrees Celsius below zero required for export processing, large portions are sold to the neighboring Israeli settlements with a certificate of origin at a beaten down price. According to a farmer, whom the Study Team interviewed, dates produced in Israel are exported to foreign markets marked as of Palestinian origin. Currently, PARC is building a cold storage facility in

Jericho which can process 300 to 400 tons of dates. When this facility is completed, it will be possible for Palestinian producers to export, at the very least, the current export quantity without going through Israeli hands. The production volume of dates in Jericho is expected to grow to 2,600 tons by 2010 and to 18,000 tons by 2013. In order to accommodate this rapid increase, appropriate facilities for processing and cold storage, and marketing capacity (especially export side), will be required.

Currently, exports of dates to EU countries are made during the months of November and December and during the month of Ramadan to Islamic countries. However, if processing and cold storage facilities are utilized, it would be possible for them to maintain stable shipment and prices throughout the year to the EU and Islamic world.

Currently, Medjoul dates originating in Israeli settlements in the Jericho district are a competing commodity, though EU countries are boycotting the purchase of Israeli products. Because of this, Israeli producers are exporting their products as Palestinian in origin by taking advantage of Palestinian farmers not equipped with processing and cold storage facilities, and by using Palestinian certificates of origin obtained when they purchased unprocessed dates from Palestinian farmers. This will cause a big problem in the future when the direct export of Palestinian dates is reinforced.

For this enterprise survey, there were two date-related companies and both are expected to move to JAIP. One of these is a company specializing in the packaging of various commodities and which is currently packaging winter vegetables (including cherry tomatoes, tomatoes, and peppers) and exporting them. Now it is considering expanding its line of commodities to include dates in order to raise operation rates of its packaging machine, and also considering moving to JAIP. The other probable move-in candidate is a company located in the Jericho district which exports organic vegetables (including dates) and whose managing director is an owner of a large tract of farmland where 20% of the dates in the Jericho district are raised. There may be more enterprises, such as date producers, confectioneries, and juice bottlers who utilize locally produced dates as a raw material, that may be attracted to JAIP functioning as an export center. However, this may require the installation of a cold storage warehouse in JAIP where the temperature is kept at minus 18 degrees Celsius, and the enticement or flotation of a date processing company in JAIP.

There is a planned project called "Palm for Dates Production" in which 50,000 palm trees (Medjoul type) will be planted on 350 hectares of land in the Jericho area to dramatically increase the date production in Jericho. This project alone will produce 3,000 tons of additional dates in its peak period. The table below summarizes the SWOT analysis for this project which shows that date farming is environmentally suitable for the Jericho district and that dates are regarded as a commodity having a high potential for demand in the Arab and Islamic markets, making it a promising export commodity. Therefore, the Study Team considers that inviting date-related enterprises to JAIP is of the utmost importance.

A certain market research report concludes that dates are an item not recommended for export to those target countries such as Jordan, Saudi Arabia, United Arab Emirates, and Kuwait. However, this is not necessarily the case if the figures in this Market Research Report are reviewed. On the contrary, by considering the geographical attributes and site location of the Jericho district, dates can be viewed as a promising export item in the coming future.

Table A 3.8 SWOT Analysis of 'Palm for Dates Production Project'

Strengths <ul style="list-style-type: none"> • The Project is expected to be large scale. • It will use the latest technologies in planting and packaging. • It will produce high quality dates according to international quality standards. • It will be involved in the whole supply chain from planting to selling in international markets. • There are trained managers and technicians available for the project. 	Opportunities <ul style="list-style-type: none"> • The Jericho area provides the ideal environment for dates production . • There is increasing international demand for dates • There is high consumer potential in the Arab Islamic markets. • Agricultural land in the Jericho area is relatively low cost. • Jericho is best located to reach the other Palestinian governorates and is next to the border with Jordan.
Weaknesses <ul style="list-style-type: none"> • PARC is inexperienced in the international market. • There is a long lead time before production begins. • There is strong competition from the Israeli and local dates industries. 	Threats <ul style="list-style-type: none"> • There may be natural catastrophes. • Potential deterioration in the political and economic situation. • Israel controls export points

Source: INVESTMENT OPPORTUNITIES Project and Concept Profiles 2008 by Palestine Investment Conference

Fruits and Vegetables (Fresh, Dry, Frozen, and Organic)

The Jericho district is well known as one of the largest production centers in the Palestinian Territories of fruits and vegetables. Especially in winter, when there is very little production of fruits and vegetables in the EC area, those produced in the Jericho district were exported mainly to the EC area as seasonal (winter) commodities. However, in the summer season, the Jericho district produces okra and molokheiya only, so export vegetables packaging companies' operating rates would be cut down to 10%. Also, when the high season comes, a large amount of produce may have to be discarded due to overproduction, together with a fall in value. In order to solve this problem, it may be necessary for those fruits and/or vegetables to be dried or frozen.

A Market Research shows there is a steep rise in demand for dried and frozen products in the Arab market. Therefore, not only is it necessary to keep a high rate of operation of equipment for the grading and packaging of fresh vegetables for export in the high season, but also to prepare for the drop-off season (in the summer) by drying and/or freezing those fruits and/or vegetables, to keep a stable supply, and stable prices, year-round, as well as to prevent the unnecessary discarding of excess production. It will also be a powerful tool to enhance export competitiveness and expand the market if high value-added products are created by adopting organic practices.

It is estimated that all of the above mentioned commodities, (meat, dates, and fruits and vegetables) require cold storage warehouse facilities. Therefore, consideration of installing a partitionable cold storage warehouse will be the most important issue when planning to attract enterprises to JAIP.

On top of drying and freezing vegetables, an enterprise in Tulkarm, located in north of the Palestinian Territories, has shown interest in acquiring 5,000 square meters of land in JAIP to produce tomato paste utilizing tomatoes grown in the Jericho district and Jordan Valley.

(4) Commodities Utilizing Raw Materials Obtained within the Palestinian Territories

Raw materials of commodities such as dairy products, luxury grocery items (e.g. zaatar, freekeh, couscous, molokheiya), pickles, nuts, almond products, and beverages are obtained within the Palestinian Territories (West Bank) if not in the vicinities of Jericho. Therefore, it is estimated that they are competitively-priced in the export market.

Dairy Products

Raw material milk is supplied by local farmers. Although they have lost their market in the Gaza Strip and not much export is currently made, there are two companies who have declared to make new investments in JAIP when and if JAIP is launched and conditions are right. Both of these companies are relatively big enterprises.

Luxury Grocery Items (Zaatar, Freekeh, Couscous, Molokheiya)

Market Research shows that zaatar is a highly recommended commodity for export to other Arab countries, including Jordan. Raw materials of these luxury grocery items, including zaatar, are procurable within the Palestinian Territories. Exported zaatar is less expensive compared to that of Jordanian origin, and is one of the favorite items of Palestinian refugees living in other Arab countries. Bearing this market status in mind, it may be considered a promising export item. One of the enterprises that produce these luxury grocery items, including zaatar, has shown interest in moving in to JAIP.

Pickles, Nuts and Almond Products

These are all produced using raw materials supplied within the Palestinian Territories. Among them, one of the pickles and nuts related companies has shown interest in moving in to JAIP.

Beverages

Large amount of fruits are produced in the Jordan Valley. It is considered valuable to invite those enterprises who produce beverages such as fruit juice utilizing raw materials available locally. Currently, some mineral water and juice bottling companies have shown interest in moving in to JAIP.

(5) Products Utilizing Imported Raw Materials

Currently, commodities which rely on imported raw materials are struggling with the competition because of high costs caused by many logistic obstacles, as well as competition with cheap products imported from foreign countries, including Israel. There are quite a few enterprises that lost their market when Israel sealed off the Gaza Strip. Among those enterprises, there are some companies who have shown interest in moving in to JAIP with the hope of regaining the lost export market. Such enterprises are divided broadly into snacks/sweets, flour/spaghetti, and coffee businesses.

Snacks/Sweets

In the case of the snacks and sweets market in the Palestinian Territories, because raw materials are imported from foreign countries such as Europe, and all of them via Israel, although high in quality, there is keen competition in the local market with imports from foreign countries, including Israel. However, many believe that they are still competitive because of better quality and design, as well as the ability to divert their market from the Gaza Strip to exports. One of the enterprises the Study Team visited (in Hebron, West Bank) showed its interest to offer 1.5 hectares of land in JAIP as their export center. Although there is still some doubt about the feasibility of this undertaking due to the necessary raw material importation via Israel, if JAIP could offer some incentive and BDS as an export center, it would help these enterprises in promoting their exports (one more company in the snack/candy producing enterprise has shown interest in moving into JAIP).

Some of the enterprises processing cakes/sweets/ice cream and such are currently in contractive status, but there still are some companies who have shown interest in JAIP as their export center.

Flour/Spaghetti

The raw materials for flour are imported mainly from Europe via Israel and compete in the local market with flour made in Israel, which is lower in quality. Therefore, there is currently no allowance for exports. However, a certain company with the intention of exporting to Jordan, by utilizing JAIP as an export center, has come out. There are also some other companies currently processing spaghetti and animal feed that have shown interest in moving in to JAIP.

Coffee

Coffee manufacturers in the Palestinian Territories import raw materials from coffee bean production areas from all over the world. They mix and blend those raw materials and market them as their own products, and are fairly confident about these. They have shown an interest in moving in to JAIP as an export center.

(6) Typical Export Commodities, but Not Produced and/or Processed in Jerico

Olive Oil

Olive oil maintains its status as one of the dominant export commodities of the Palestinian Territories and is exported even to Japan. However, its major production areas of raw materials do not include the Jericho district, but are concentrated in the Jenin, Nabulus, Ramallah, and Salfet areas. Also because the climate of Jericho has a high temperature, it is regarded as not suitable for olive oil production. The manufacturing of olive soap in Jericho may be considered, but olive oil manufacturers already manufacture olive soap in parallel, and therefore it may be considered too costly to manufacture only olive soap without olive oil.

However, contrary to the above, the Managing Director of Hamoda Group for Investment, one of the companies the Study Team visited, who manages and operates plantations, olive oil manufacturing, flour mills, and logistic enterprises in the group, said that the Jericho district could be regarded as a suitable area to manufacture olive oil because the atmospheric temperature of the Jericho district in the latter half of November and the whole of December, when olives are harvested, is not as high as one might expect (the average temperatures of the Jericho district in November and December are 19.6 degrees-C and 14.7 degrees-C, respectively). This Managing Director is very familiar with the JAIP project and plans to manage and operate supporting industries such as the fabrication of olive press machines, the installation of stainless steel tanks for olive oil, and the installation of packaging and cold storage facilities by acquiring 2.5 hectares of land in phase 1, 3.5 hectares in phase 2, and 4 hectares in phase 3.

However, it is still generally regarded that the atmospheric temperature of the Jericho district area is not suitable for olive oil manufacturing, and there are even two companies that wish to have a warehouse for olive oil. Therefore, the question still remains as to whether applicants for moving in to JAIP in this category will actually come forward.

A3.2.2 Surveys on SME's Expectation on JAIP Management Issues and Strategies

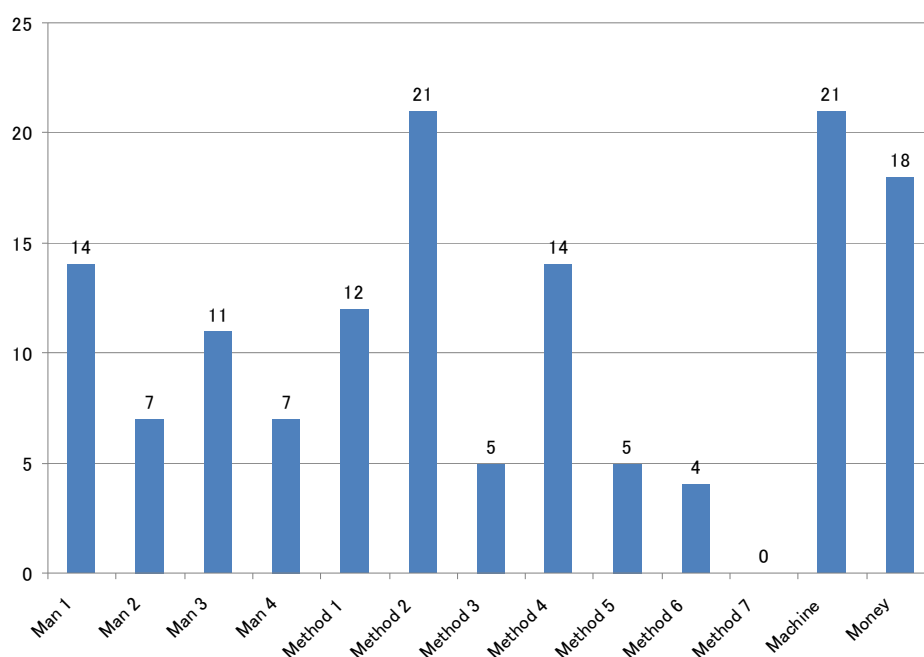
In order to acquire basic information apart from responses to the main questionnaires, the Study Team has prepared a preliminary questionnaire asking prospective entrants about their expectations for the variety of services they will be offered and have verified prospects' requirements together with their company information.

The Study Team has refined and focused on the originally proposed service items of BDS to the requisite minimum. Here, the Study Team associated the items with 4M (Men/Women, Method,

Machine, and Money) which is practiced in Japan to verify management resources. “Men/Women” refers to actions such as workshops or seminars; “Method” refers mainly to marketing information and quality improvement support; “Machine” refers to requests for the leasing of machines; and “Money” refers to politically preferential treatment (not shown specifically).

(1) Survey (Interviews) Analysis and Summary of Findings, Issues, Strategies, and Expectations based on the BDS Function Chart

The data below was provided by the 29 companies which want to move in to JAIP or are interested in JAIP. These companies mention one to five request items to BDS. If those items are considered indispensable, they should be set as necessary conditions by JAIP.



Note: (Unit) Number of answered companies

Man 1: Training specific technical Center,

Man 3: Management Consultation,

Method 1: Producing Technology Transfer from Abroad,

Method 2: Market information service,

Method 4: Quality control service,

Method 6: Rationalize distribution system/logistics,

Machine: Machinery and equipment lease system,

Man 2: Engineering Education & Training,

Man 4: Enhancement of Technical and advanced service,

Method 3: Organized trade fair,

Method 5: Overseas market development,

Method 7: Shipping service,

Money: Credit guarantee program

Figure A 3.2 Expectations for BDS (4M Analysis)

The above results were in large part within the scope of the assumption, but let us point out the following:

- It may be said of JAIP that there are 14 companies who wish BDS to hold seminars for employees (for the 29 companies, there are even more requests if other training programs are included). It is assumed that most of the companies understand the importance of the standards of food processing technology.
- Since most enterprises are overseas-oriented, it is natural that 21 companies have requested to obtain appropriate overseas market information. It is necessary to create ways to add an information network service to the services of BDS. In particular, it will

be necessary to create ways to develop the system to provide the market information of Gulf countries.

- The food industry in the Palestinian Territories is highly mechanized (especially the meat processing industry). Consequently, services such as the leasing of machines when those enterprises launch new production lines would strengthen those enterprises. Therefore the Study Team would propose, as a part of BDS services, to move forward with the undertaking of a leasing service with the cooperation of private enterprise. For private enterprises that can participate, the leasing service will be surveyed during the second stage of this survey project.
- As many of the enterprises that will move in to JAIP will launch new factories, it is assumed their operating rate capacity at the beginning will be low and that there will be a need of some preferential treatment in financing (i.e low interest rates). Most of the enterprises will be better off and will be able to repay any financing when their export businesses get on track, so bridge loans will be necessary. However, it may be difficult to fully meet the requirement, for instance, for such companies like who are in meat business where various expensive equipment and machines need to be installed.

(2) Outstanding Matters in the Following Surveys

Table A 3.9 shows a summary of interview survey to 75 companies in the West Bank. In here, prospects of moving-in to AIP is indicated qualitatively with marks ○、△、◎ and ○ indicates that the Japanese consultant himself judged the items as highly possible: △ means that they were regarded as an item to be reviewed after studying the report submitted by local consultants during the meeting of its reliability and credibility: and ◎ means that it is supporting the industry.

Here also, questions were asked, for example, “JAIP is still in an exploratory stage, but would you consider moving in if it is completed?” or “If you move in, what kind of services do you expect from BDS?” in the fashion that those who were questioned would assume that all kind of infrastructure such as lease fee of the land, industrial water supply and electricity are readily available. Questioners also will not make reference to the issue because they too do not have information. Of course, if proper infrastructure is not provided, there is a big possibility of move in prospects declining. Services of BDS are what move in prospects expect and providing services will be one of the incentives which move in prospects will enjoy.

Table A 3.9 Visited Companies List and Their Expectations

○: High expectation coming into AIP, △: Expectation, □: Supporting industries

No.	Main Products	Region	AIP	Expected area m ² /ha
1	Generic medicines	Ramallah		
2	Chicken, turkey	Ramallah	○	5,000 m ²
3	Wheat flour		△	not decided
4	Yogurt	Hebron		
5	Snack	Ramallah		
6	Water flower	Nablus		
7	Coffee	Nablus		
8	Pickles	Tubas		
9	Holding company	Ramallah		
10	Flour	Ramallah	○	for stock
11	Olive oil	Ramallah		
12	Olive paste	Ramallah		
13	Tahina, Qezha (Grain of the pond)	Nablus		
14	Eggplant	Ramallah		
15	Tahina	Nablus		
16	Constructed fruit drink	Nablus		

No.	Main Products	Region	AIP	Expected area m ² /ha
17	Meat product	Jericho	○	not decided
18	Organic tomato	Jericho	○	not decided
19	Pepper, sherry, tomatoes	Jericho	○	2,000 m ²
20	Chicken, turkey	Jericho	○	2 ha (8 farm)
21	Chocolate, biscuits,	Ramallah		
22	Milk, dairy products	Hebron	△	not decided
23	Potato chips	Hebron		
24	Snack	Hebron	○	1.5 ha
25	Olive oil	Ramallah		
26	White cheese	Zebaneh		
27	Spaghetti	Hebron	○	5,000 m ²
28	Snack	Hebron		
29	Nuts	Nablus	△	1 ha
30	Tomato paste	Jerusalem	○	2,000–3,000 m ²
31	Chocolate	Jerusalem		
32	Plastic package		⊙	2,000-3,000 m ²
33	Snack	Ramallah	△	500 m ²
34	Vegetable	Ramallah		
35	Meat	Hebron	△	2,000–3,000 m ²
36	Coffee, wheat	Hebron		
37	Honey, spices, herbs, zattar	Tulkarm		
38	Zatar and traditional product	Jenin		
39	Meat, soap and vegetables	Tulkarm		
40	Olive, honey	Jenin		
41	Juice	Jenin	△	250 m ²
42	Healthy snack	Nablus	△	2,000 m ²
			○	
43	Mineral water & others	Jenin	○	1,500 m ²
44	Green wheat, couscous, dried moluhio	Jenin	○	1,000 m ²
			△	
45	Olive oil			
46	Turkey meat	Tulkarm	○	5,000 m ²
47	Pickles, cucumber (canned)	Tulkarm	○	5,000 m ²
48	Turkey meat	Tulkarm		
49	Olive oil	Ramallah		
50	Humus, different types of vegetables	Ramallah		
51	Coffee	Ramallah	○	2,000 m ²
52	Plastic bottle	Ramallah	△	4,000 m ²
			⊙	
53	Vegetable oil	Nablus	○	4,000 m ²
54	Olive oil	Nablus	○	300 m ² , warehouse
55	Sausage, meat	Nablus	△	400 m ² 2F
56	Chocolate	Beif Salft	△	1,000 m ²
57	Feed mills			
58	PET performs		△	1.5–2 ha
			⊙	
59	Coffee	Jerusalem	△	2,500 m ²
60	Canned meat, Supporting industries (packaging, cooling)	Jerusalem	⊙	not decided
61	Ice cream	Nablus		
62	Agri-business, logistics, machinery, property	Jerusalem	⊙	2.5 ha
63	Carton	Nablus		
64	Milk, yogurt	Nablus		
65	Olive oil, supporting industry	Salft		
66	Yogurt	Ramallah	○	3,000 m ²
67	Yogurt, cheese	Tulkarm		

No.	Main Products	Region	AIP	Expected area m ² /ha
68	Chocolate, almonds			
69	Olive oil	Ramallah	△	100 m ² , warehouse
70	Dates	Jericho	△	not decided
71	Ice cream	Ramallah	△	2,000–4,000 m ²
72	Animal feed	Ramallah	○	2,000–3,000 m ²
73	Thina, qezha	Nublus		
74	Tahina, halawa	Nublus		
75	Tahina, qezha	Nablus		
High expectation for AIP				71,200 m ²
Expectation (23,250 m ²)				94,450 m ²
Others supporting industries (48,500 m ²)				142,950 m ²
Total				142,950 m ²

If local consultants' information is included, the total area of land declared by prospective entrants will be more than 9 hectares. If land declared by supporting industries is added, this figure will go over one block unit of 11.5 hectares to more than 14 hectares.

These are the figures currently calculated, and during the time until JAIP is completed, there could be companies who would review their policies or some that may build their new factories in Jordan instead of JAIP. On the other hand, some new prospective entrants may also appear.

In the first survey dispatch, the Study Team verified that there are 36 prospective entrants to JAIP.

A3.2.3 Implications and Requirements of JAIP Planning and BDS Functions

36 enterprises were divided into 4 clusters based on their wastewater treatment, water consumption volume, electricity consumption volume, cold storage (freezer) requirements and possibility of waste products, and designated a core enterprise for each cluster.

(1) Core Enterprise

- Meat group, mainly turkey meat: Meal Land Co. was designated as a core enterprise. The total area occupied by this cluster is 3 hectares.
- Local fruits/vegetables (e.g. organic tomatoes, dates) group: Al-Qassrawi-Industry (the largest date farmer, currently growing 10,000 date trees, and also an organic farmer) was designated as a core enterprise. The total area occupied by this cluster is about 3.7 hectares.
- Dried nuts/Arab foodstuffs group: Al-Qassrawi-Industry was designated as a core enterprise (Al Brothers Agriculture, dried nuts processor, was omitted from the total because of its uncertainty). The total area occupied by this cluster is 3.87 hectares.
- Supporting industries group: Hmada Dary was designated as a core enterprise. The total area occupied by this cluster is 3.35 hectares (Palestinian Plastic was omitted because of its uncertainty).

(2) Issues on Human Resources for BDS

In order to maintain JAIP as a sustainable industrial estate, the functions of BDS which need to meet various requirements and issues of moved in enterprises. BDS this time includes both non-financial and financial services. For non-financial services, as mentioned above, there are services such as human resource development (providing opportunities by holding seminars and workshops), training and study on other developed countries' technologies (e.g. packaging), support of quality control, and provision of overseas marketing information, and these were services that many of the prospective entrants requested.

A3.3 Investors' Business Plan

The purpose to formulate a business plan in this project is to seek a lease fee of land, etc. enabling to realize JAIP and to prepare basic data and information for decision making on future possibilities of industrial park sales.

Furthermore, from the viewpoint of the primary manufacturing, applicant companies are as follows:

- Companies which export majority of products to Jordan, etc. (in addition to production from existing plants): Business plan – 1, 5 (vegetables, meat)
- Cases of starting up a business: Business plan – 2, 6 (meat, dates)
- Supporting companies of food industry (packing, etc.): Business plan – 4 (packaging company)
- Removing companies: Business plan – 3 (animal feed company)

Basis of the business plan is financial analysis. Many Palestinian companies except those in the first section market do not have complete financial statements. Therefore, we have gathered necessary information for decision making through hearings.

In the final business plan, we have examined capacity to pay a lease fee of the land with and without buildings and necessity of assistance as a tenant of JAIP on the basis of operating income (or added value).

In this regard, however, we have analyzed P/L mainly for the purpose of judging capacity to pay. Each company has worked out an ambitious plan to expand export in order to recoup its investment.

An investment fund of each company is a few million USD and total assets in B/S increase corresponding to the investment. An increase of debt finance may get balanced out by an increase of fixed assets. In order to achieve this, leverage effect (an increase of added value by investment is greater than loan interest) is prerequisite. Sales increase mainly by export is indispensable.

Sales: Each company assumes an annual sales increase of 10–30% which is practically impossible to achieve in spite of their eagerness, and accordingly, we have referred to cases of Japanese blue-chip firms, namely, certified companies under the Act on Supporting Business Innovation of SME. (In 5 year plan, recurring profit at 5% is necessary and sales must grow 10% annually.) This practical assumption has been employed in cases of 1, 2, 5 and 6 which are regarded as blue-chip firms.

Variable costs: Raw material costs, electricity costs and water rates are variable costs. (These are collectively called utility in ordinary companies. In case of Jericho, as concrete figures of electricity costs and water rates are necessary for designing the industrial park, we have conducted hearing investigations against each company in order to obtain such required figures.)

One of the advantages of Jericho is reduction of logistics costs and we have used a half of logistics costs from Ramallah and other cities for computation, which will be just 1% in terms of variable expense ratio.

Fixed costs: Regarding fixed costs except labor costs, we have dealt with two investment cases as follows:

Firstly, investment in machinery (a few million USD) is categorized as fixed cost account and depreciation period is 10 years for machinery, and borrowing rate of interest is fixed at 10% for 6 years. Net present value method is not considered in all cases.

Next is an investment in ferroconcrete buildings. Initial investment amount is calculated by multiplying required space of an applicant by 250 USD/m². Depreciation of ferroconcrete buildings is for 60 years and borrowing rate of interest is fixed at 10% for 6 years. It is difficult to justify the figure of 250 USD/m², which is estimated from interviewed information from private companies. However, we believe it is not totally different from correct figure.

Finally, based on operating income (added value), we estimate maximum amount payable for open space land.

Our formulation process is as follows:

- 1) We have modified the ambitiously large numbers of sales proposed by applicants to practical ones. In some cases, consultants have taken out export amount only and regarded it as sales amount.
- 2) We have divided costs into variable costs and fixed costs. In case of an extremely high raw material costs such as an animal feed company, it is difficult to move into the black even if sales increase. We have selected a company which is unable to add value as a model case. We have expected this company to move in JAIP for three years. A separate guidance by BDS, etc. will be necessary.
- 3) Investment amount of equipment is 1 million USD or more and is huge in comparison with capital. We have no mention about financing this time. We have assumed that interest rate is as low as 10% per annum and have categorized it as fixed costs.
- 4) Depreciation of investment in machinery is 10 years fixed installment. We have assumed that a lease fee of plant building with land is 250 USD/m² and a lease amount has been calculated by multiplying a unit lease fee by the required space with 60 years of depreciation.
- 5) Accordingly, the calculated cost will be extremely mitigated as long as P/L is concerned.
- 6) The problem is how to finance an initial investment. As pointed out in context, if leverage effect (an increase of added value by investment is greater than loan interest) cannot be expected, such investment should not be implemented. If sales will increase according to the business plan, there will be no problem.
- 7) We have finally computed operating income (added value) to get a maximum payable amount for lease by using requested space of each company, on the assumption that all of the operating income is spent for open space (annual lease fee for land).

(1) Business Plan-1

The conditions of the company "A" being admitted to the JAIP are as follows:

- "A" sells at least 30% of their total sales, 15 million USD, in Jordan, Qatar, S.A., UAE and Kuwait, and they perform their production inside the JAIP. 4.5 million USD is the first-year sales of "A" operating in the JAIP.
- An area of 6,000 m² (3,000 m² of this for buildings) is requested. Facility investment is 3 million USD (amortization in 10 years which is usual in the Palestinian Territories;

no residual value is allowed for), estimated labor cost is 500 USD per month with the employment of 10 persons at first and 20 ten years later.

- Utility cost is 41,050 USD per year (10% coefficient of variation), and water consumption is 1,050 USD (5% variation) based on an interview.
- 3000 m² of land including buildings to be purchased at 250 USD per m². Service life of the steel-reinforced buildings is estimated at 60 years in the absence of any Palestinian regulation. The total area is to be 6,000m².

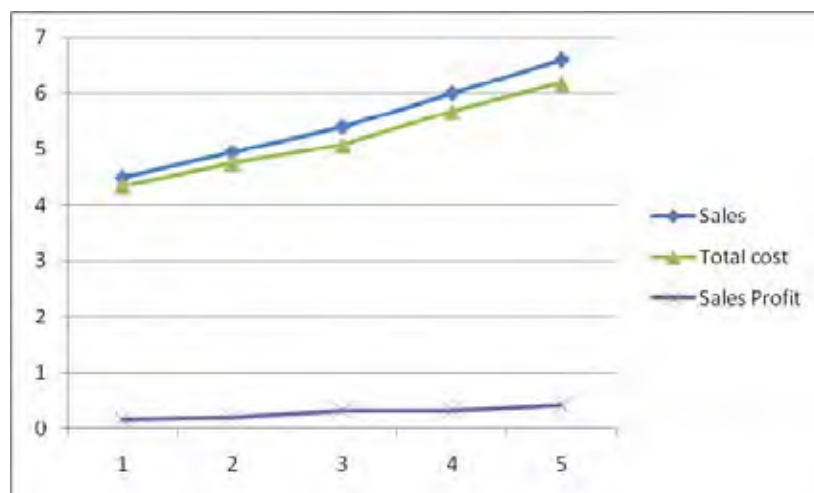


Figure A 3.3 Sales, Cost and Profit of Business Plan-1

Results

- Under this business plan, suppose the land for buildings, 3,000 m², was purchased at the rate of 250 USD/m² with proper depreciation allowed for, and suppose the entire operation profit, which is total sales minus total cost, is appropriated to the land lease, the margins after the final settlement would be from 65 USD to 145 USD. From the management standpoint, however, it is inconceivable that the entire added value is appropriated to the payment for lease. But this point can be used in negotiating the leasing rates, and because of the margins negotiations with this company is expected to be rather easy.
- The challenge of this business plan is how to evaluate the parallel operations in Tulkarem and the JAIP. In the first year, when the production in Tulkarem is likely to drop while that in the JAIP rises, the overall group operation could be running in the red.
- As we pointed out before, the legitimacy of this plan depends on the prospect that there will be a sufficient leverage effect and the company's sales will rise as planned.

(2) Business Plan-2

The conditions of the company "B" are as follows:

- "B" has a few factories here and there, but does not have enough ground at its Ramallah main factory, and thus is unable to expand the main factory. Entry into the JAIP is being studied to build their basis of export, and an application for the area of 20,000 m² has been submitted. The purchase of 8 ha additional land is planned where turkeys are to be raised and 400,000 tons of meat (a million turkeys) are to be sold. "B" says it has already obtained the Israeli government permit to raise turkeys.

- The consumption of turkey has been increasing in the Gulf Countries and these countries are promising as the market in the future. This company has also been certified to ISO2200, which means that their sanitary and facility conditions compare well with their counterparts in more advanced countries.
- Their estimated investment is 6 million USD for machinery with 10-year amortization and zero residual value.
- Its current sales are 10 million USD and 30% annual increase is planned. The submitted plan, however, cites 5% annual growth, with the number of their employees to be increased to 200 as the production is increased.
- Of the 20,000 m² ground area, 10,000 m² is to be occupied by steel-reinforced buildings.

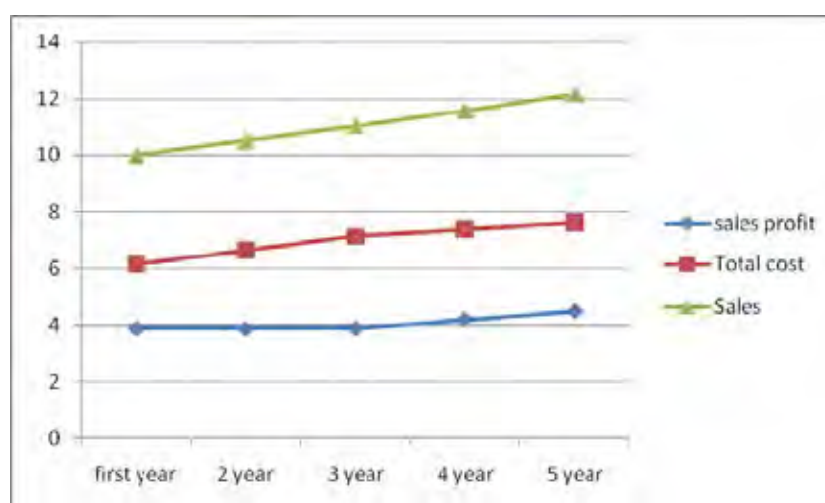


Figure A 3.4 Sales, Cost and Profit of Business Plan-2

Results

- This company is now a financially good entity. Significant growth of the Gulf turkey market cannot be denied. Since other competing companies also predict 30% increase in sales, added-up increase can result in contradiction, and thus a 5% annual increase is specified in the plan. Three meat processors now plan to join the JAIP. Though the growth of the Gulf market is unpredictable, 30% increase for each of the three is inconceivable, and thus one or two of them may drop out of competition.
- This company is planning to make a new investment and purchase an 8-ha turkey farm near the JAIP. This probably promises a higher add-on value than that for other turkey meat processors. Other cases of manufacturing companies, however, indicate it could be as long as six months before new facilities become fully operative, and a major challenge to this company's survival would be whether it can ride out the first year of operation. Their submitted plan lists figures based on an optimum expected production, but it must be pointed out that their plan could be impracticable.
- Moving from their current site in Ramallah into the JAIP means a significant reduction in logistics cost, thus making a significant contribution to their profit. Saving in utility can also be expected. The drawback is the labor cost, which is higher than in other Gulf Countries.
- This company requests a two-month backup water storage for emergency, or 10,000 m³. An underground water reservoir or equivalent will have to be considered.
- For their sound growth after moving into the JAIP, services offered by the BDS will also be very important.

(3) Business Plan-3

This will be the third visit to “C.” As the JAIP Project has become clear, they have strongly desired to move into the JAIP. The reason that this company wants their site in the JAIP

- Their sales have been made mainly on the West Bank, but about 80% of the livestock feed market share is controlled by Israel, and the remaining 20% or so is shared by 13 to 14 companies. Their current sales amount to about 6 million USD, but their raw material cost is as high as 85% because of the need to add sunflower seed and special protein to the feed.
- The Ramallah Industrial Zone exists inside a residential area and no farther expansion is possible. We intend to build processing factories and storage yards inside the JAIP for the growth of Jordanian livestock farming industry. Better processing quality can be expected when compared with Jordanian products.
- Their business is of low-margin, high-turnover type, with 6 million USD sales, 85% raw materials cost, 5% utility cost, 5% logistics cost and 5% profit. Their planned investment is 1 million USD. Once inside the JAIP, their logistics cost can drop to about 1%. Utility cost is also likely to drop but is not included in the estimate.
- They will need a land area of 3,000 m² including 1,000 m² for buildings and a warehouse.
- Although chicken can only be cashed in within about 40 days, but turkey requires 140 days before being processed as meat. Quicker fund turnover, therefore, can be expected from the investment in chicken.
- The plan for the first year is for increasing sales to Jordan, with half of the current operation moved into the JAIP.

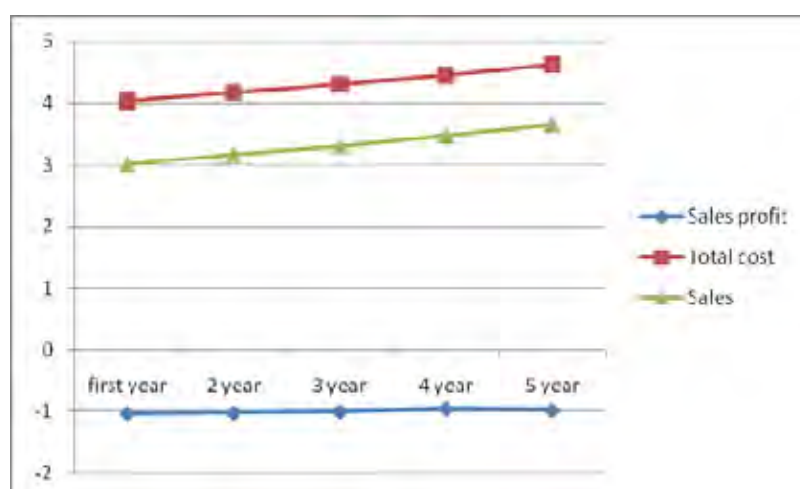


Figure A 3.5 Sales, Cost and Profit of Business Plan-3

Results

- For “C” to be able to build a new factory, variable costs must be reduced and sales must be increased.
- The minimum necessary sales are 4.03 million USD, which is equal to the sum of the fixed and variable costs. It must be considered, therefore, to move the existing facilities rather than building a new facility.
- The existence of this company in the JAIP may compromise the overall balance of business types, but this company quite earnestly wants to move into the JAIP. Therefore, the BDS is required to establish proper marketing strategy and properly guide them after scrutinizing their business plan.

(4) Business Plan-4

“D” is pursuing packaging business, a support business essential to the food processing industry which is one of the four sectors considered. Therefore, we visited this company for the first time and asked them if they wanted to come to the JAIP.

- Their production of packaging materials is 20 tons per day and their annual sales are 5 million USD.
- They want a space of 14,000 m² including 5,600 m² for production and storage. The number of employees is 50.
- 1 million USD new investment is being considered.
- Their utility cost is 2,000 USD and water cost 800 USD per month.
- The percentage of their raw materials cost is 75% and their profit 10 to 15%. Once in the JAIP, they want to increase their yearly sales mainly to Jordan by 30%. They have competitive advantage in quality and production cost over their Jordanian rivals. The plan calls for a 5% yearly increase.
- The yearly sales is planned to be 50% of their current sales in the Ramallah plant, after moving half of their factory. Their export to Jordan has been made through Fayfa, but export to other Gulf Countries is also possible if Port Aqaba, Jordan, can be used. Their current transportation cost of 5% will reduce to 1% when they move into the JAIP.
- This company also needs proper guidance by the BDS to reduce the 75% raw materials cost and build a profitable corporate physique.

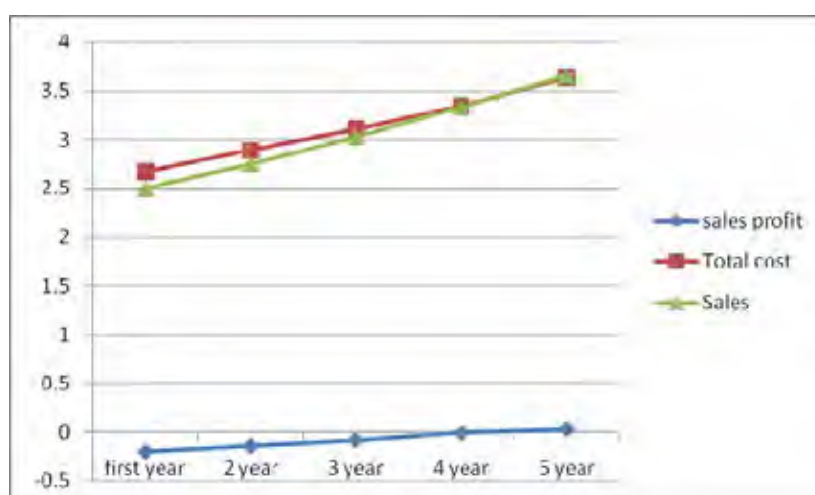


Figure A 3.6 Sales, Cost and Profit of Business Plan-4

Results

- Many of the food processing companies operating in the JAIP rely on outside suppliers for packaging. When this company moves in, it can support such companies, ensuring in a good overall balance.
- High raw materials cost is also a problem for packaging industry. The potential of purchasing low materials inside the JAIP will offer a significant advantage.
- There is a sufficient demand for the packaging materials inside Jordan as well. By switching the current shipment through Israel to shipment through Port Aqaba, export to the Gulf Countries can be expected to expand, and logistics cost is expected to drop.
- This company also has a high morale and expects a 30% yearly sales increase, though our plan specifies 10% growth. By scrutinizing their business plans and making the

marketing information from the JAIP's BDS available to them, the sales of this company will expand and their balance sheet will turn into the black.

- They are now operating in red because of the current system of dividing the sales, and also because of the parallel production in Ramallah and in the JAIP. It is desirable to shift the production gradually to the new factory while observing the overall balance.

(5) Business Plan-5

This 'E Company' is the company processing and selling meat and is regarded as a top class in this field of business in the Palestinian Territories. It expects to gain a big advantage by its factory expanding into Jericho from Ramallah. Currently its logistics cost to Jordan takes up about 20% of its cost of sales and by moving into Jericho, this may go down drastically, and here we assumed at 10% as a safety side.

- 1 million USD was allocated as a new investment for equipment. Sales amount was based at the level achieved in 2008. Domestic sales growth rates were set at 25% for the first year and 10% for the succeeding year onwards, and export which accounts for 20% of total sales, the rate was set at 10% each year.
- 5,000 m² of land is requested and factory area was set as 2,000 m² at 250 USD/m² to be bought off and 60 years depreciation.
- Variable expense ratio for the raw materials was set at 38%, electricity at 4.6% and water at 0.46%.

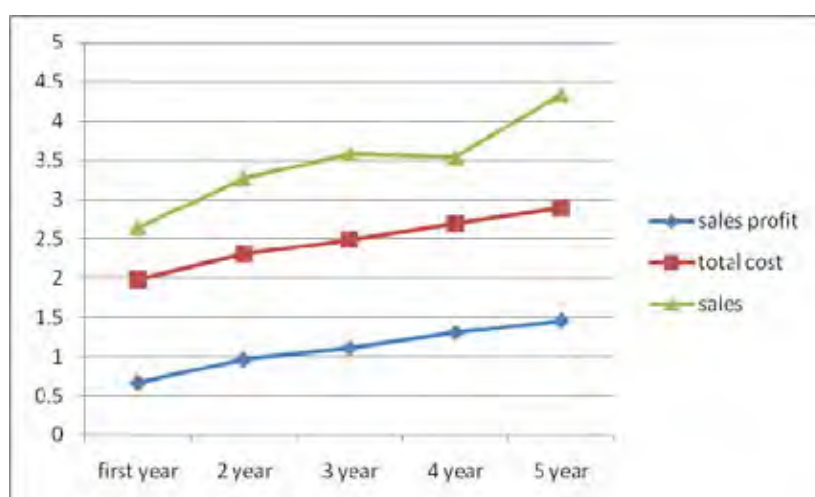


Figure A 3.7 Sales, Cost and Profit of Business Plan-5

Results

- Needs verification of the sales amount. The amount entered is that of existing Ramallah factory and priority for processing was set to the new factory in JAIP.
- Growth rate of the sales is set at 10% each year, has a good financial status, expects to increase the number of workers by 72, and the factory in JAIP will be its main facility. It is considering to shutting down Ramallah factory and concentrate their activity in the new factory in JAIP.

(6) Business Plan-6

'F' Company, a dates farmer, currently owns 1,000 Medjoul Dates trees and producing 70 tons of dates annually, and on top, it had planted 3,000 each of one year, two year, three year and four year saplings from which the fruits will be born as years go by when they reach their fourth year.

- This company will produce 300 tons the next year and 1,000 tons five years after.
- Medjoul Dates will be sorted out into four grades and premier grade is for export, and it expects to export half of its production.
- For machinery and equipment, it will consider investment of 1.5 million USD which includes 0.5 million USD computerized grading machine and a freezer with capacity of 500 tons.
- It requires 2,500 m² factory space and 6,000 m² land area.
- Sales price was set as 20 USD/kg ex-factory.
- These types of farmers form independent farmers' association not joining PRAK.

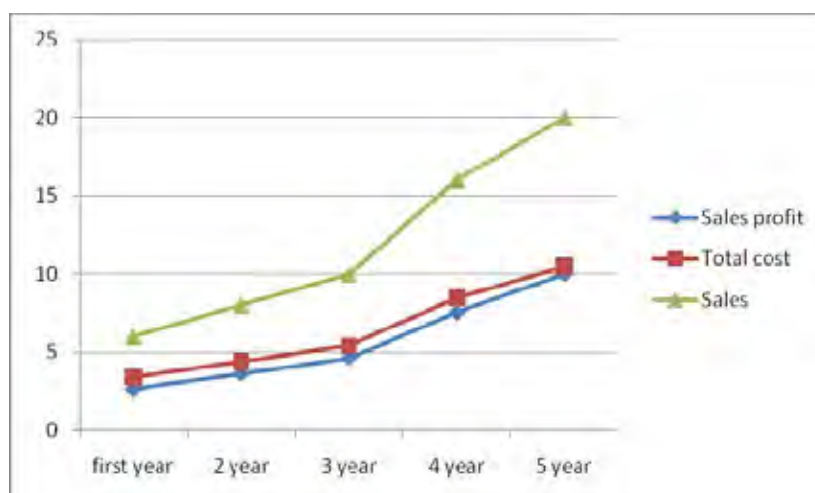


Figure A 3.8 Sales, Cost and Profit of Business Plan-6

Results

- If the timing is right, multiple numbers of farmers may apply for JAIP.
- In above case, a freezer which holds its inside temperature at -18°C will be required, and the capacity will change according to the number of farmers who are interested. Therefore, the sooner the launching of JAIP, the more appropriate designing of the freezer.
- This business plan expects large amount of sales and profit, but all enterprises are gaining ground to Jericho area with the same objective.

(7) Indicators

Table A 3.10 Indicators of Business Plan-1

(Mil USD)

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	Notes
Projected Sales	4.5	4.95	5.4	6.0	6.6	Growth rate 10%/Yr.
Total Cost	4.11	4.48	4.82	5.27	5.73	
Variable Cost	3.38	3.74	4.05	4.5	4.95	
Raw Material (50% of sales)	2.25	2.5	2.7	3.0	3.3	Including Packaging
Electricity	0.45	0.495	0.54	0.6	0.66	Variable expense ratio: 10%
Water	0.225	0.2475	0.27	0.3	0.33	Variable expense ratio: 5%
Logistics	—	—	—	—	—	To material cost
Miscellaneous	0.45	0.495	0.54	0.6	0.66	10% Including Logistics
Fixed Cost	0.74	0.75	0.78	0.78	0.79	
Labor Cost	<i>10 workers</i> 0.06	<i>12 workers</i> 0.07	<i>14 workers</i> 0.10	<i>16 workers</i> 0.10	<i>18 workers</i> 0.11	500 USD/Mo
Depreciation	0.3	0.3	0.3	0.3	0.3	Investment 3 Million
Interest	0.3	0.3	0.3	0.3	0.3	
Depreciation Buildings	0.0013	0.0013	0.0013	0.0013	0.0013	<i>250USD/m²</i> 3,000 m ²
Interest	0.075	0.075	0.075	0.075	0.075	
Profit	0.39	0.47	0.58	0.73	0.87	
Maximum Permissible Lease Fee (USD/m ² /Yr)	65	78	97	122	145	6,000 m ²
Balance Added Value	0	0	0	0	0	

Table A 3.11 Indicators of Business Plan-2

(Mil USD)

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	Notes
Projected Sales	10	10.5	11.03	11.58	12.16	Growth rate 10%/Yr.
Total Cost	6.13	6.64	7.14	7.39	7.64	
Variable Cost	4.264	4.474	4.694	4.9278	5.1716	
Raw Material (40% of sales)	4	4.2	4.41	4.632	4.864	
Electricity	0.10	0.11	0.11	0.12	0.13	0.15 USD/KW Variable expense ratio: 1.04%
Water	0.06 (\$63,000)	0.06 (\$63,000)	0.06 (\$63,000)	0.06 (\$63,000)	0.06 (\$63,000)	0.6NIS/m3 5000m3/M
Logistics	0.1	0.11	0.11	0.12	0.12	Variable expense ratio: 1% in Jericho
Fixed Cost	1.87	2.17	2.47	2.47	2.47	
Labor Cost	100 workers 0.6	150 workers 0.9	200 workers 1.2	200 workers 1.2	200 workers 1.2	500 USD/Mo Eventually increasing another 200
Depreciation	0.6	0.6	0.6	0.6	0.6	Investment 6 Mil
Interest	0.025	0.025	0.025	0.025	0.025	Interest
Depreciation Buildings	0.042	0.042	0.042	0.042	0.042	250 USD/m ² 10,000 m ²
Miscellaneous (Interest)	0.6	0.6	0.6	0.6	0.6	Debts payable: 6 Mil Interest rate: 10%
Operating Profit (Value Added)	3.87	3.86	3.89	4.19	4.52	
Maximum Permissible Lease Fee (USD/m ² /Yr)	194	193	194	209	226	20,000 m ²
Balance Added Value	0	0	0	0	0	

Table A 3.12 Indicators of Business Plan-3

(Mil USD)

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	Notes
Projected Sales	3 Jordan	3.15	3.30	3.47	3.65	Growth rate 5%/Yr.
Total Cost	4.03	4.17	4.3	4.45	4.62	
Variable Cost	2.73	2.87	3.00	3.15	3.32	
Raw Material (85% of sales)	2.55	2.80	2.85		3.32	
Electricity	0.15	0.16	0.17	0.17	0.18	Variable expense ratio: 5% in Ramallah
Water						
Logistics	0.03	0.032	0.035	0.035	0.036	Variable expense ratio: 1% in Jericho
Fixed Cost	1.30	1.30	1.30	1.30	1.30	
Labor cost	0.07	0.07	0.07	0.07	0.0	500 USD/Mo 12 workers
Depreciation	0.6Million	0.6Million	0.6Million	0.6Million	0.6Million	Investment: 6 Mil
Miscellaneous (Interest)	0.6	0.6	0.6	0.6	0.6	Debts payable: 6 Mil Interest rate: 10%
Depreciation Buildings	0.0042	0.0042	0.0042	0.0042	0.0042	250 USD/m ² 1,000 m ²
Interest	0.025	0.025	0.025	0.025	0.025	10%
Operating Profit (Value Added)	-1.03	-1.02	-1.00	-0.95	-0.97	
Maximum Permissible Lease Fee (USD/m ² /Yr)						3,000m ²
Balance Added Value	0	0	0	0	0	

Table A 3.13 Indicators of Business Plan-4

(Mil USD)

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	Notes
Projected Sales	2.5 in Jordan	2.75	3.03	3.33	3.66	Growth rate 5%/Yr.
Total Cost	2.67	2.89	3.11	3.34	3.63	
Variable Cost	2.01	2.23	2.45	2.68	2.97	
Raw Material (75% of sales)	1.87	2.06	2.27	2.49	2.75	
Electricity	0.125	0.14	0.15	0.16	0.18	Variable expense ratio: 5% in Ramallah
Water						
Logistics	0.02	0.03	0.03	0.03	0.04	Variable expense ratio: 1% in Jericho
Fixed Cost	0.66	0.66	0.66	0.66	0.66	
Labor Cost	0.3	0.3	0.3	0.3	0.3	500 USD/Mo 50 workers
Depreciation	0.1	0.1	0.1	0.1	0.1	Investment: 1 Mil
Miscellaneous (Interest)	0.1	0.1	0.1	0.1	0.1	Debts payable: 1 Mil Interest rate: 10%
Depreciation Buildings	0.02	0.02	0.02	0.02	0.02	250 USD/m ² 5,600 m ²
Interest	0.14	0.14	0.14	0.14	0.14	
Operating Profit (Value Added)	-0.17	-0.14	-0.08	-0.01	0.03	
Maximum Permissible Lease Fee (USD/m ² /Yr)					3.5	8,400m ²
Balance Added Value	0	0	0	0	0	

Table A 3.14 Indicators of Business Plan-5

(Mil USD)

	In Ramallah (2009)	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	Notes
Sales (Total)	2.64	2.64	3.27	3.59	3.95	4.34	
Sales (export)	0.53	0.53	0.63	0.69	0.76	0.84	Growth rate 10%/Yr.
Sales (domestic)	2.11	2.11	2.64	2.90	3.19	3.51	
Total Cost		1.98	2.304	2.49	2.688	2.89	
Variable Cost	1.14	1.40	1.73	1.91	2.11	2.30	
Raw Material (38% of sales)	1.00	1.00	1.29	1.36	1.50	1.65	
Electricity	0.12	0.12	0.15	0.17	0.18	0.20	Variable expense ratio: 4.6%
Water	0.12	0.12	0.15	0.17	0.18	0.20	Variable expense ratio: 0.46%
Logistics	0.52	0.26	0.33	0.36	0.40	0.43	Variable expense ratio: 20% in Ramallah, 10% in Jericho
Fixed Cost		0.58	0.57	0.58	0.58	0.59	
Depreciation		0.1	0.1	0.1	0.1	0.1	1 Mil/10yrs
Deprecation 2		0.00083	0.00083	0.00083	0.00083	0.00083	250 USD X 2,000m ² /60yrs
Interest	0.05	0.05	0.05	0.05	0.05	0.05	
Labor Cost	48 workers 0.288	72 workers 0.432	72 workers 0.432	72 workers 0.432	72 workers 0.432	72 workers 0.432	500 USD/Mo
Sales Profit		0.66	0.96	1.1	1.26	1.45	
Limited Rent of Land Price		132	192	220	252	290	5,000 m ² USD/Yr.

Table A 3.15 Indicators of Business Plan-6

(Mil USD)

	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	Notes
Projected Sales	6	8	10	16	20	Majoel Dates: USD 20/kg
Production	300T	400T	500T	800T	1,000T	
Total Cost	3.39	4.41	5.43	8.47	10.53	
Variable Cost	3.06	4.08	5.1	8.16	10.2	
Raw Material (45% of sales)	2.7	3.6	4.5	7.2	9	
Electricity	0.3	0.4	0.5	0.8	1	Variable expense ratio: 5%
Water						
Logistics	0.06	0.08	0.1	0.16	0.2	Variable expense ratio: 1%
Fixed Cost	0.33	0.33	0.33	0.33	0.33	
Labor Cost	0.06	0.06	0.06	0.06	0.06	USD 500/Mo/ person
Depreciation	0.15	0.15	0.15	0.15	0.15	Investment: 1.5 Mil
Interest	0.05	0.05	0.05	0.05	0.05	Interest rate: 10%
Depreciation Buildings	0.01	0.01	0.01	0.01	0.01	250USD/m ² x 2,500m ²
Interest	0.06	0.06	0.06	0.06	0.06	
Operating Profit (Value Added)	2.61	3.59	4.57	9.51	9.47	
Maximum Permissible Lease Fee (USD/m ² /Yr)	435	598	761	1,585	1,578	6,000 m ²
Balance Added Value	0	0	0	0	0	

APPENDIX 4 LOGISTICS SURVEY DATA

A4.1 Logistics Survey Data

A4.1.1 Survey Questionnaire

(1) First Survey

Manufacturing and Distribution

- Number of employees
- Number of suppliers
- Turnover
- Profit

Assembly

- Number of components used
- Level of Bill of Materials (BOM)
- Ratio of self manufactured to outsourced components
- Number of items for each

Fabrication and processing

- How many different kinds of raw materials do you use
- Machinery and equipment costs and annual maintenance costs
- Average depreciation period of the machinery and equipment

Finished goods

Purchasing

- Number of purchasing items
- Frequency of purchasing
- Purchasing quantity
- Purchasing amount
- Lead time from placement of order to delivery
- Does it meet with satisfaction?

Checkpoint delays

- How often?
- How long?

Customers

- How many?
- Do your customers buy for retail or wholesale (b to b or b to c)
- Frequency of demand (delivery of final product to customer)
- Actual inventory for finished product
- Kind and quantity of raw materials you use (kg/month)
- Do you outsource any products? Quantity?

Suppliers

- Do you purchase any items directly from abroad? Where?
- Do these items go through Israeli trade?
- Are these items purchased within the Palestinian Territories? If not where?
- Lead time from placement of order to delivery of raw materials/components
- Are they **made to stock** or **made to order**?

- How many times a year if so, do you stop production for maintenance of facility or machinery?
- Actual inventory level of raw materials in terms of quantity
- Actual inventory level of raw materials in terms of amount
- Sales amount for the past 3 years in quantity and amount

Delivery

- Where do you deliver to?
 - Number of customers deliver finished products to
 - Frequency of delivery
 - Average and max amount deliveries/month
- Do you deliver to foreign countries?
- Do you go through Israeli traders?
- Delivery time to customer from order to delivery of goods
- Transportation lead time from shipment to reception of goods

Means of transport

- Do you use your own transportation fleet or consign a transportation company?
- Current issues or problems
- Proportion of transportation cost to product cost

Distribution Route:

Main Route for Import:

Main route for Export:

How many checkpoints? Time spent at checkpoints?

Total lead time:

Transportation Costs:

Competitiveness:

Suggestions for Agro Industrial Park:

(2) Second Survey

Company Name:

Location:

Contact details: Tel:

Fax:

E-mail:

Web site:

1. What would be the objective of using the JICA industrial zone?
 - a. current storage shortage
 - b. expanding your business
 - c. packaging
 - d. minimizing transportation costs
 - e. complimentary project
 - f. other: if so please explain

2. How much space do you need in JAIP in Jericho for:
 - Warehouse:
 - Factory:
 - Other facilities:
3. What is the maximum amount that you are willing to pay to rent from the industrial zone park and its subparts?
4. Can you give an estimate cost for moving to JAIP in Jericho?
5. Do you need to use a warehouse (cooling) in Jericho when JICA builds the industrial park?
6. Does your company need special facilities, testing area, labs, drainage, high voltage etc?
7. How much is your current consumption of:
 - Water:
 - Electricity:
 - Fuel:
8. Do you need transportation for your waste system?

Transportation

- 1 How frequent do you need transportation?
- 2 Do you use your own truck or other company's trucks?
If you use your own how many trucks do you have?
- 3 What is the size of trucks you use? What is the cost per truck?
 - a. 7 tons (12 pallets):
 - b. 32 tons (22–24 pallets):
 - C. 38 ton (26–28 pallets):
- 4 Do you use special trucks (temperature controlled trucks)? (Y/N)
- 5 Do you transport with full load or part load? (full load/ part load)
- 6 How much is the cost for each?
- 7 How much does it cost for Back to Back system?
- 8 What is the current route you use for mobilization?
- 9 How many trucks go to Jericho per day/week/month?
- 10 Other issues and suggestions:

A4.1.2 Trade Route by Company

Table A 4.1 Import Routes

Company	Final products	Import				Total transportation Costs/truck in NIS (not including VAT)
		Route	Main product imported	Time spent waiting at checkpoints and/or borders	Estimated lead time for delivery + wait time at checkpoints	
Al-Arz Ice Cream Co.	ice-cream	Haifa --> Tulkarem --> Nablus Ashdod --> Tulkarem --> Nablus	milk, chocolate	1–4 hours from each port	2.5–6 hours	1,900 NIS from each port to Destination
Golden Wheat Mills	wheat, semolina	Ashdod --> Betunia --> Ramallah	wheat	1–4 hours	2–5 hours	1,900 NIS
Mabco	office electronics and machines	Ashdod --> Betunia --> Ramallah Jordan(Allenby) --> Ramallah	computers, fax machines, printers	0.5–4 hours	3.5–7 hours	1,300–1,600 NIS
Nablus Company for cleaning agents	soaps detergents	local raw materials from within West Bank, they do not import	N/A (raw materials are from the Palestinian Territories)	**	**	**
New Farm Co.	olive oil, honey, molasses	local raw materials from within West Bank, they do not import	N/A (raw materials are from the Palestinian Territories)	**	**	**
Rukab's Ice-cream	ice-cream	Telaviv --> Betunia --> Ramallah	milk, chocolate	1–4 hours	2–5 hours	1,500 NIS
Arab Industrial Co. Ltd. (Star)	cleaning detergents, soaps	Jericho (Allenby) --> Ashdod --> Betunia --> Ramallah	sulfates, chemicals	4 hours at checkpoint up to 3 days waiting at Ashdod Port	6 hours–4 days	2,000 NIS

Table A 4.2 Export Routes

Company	Product	Export			Total transportation Costs/truck
		Route	Time spent waiting at checkpoints and/or borders	Estimated lead time for delivery + wait time at checkpoints	
Al-Arz	ice-cream	Nablus --> Jericho	0.5–4 hours	1.5–5 hours	1,600 NIS
Golden Wheat Mills	Wheat	No export	N/A	N/A	N/A
Mabco	office electronics and machines	No export	N/A	N/A	N/A
Nablus Company for cleaning agents	Soap	Beit Foreek --> Jordan (Allenby) Beit Foreek --> Haifa	1–4 hours	2–6 hours	1,600 NIS 2,000 NIS
New Farm Co.	olive oil, honey, molasses	Ramallah --> Jericho	5–3 hours	1–4 hours	1,300 – 1,600 NIS
Rukab's Ice-cream	ice-cream	No export	N/A	N/A	N/A
Arab Industrial Co. Ltd. (Star)	cleaning detergents, soaps	Ramallah --> Jericho	5–3 hours	2–6 hours	1,300–1,600 NIS

A4.1.3 General Cost and Transport from Israeli Ports

(1) Cost & Transportation from Ashdod Port to West Bank Cities through the Borders

Estimation cost for transportation from Ashdod port through the commercial checkpoints between Israel and the Palestinian cities in the West Bank are given below. These estimation costs were taken from a trucking company in Ramallah (Concorde Company for Transportations) the tables below are divided to 3 sections. Each section is an entry border where the procedures on these borders are undefined due to no official requirements and procedures information being made readily available from Israeli customs. The procedures are taken from the trucking company.

A calculation has been made in order to accumulate the distance, time and cost from the Ashdod port to the West Bank cities through the 3 borders.

Table A 4.3 Time and Cost from Ashdod Port to the Three Border Entry Points

From Ashdod Port to the 3 Borders				
City	Distance in KM	Time in hours/minutes	Cost/per Truck in NIS (ex VAT)	Waiting Time on the Border
Ash'ar Afrim–Tulkarem	75	1.5 H	1,500	1–4 hours
Betunia–Ramallah	60	1 H	1,500	1–4 hours
Tarquomia–Bethlehem/Hebron	50	1 H	1500	1–4 hours

The table below are information from each border to the west bank cities.

Table A 4.4 Time and Cost from Tulkarem Border to North Cities

From Tulkarem Border (Ash'ar Afrim) to the North Cities Through				
City	Distance in KM	Time in hours/minutes	Cost/per Truck in NIS (ex VAT)	Waiting Time on the Border
Tulkarem	10	0.5 M	1,500	1–4 hours
Nablus	40	1.5 H	1,500	1–4 hours
Jenin,	60	1.0 H	1,500	1–4 hours
Qalqelia	30	1.5 H	1,000	1–4 hours
Salfeit	45	2.0 H	1,700	1–4 hours

Table A 4.5 Time and Cost from Ashdod Port to East Cities

From Ashdod Port to East Cities Through Betunia Border				
City	Distance in KM	Time in hours/minutes	Cost/per Truck in NIS (ex VAT)	Waiting Time on the Border
Ashdod to Betunia	50	1.5 H	1,500	1–4 hours
Ramallah	55	1.45 H/M	2,000	1–4 hours
Jericho	95	3 H	3,000	1–4 hours

Table A 4.6 Time and Cost from Ashdod Port to South Cities

From Ashdod Port to South Cities Through Tarquomia Border				
City	Distance in KM	Time in hours/minutes	Cost/per Truck in NIS (ex VAT)	Waiting Time on the Border
Bethlehem	75	2.0 H	2,800	1–4 hours
Hebron	50	1.5 H	2,500	1–4 hours

(2) Cost & Transportation from Haifa Port to West Bank Cities through the Borders

A calculation has been made in order to accumulate the distance, time and cost from the Haifa port to the West Bank cities through the 3 borders.

Table A 4.7 Time and Cost from Haifa Port to Three Borders

From Haifa Port to the 3 Borders				
City	Distance in KM	Time in hours/minutes	Cost/per Truck in NIS (ex VAT)	Waiting Time on the Border
Ash'ar Afrim–Tulkarem	110	1.5 H	2,000	1–4 hours
Betunia–Ramallah	180	3 H	3,000	1–4 hours
Tarquomia–Bethlehem/Hebron	230	3.5 H	3,500	1–4 hours

The tables below show time and cost to each border to the West Bank cities.

Table A 4.8 Time and Cost from Ash'ar Afrim Border to North Cities

From Tulkarem Border (Ash'ar Afrim) to North Cities				
City	Distance in KM	Time in hours/minutes	Cost/per Truck in NIS (ex VAT)	Waiting Time on the Border
Tulkarem	15	10 M	600	1–4 hours
Nablus	70	1 H	1,500	1–4 hours
Jenin	70	1 H	1,500	1–4 hours
Qalqelia	30	0.5 H	800	1–4 hours
Salfeit	70	1 H	1,500	1–4 hours

Table A 4.9 Time and Cost from Betunia Border to East Cities

From Betunia Border to East Cities				
City	Distance in KM	Time in hours/minutes	Cost/per Truck in NIS (ex VAT)	Waiting Time on the Border
Ramallah	5	15 M	600	1–4 hours
Jericho	45	1 H	1,500	1–4 hours

Table A 4.10 Time and Cost from Tarquomia Border to South Cities

From Tarquomia Border to South Cities				
City	Distance in KM	Time in hours/minutes	Cost/per Truck in NIS (ex VAT)	Waiting Time on the Border
Bethlehem	45	1.5 H	1,500	1–4 hours
Hebron	30	1.0 H	1,000	1–4 hours

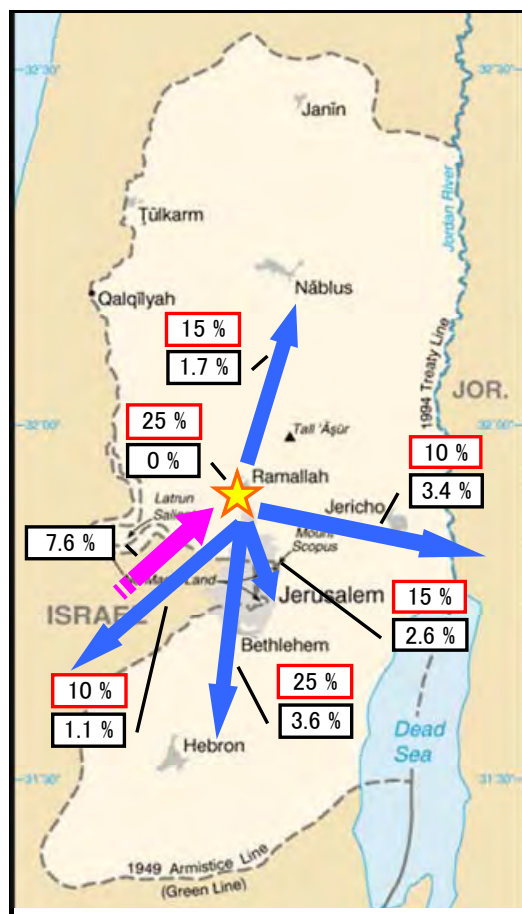
Routing of the trucks from the King Hussein Bridge to the West Bank cities are as follows:

Table A 4.11 Routing from the King Hussein Bridge to the West Bank Cities

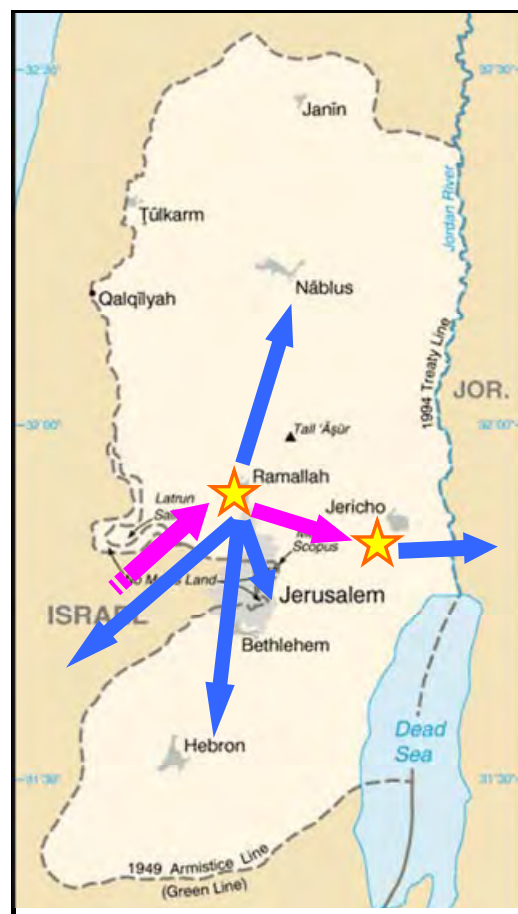
City	Route of the Road/by
Jerusalem	Jericho–Road 1–Road 437–Hizmah check point–Jerusalem
Ramallah	Jericho–Road 1–Road 437–Jaba'–Qalandia–Kafr Aqab–Ramallah
Bethlehem	Road 1–Wadi Nar–Al Ubeidiya–Dar Salah–Road 356–Numan–Fakht I Jul–Dhahrat an Noda Road 356–Bet Sahour–Bethlehem
Hebron	Road 1–Wadi Nar–Bet Sahour–Bethlehem–Ad Doha–Al Khadr–Umm Salamuna–Al Arub Camp–Beit Ummar–Halhul Bridge–Hebron
Nablus	---
Salfiet	---
Jenin	---
Qalqelia	---
Tulkarem	---
Tubass	---

A4.2 Supply Chain Cost Analysis

Products: Cold Cut Meat (Chicken)

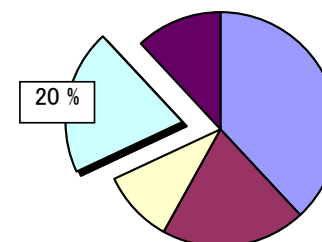


(a) Present Operation



(b) Operation in JAIP

Estimated Cost Structure



Material Production Fixed Transport Profit

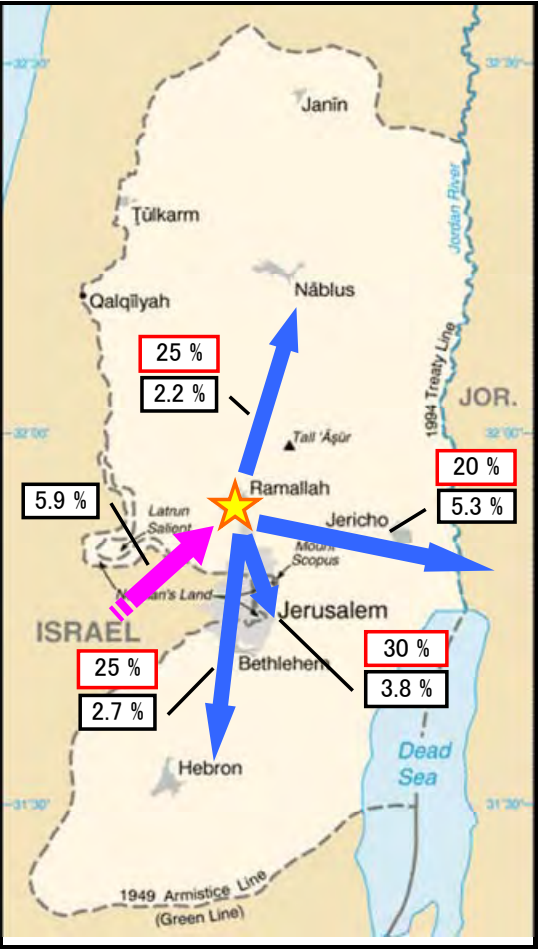
LEGENDS

- Production Base
- Procurement of Materials
- Shipment of Products

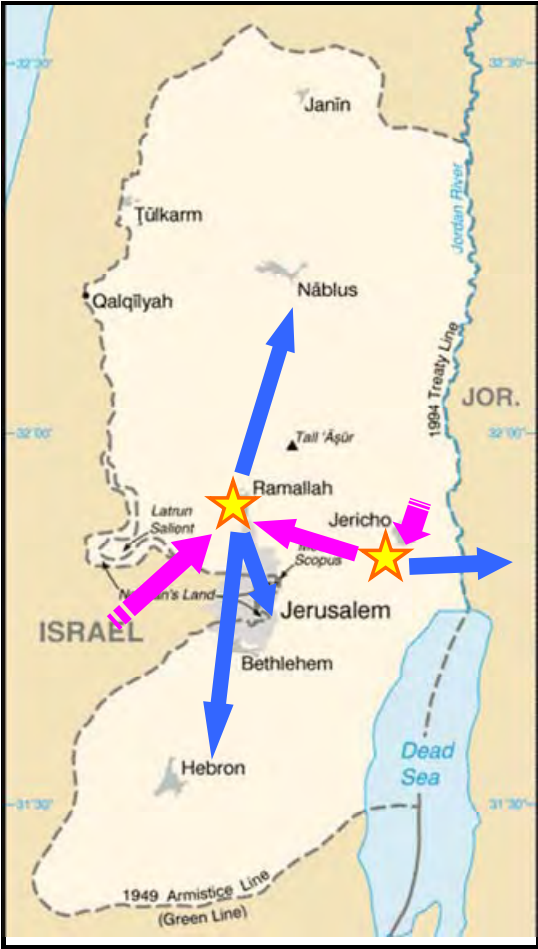
15 % ...Portion of Sales

1.7 % ...Portion of Transport to Sales

Products: Cold Cut Meat (Turkey)

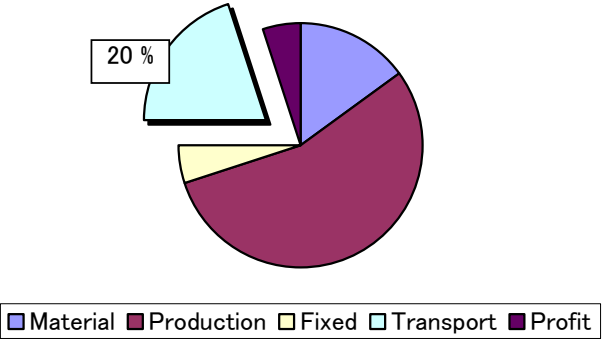


(a) Present Operation



(b) Operation in JAIP

Estimated Cost Structure



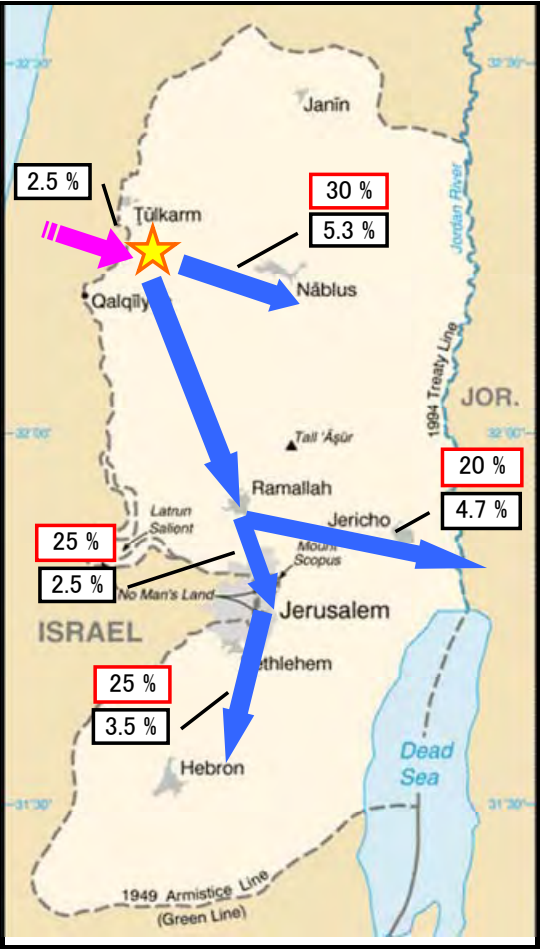
LEGENDS

- ★ Production Base
- Procurement of Materials
- Shipment of Products

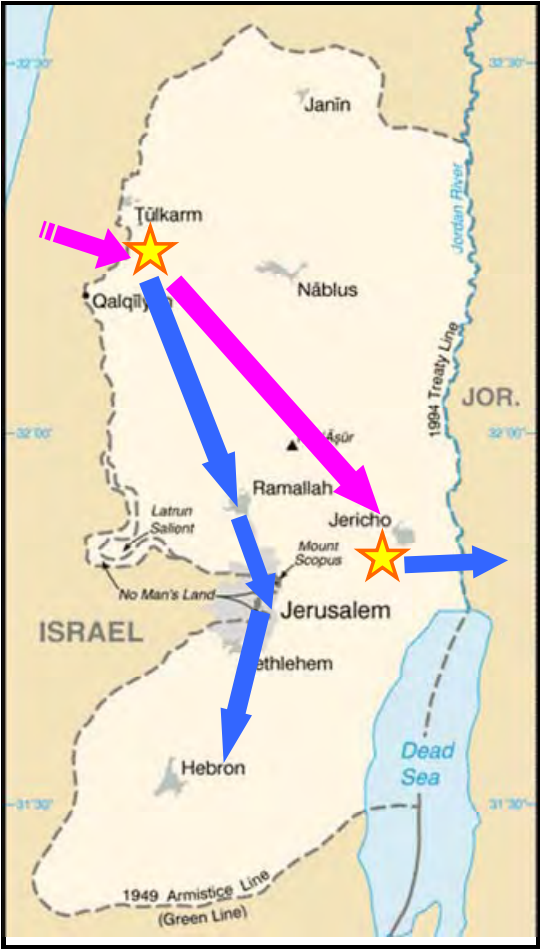
15 % ...Portion of Sales

1.7 % ...Portion of Transport to Sales

Products: Cold Cut Meat (Beef)

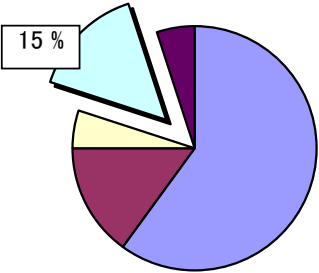


(a) Present Operation



(b) Operation in JAIP

Estimated Cost Structure



Material Production Fixed Transport Profit

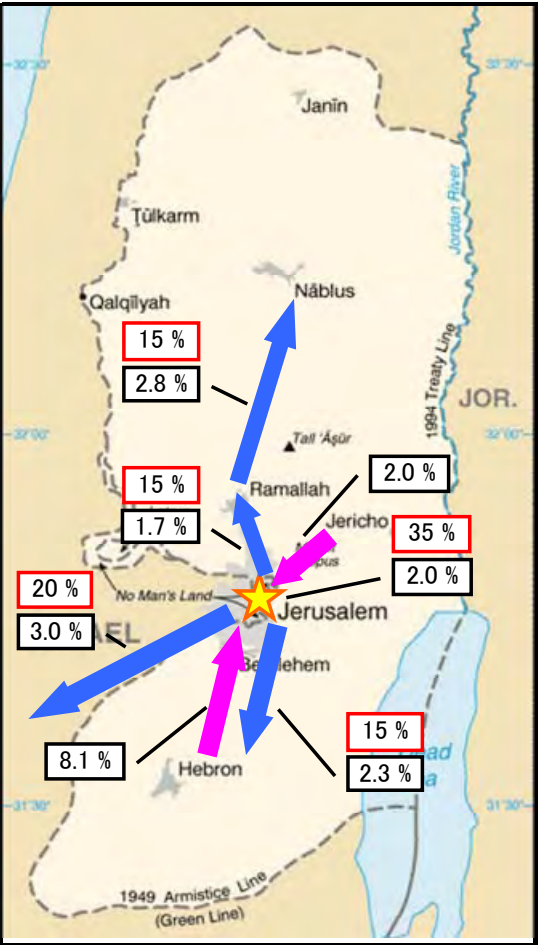
LEGENDS

- ★ Production Base
- Procurement of Materials
- Shipment of Products

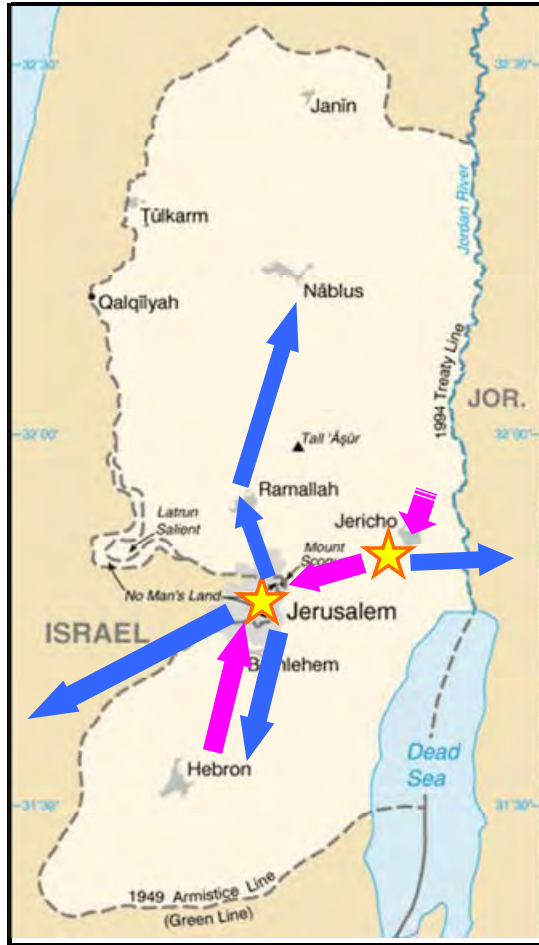
15 % ...Portion of Sales

1.7 % ...Portion of Transport to Sales

Products: Dairy Products

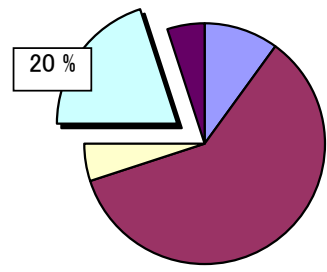


(a) Present Operation



(b) Operation in JAIP

Estimated Cost Structure



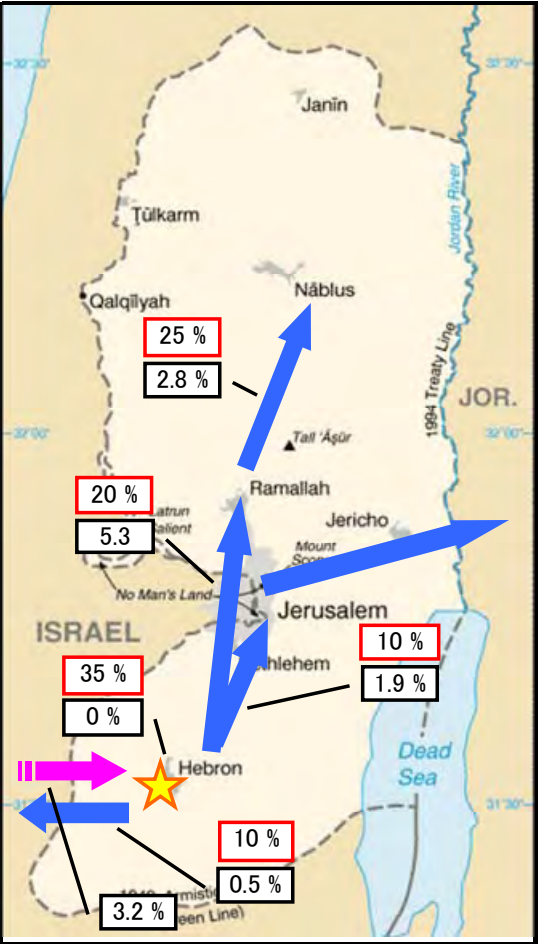
■ Material ■ Production ■ Fixed ■ Transport ■ Profit

LEGENDS

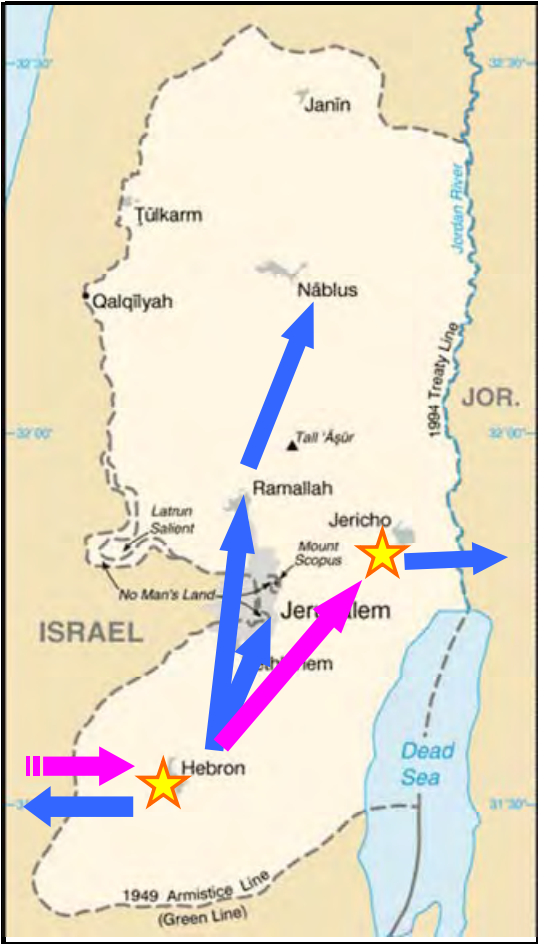
- ★ Production Base
- ➡ Procurement of Materials
- ➡ Shipment of Products

15 % ...Portion of Sales
1.7 % ...Portion of Transport to Sales

Products: Wheat Products

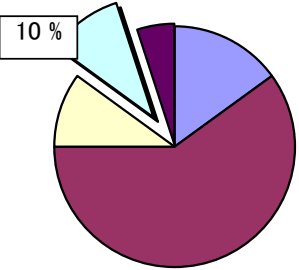


(a) Present Operation



(b) Operation in JAIP

Estimated Cost Structure



Material Production Fixed Transport Profit

LEGENDS

- ★ Production Base
- ➡ Procurement of Materials
- ➡ Shipment of Products

15 % ...Portion of Sales

1.7 % ...Portion of Transport to Sales

A4.3 Export and Import Processes

This section describes detailed export and import processes as shown in the section 4.2.2 of the main volume. There is few material disseminated to understand the process in the Palestinian Territories, and it causes confusions for shippers and transporters. Through summarizing the procedures, some problems were found and noted in the section 4.2.3 of the main volume.

A4.3.1 Export Process in the Palestinian Territories

(1) Preliminary Steps

1. Assess the potential market abroad for the product intended for export;
2. Gather information on standard requirements and quality standards in the country of destination;
3. Ascertain whether any trade agreements exist, signed by the PLO, which grant preferential tariffs (either duty free or reduced tariffs) to export to the selected country;
4. Negotiate and agree with the importer the terms of the contract such as quantities, quality, packing, marking and labeling requirements, prices, terms of payment, means of transportation and payment of the shipment;
5. Obtain all necessary documents, licenses and certificates required for exporting. These include health certificates, standards testing, veterinary, phytosanitary certificates and export licenses. Documents are required according to the type of product to be exported as well as on the importers requests;
6. Obtain the Foreign Trade Dealing registration
7. Contact a clearing agent to gather information about requirements and procedures for exporting.

(2) Documents

Export License

Exports do not normally require licenses. There are, however, certain categories of goods, which need to fulfill standards and other controls. For these goods, licenses are the authorization to export, when all requirements have been fulfilled.

Categories of goods requiring an authorization are the following:

- Foodstuffs and chemicals - Authorization is obtained from the Ministry of Health.
- Agricultural products - Authorization is obtained from the Ministry of Agriculture and is valid for a single shipment. If seasonal products are exported, a seasonal registration must be undertaken at the Ministry before applying for the export authorization. The Ministry of Agriculture also issues the phytosanitary certificate, after an agronomist from the Ministry checks that the farm complies with the requirements. The agronomists check takes one day and no fees are charged. When the importer requires additional analysis, it is possible to have them completed at the Ministry of Agriculture and the results attached to the documents sent to the importer.

Certificate of Origin

Certificates of origin are necessary to benefit from preferential tariff treatment.

- **Certificate of Origin: EUR.1**
The free trade agreement signed between the PLO and the European Union states that only goods accompanied by a certificate of origin benefit from duty free entrance.

- **Certificate of Origin: Form A**

The American-PLO Free trade arrangement requires a certificate of origin called Form A, to prove the origin of the goods. Form A is the proof that goods are entitled to duty free treatment because they comply with the American rule of origin. In order to grant duty free treatment, the commercial invoice and the packing list should accompany Form A

- **Certificate of Origin for Canada**

The certificate of origin for Canada is the proof that goods are entitled to duty free treatment when exported to Canada as they comply with the Canadian rule of origin. It has the form of a declaration, which needs to be presented to the Canadian Customs Authorities only upon request. The exporter must fax it to the Canadian importer within the time limit stated by the Canadian Customs Authorities. The declaration that the goods originated in the West Bank and Gaza is to be completed and signed by the exporter.

- **Certificate of Origin for the Arab Countries**

The certificate of origin for the Arab countries is the proof that goods are entitled to preferential tariff treatment because they comply with the Arab rule of origin. The certificate of origin for the Arab countries is available at the Chambers of Commerce. Three copies need to be completed: one for the Chamber of Commerce and two are retained by the exporter. The original will accompany the goods during the clearing procedures in the country of destination.

A) Procedure

The Chamber of Commerce and the Ministry of Economy and Trade must stamp the certificate for the Arab countries. The certificate should include rule of origin, the name of the products, the name of the exporter/producer, the registration number of the company and the place of origin of the raw materials.

B) Requirements

The Chamber of Commerce requires the following documentation to stamp the certificate of origin for the Arab countries:

1. The commercial invoice
2. The corporate registration
3. Foreign Trade Dealing registration

At the Chamber of Commerce, the certificate is stamped on the spot and fees charged at a rate of 0.002% of the value of the invoice. The stamp at the Ministry of Economy and Trade is also immediately obtained and no fees are charged.

Shipping Documents

The clearing agent receives the products on behalf of the exporter and starts the process of transferring goods on to the international carrier (the shipping procedures). The international carrier can be paid either on "Freight Collect" or on "Freight Pre-paid" basis. The former clause implies that the importer will pay the carrier, while the latter implies that the importer has already paid for the carrier. The clearing agent should confirm cargo space and load the shipping container (if not done at the exporter factory).

The following are the documents to be prepared prior to shipping.

- Insurance

An insurance certificate is required for the goods while in transit. The most common clauses related to the trader liability for the goods are “Free on Board (FOB)” and “Cost Insurance and Freight (CIF)”. FOB indicates that the importer, receiving the goods, must pay for insurance from the moment goods are shipped. In fact, the liability of the exporter is limited to the port area of departure. CIF indicates that the exporter must pay for the insurance up to the port of arrival. The shipping company provides insurance for the cargo.

- Bill of Lading

A Bill of Lading is the transportation contract between a carrier and the owner of the goods. The carrier issues it and can be negotiable and non-negotiable. Negotiable means that the goods can be traded while in transit.

- Airway Bill

An Airway Bill (for airfreight) is a document constituting the carrier confirmation of receipt for transport. The carrier issues it and is only non-negotiable; therefore the goods cannot be traded while in transit.

Content of the Bill of Lading/Airway Bill

Both the Bill of Lading and the Airway Bill contain the following information:

1. Name of the ship/carrier;
2. Name of the beneficial L/C bank;
3. Description of the goods (General description);
4. Indication of Full Container Load (FCL) or Less Container Load (LCL) clauses;
5. Pre-paid freight or freight collects clauses.

The “Master-Bill of Lading/Airway Bill” is exchanged between shipping companies while the “House-Bill of Lading/Airway Bill” includes the names of the exporter and the importer. The originals of the “Master” and the “House” are sent to the importers clearing agent, through the shipping company.

- Invoice

An Invoice contains the name of the exporter, terms of payment, unit price, total price, quantities and weight of the goods. There are differences between pro-forma and commercial invoices. The pro-forma invoice is a document prepared by the exporter in response to a sales order or inquiry. Its receipt by the importer does not obligate the potential buyer to purchase the product. A commercial invoice, sent by the exporter, includes specifications that both parties have agreed upon in advance and must be printed on the exporters’ official letterhead. The importer should sign a copy and return it to the exporter. The commercial invoice could be a copy of the pro-forma invoice if that was unchanged by sales negotiations.

Content of the Pro-forma/Commercial Invoice

This document should include as many details as possible including a full description of the products, prices, import specifications, delivery dates, terms and dates of payment, route to be taken, packaging, shipment, insurance, type of carriage, unloading and accompanying documents. The details are needed to avoid disputes and to obtain all required documents, licenses and certificates based on the description of the goods.

- Packing List

A Packing List should be prepared by the producer/exporter.

Content of the Packing List

The packing list indicates the gross and net weight of the cargo, invoice number and the importers name. It clearly states all products sent by the exporter as well as the number of pallets, boxes, the contents of each box and the type of products, their quality and specifications.

Normally, any mistake in the packing list can cause a delay in clearance at the port of destination. Customs Authorities have the right to delay the clearance of the shipment until the importer makes a packing list reflecting the real content of the container (in case the list originating from the exporter is incomplete). The packing list is unnecessary only when all information contained in it is clearly stated in the invoice.

(3) Export Procedures**Marking and Labeling**

Goods must be labeled and marked. Shipping marks are important to the safe and speedy transfer of the products. In fact, marks, complying with legal requirements, assist carriers and Custom Authorities to identify the goods. Common shipping marks are the identification of the importer, the number of the packing case, the port of destination, gross and net weight, outside measurements of the case, the country of origin and cautionary marks if careful handling is needed. However, rules applying to shipping marks can vary according to the country of destination.

Labeling requirements vary according to the country of destination. Normally, detailed rules are applied to foodstuff, pharmaceuticals and cosmetics, textile and garments. The importer provides details on labels according to the requirements in the country of destination.

At the Port of Embarkation

Goods are transported to the port of embarkation where a "Dock Receipt" is issued, upon arrival. The shipping company issues the "Dock Receipt" to confirm the arrival and the reservation of the space for the shipment. Goods have to go through security checks and clearing.

Security Measures on Palestinian Exports

Palestinian goods must reach the port 72 hours prior to departure for security reasons. During this time, security checks can take place. Currently, checks on exports are not as strict as those conducted on Palestinian imports. A major restriction currently imposed on Palestinian goods is that they cannot be transported on passenger flights.

Export Clearing

Once the goods are loaded on board, the clearing agent prepares the Export Declaration Form. This is a document stating that the goods have been exported. The Export Declaration Form is submitted to the Customs Authorities, when presenting the documents for shipment.

Content of the Export Declaration Form

It describes the products, states their value and weight, and specifies the country of destination, port of embarkation and arrival, the name of the exporter and the carrier.

Fees & Taxes

There are no taxes, tariffs or duties to pay on exports. The importer will pay the required duties and taxes at the port of destination. Port fees to be paid are 1.3% of the value of the shipment.

(4) Transportation

The exporter should contract a trucking agency to transport the goods from the warehouse to the port of embarkation. Goods can be transported to the port area in containers or in other transport cases. In the latter case, the clearing agent, the trucking agency or the forwarding company could load the container. If the goods are transported in containers from the warehouse, then the exporter must arrange with the shipping or forwarding company for the container to be brought and filled at the factory. Generally, the exporter fills the container at the factory when goods are not packed in carton boxes.

Procedure from Gaza to the Port of Embarkation

In case the exporting process starts from the Gaza Strip, goods must be transported to a crossing point with Israel, using Palestinian trucks. From the crossing points, the exporter has two options, either (i) using Israeli licensed trucks to reach the port area, or (ii) using Palestinian licensed trucks.

Using Israeli Licensed Trucks

When using an Israeli truck, goods must be moved from the Palestinian truck following a back-to-back or an unloading-reloading procedure. In the back-to-back process goods will be moved from the Palestinian truck to an Israeli truck. In the unloading-reloading procedure, goods will be unloaded from Palestinian trucks on the Israeli inspection area (i.e. Karni) and then reloaded on an Israeli truck. During both procedures, Israeli security and checking of documents will take place at the crossing point. Currently, the crossing charges are about 250 NIS per vehicle. Manufactured goods coming from the Gaza Industrial Estate (GIE) do not have to go through the back-to-back procedure.

Using Palestinian Licensed Trucks

When using a Palestinian truck, a permit, for the driver and the vehicle, should be obtained from the Israeli Authorities. Convoy Palestinian trucks must be escorted by Israeli security from the Gaza crossing point to the port of departure. Arrangements for the convoy are done through the Palestinian Ministry of Civil Affairs, and the procedure takes between five to ten days. Trucks going on a “convoy normally checked by the Israeli security for few hours before leaving the crossing point.

(5) Exporting and Re-exporting

Export and Return License

In the case of exporting goods, which may be re-imported to the country of origin, there is a special license to be obtained from the Ministry of Economy and Trade. This license is made available for traders participating in fairs abroad and for exporters of machines to be repaired abroad. It is needed in order to obtain exemption from customs duty on the goods returned to the WBGS. When the goods are exported, it must be clearly stated in the Customs Declaration Form that re-import is anticipated on some or all of the shipment. Another requirement for duty exemption in this case is that the packing list be accurate and detailed.

In the case of foreign trade fairs, tariffs and duties will be paid only on the items sold abroad, based on counting of items returned to the WBGS as compared to the packing list. In case machinery is being repaired abroad, only VAT will be paid on the value of the repair, with this value proved by an invoice.

Drawback System

The exporter can apply at the Ministry of Economy and Trade for a license that allows reimbursement of duties for imports intended for processing and re-export. The request for this license must articulate the reasons for re-exporting and contain the following:

- Name and address of the exporter;
- Type of products, quantity and the acquisition year;
- Origin of the inputs and source of acquisition proved by the purchasing invoice.

Re-exporting License

The re-exporting license is used when exporting defects previously imported, such as motor vehicles, computers and electronic parts and so on.



Figure A 4.1 Structure of Export Process

A4.3.2 Import Process

(1) Preliminary Steps

In order to “successfully” enter the import business, prospective importers should undertake the following steps:

1. Identify the specific products to be imported.
2. Gather information about standards requirements, labeling, marking and packaging specifications, import licenses and all other required certificates for importing to the WBGS. Ascertain if there are any trade agreements or arrangements signed by the PLO, which grant preferential tariffs (either duty free or reduced tariffs) to import from the selected country. Negotiate and agree with the foreign exporter on the terms of the contract including quantities, quality, packing, marking and labeling requirements, prices, terms of payment, means of transportation and payment of the shipment.
3. Obtain all necessary documents, licenses and certificates required for importing.
4. Obtain the Foreign Trade Dealing registration.
5. Contact a clearing agent to verify the information already gathered and to learn about customs duties and taxes, requirements and procedures for import.

(2) Documents

Documents to Prepare

The importer must be aware of certain requirements that need to be fulfilled prior to importing and while clearing goods at the port of entry. These requirements do not apply to all categories of imported goods. However, they may result in major delays and additional costs if not fulfilled. These requirements are:

1) Import licenses

There are two kinds of import licenses:

- Automatic license which is granted when formal requirements are met and the application is complete.
- Non-automatic license which is normally used when there are quantitative restrictions on the import of a product and/or when imports are permitted only after explicit authorization.

Application for an import license is obtained at the General Directorate of Internal Trade – Ministry of Economy and Trade. The applicant is required to fill in an application form in four: two in Arabic–English and two in English–Hebrew (the application should be printed). The license entitles the importer to use any of the crossing points. The validity period of a given license varies according to the product. The import license authorizes a total quantity that can be imported on partial shipments.

The Palestinian licensing system requires an import license in the following cases:

- When imports are subject to quotas, as is the case of agriculture and some other goods.
- When public health is involved (i.e. meat/foodstuffs and pharmaceuticals) a license is required to verify that imports meet Palestinian standards.
- When importing petroleum and gas, telecommunications equipment and motor vehicles.
- As the Palestinian Authority applies the Israeli import policy, an import license is required when an (L) indication appears in the Tariff Book of Israel. The Israeli licensing policy is as follows: agricultural (mainly fresh and processed agricultural products) and defense-related items are subject to prior licensing. Other types of agricultural products are granted automatic license when health, labeling, phytosanitary and veterinary requirements are met. Certain industrial products, are granted a license automatically, if all requirements are met (i.e., standards and other technical requirements). In fact, this license is maintained only for monitoring purposes.

The following are some of the categories of products that require import licenses according to the Tariff Book of Israel:

- Almost all motor vehicles
- Vegetable products
- Agricultural machinery
- Leather
- Processed food
- Arms
- Live animals and animal products
- Pharmaceuticals

The following categories of products require the approval from specific Palestinian ministries and/or entities prior to the issuance of the license:

- Petrol and oil require the approval of the General Petroleum Corporation.
- Cigarettes and tobacco require authorization from the Palestinian Tobacco Authority.
- Insecticide and paintings require the prior approval from the Environmental Department.

- Motor vehicles and related spare parts require approval from the Ministry of Transportation.
- Telecommunication items require the approval of the Ministry of Post and Telecommunications.
- Agriculture products and food items require the approval of the Ministry of Agriculture while the Ministry of Health approves chemicals.

2) Certificates of Origin

There is no general requirement regarding the origin of goods imported at MFN rates, for example Russia. A certificate of origin must accompany imports benefiting from preferential rate under a trade agreement. The certificate is issued in the country where the goods are. In the West Bank and Gaza, imports are allowed without the certificate of origin but they do not benefit from duty preferential treatment granted by the arrangements and agreements with USA, EU, EFTA, Arab countries and Canada

3) Standards & Testing

According to the Paris Protocol, standards for Palestinian imports should be in conformity with Israeli standards, with the exception of some products which are subject to Palestinian standards within an agreed upon quantity. If the imported goods exceed the quantitative restriction, Israeli standards apply to the additional quantity.

Standards are set through the Palestinian Standard Institute, which has developed 600 Palestinian standards covering different sectors such as food, chemicals, electrical, light and electronics, construction, mechanics, power and hydraulics, quality systems, paper and leather.

Written standards requirements and specifications are available at the Palestinian Standard Institute as well as at the General Directorate of Trade - Ministry of Economy and Trade. Standards can be mandatory or voluntary:

1. **Mandatory Standards:** Compliance to mandatory standards is compulsory for those products subject to standards in order to be marketed in the West Bank and Gaza. In the Tariff Book of Israel. Normally, mandatory standards are imposed on products that directly affect consumer safety such as electrical appliances, food products, some food additives, and mechanical parts. Other considerations when imposing standards are quality control of the product, maintenance, liability, specific measurement and protection of national economy.

Some of the major categories of products that are subject to mandatory standards according to the Tariff Book of Israel are:

- Copying equipment (i.e., scanners, photocopiers, etc.)
- Furniture
- Iron and steel products
- Live animals and animal by-products
- Machinery (i.e., boilers, refrigerators, ovens, TVs and air conditioning systems)
- Processed food
- Rubber products (i.e. new pneumatics)
- Vegetables
- Medical equipment (i.e. x-ray machines)
- Motor vehicles
- Toys
- Pharmaceuticals and cosmetics

- Electrical machinery (i.e., calculators and office machines)
- Textiles and apparel
- Tobacco
- Leather

In order to ensure that goods comply with mandatory standards, they must undergo the following procedure:

a) Testing of the Sample Prior to Shipment: Prototype Approval

The prototype approval is granted by the Palestinian or Israeli Standard Institute prior to importing and is valid over a period ranging from one to four years for that specific product. This approval is not a precondition for receiving an import license, unless telecommunication related items are. However, the prototype approval prevents possible delays and unnecessary expenses, while clearing the goods at the port of arrival.

Testing the product sample could be conducted through the Palestinian Standard Institute accredited laboratories, should these laboratories be able to carry out the test (depending on the imported item). The sample size is defined under the standard specification of the imported product. Moreover, the time cycle and the fees associated with conducting the prototype test range according to type and nature of product.

b) The requirements for the prototype approval vary according to product. However, a sample of the product, as defined in the standards is a mandatory requirement in addition to the following requirements according to the type of product:

- Product catalogue
- Operation instructions
- Manuals
- Product description

2. **Voluntary standards:** are additional certifications (i.e. ISO 9000) normally required by foreign agencies in order to qualify certain products for competitive bids, to prove a superior quality of products and so on.

4) Approval of the Type after the First Shipment Arrival

After arrival of the shipment, products are tested to verify compliance with the prototype approval. In order to avoid possible damage and additional expenses associated with keeping the shipment in the port or in bonded houses, the Customs Authorities allow clearance. However, it is important to point out that the goods cannot be marketed prior to the type approval. In this case the importer must provide a bank guarantee and sign a pledge not to distribute the products until receiving the type approval.

Tests are often conducted at the Standards Institute of Israel that issues the type approval if examinations give positive results. The validity of the type approval ranges from one to four years. During this period, sample checks from the shipments are conducted to insure compliance with the standards.

Requirements for the Type Approval:

- Samples of products;
- Comprehensive description of the product;
- Product catalogue;
- Comprehensive list of product parts.

The time required for approval depends on the extent to which the product is sophisticated. Simple electronic products require 3 to 4 days while more complex products, such as refrigerators require 3 to 4 months.

A) For Public Health-related Imports

The importer must apply for approval at the Ministry of Economy and Trade prior to importing and provide the following documents:

- Certificate describing the imported item, its natural standards, chemical ingredients and bacteriological specifications in order to ensure compliance with Palestinian standards;
- Copy of the label complying with the label requirements (name of item, ingredients, net weight, date of production and expiry date, preservation tool, name and address of producer, name and address of the importer in Arabic);
- Health certificate and test certificate provided by the exporter;
- Written pledge to pay the fees and the test expenses, and commitment to not make use of the goods after arrival until receiving written approval from the Ministry of Health;
- Details for products requiring special preservation.

After arrival of the imported products, the Ministry of Health checks the product to test its compliance with Palestinian standards and specifications at the importer's warehouse. After all tests have been conducted, the goods are released.

B) For Telecommunication-related Imports

Before importing telecommunication items (i.e. cellular telephones, modems, etc.) the importer should do the following:

- Apply for an import license at the Ministry of Post and Telecommunications. The application should include a detailed description of the items to be imported.
- Obtain prototype approval. The importer must provide the Standard Institute with a sample of each different model, prior to shipment. Once standards are met, the import license is issued.
- Give notice of the shipment and the date of arrival to the Ministry of Post and Telecommunications (in order to get an authorization from the Israeli Authority for the shipment).

An official request written by the importer for importing telecommunication items is mandatory. The request must contain a detailed list of the products to be imported and should be attached to the following documents:

- Corporate registration for the company intending to import;
- Declaration from a Chamber of Commerce, stating the status of retailer;
- Certificate from the Ministry of Finance - Customs Department - stating that all taxes are paid;
- Catalogs and all possible details about the products.

Respective offices of the Ministry in each region are responsible to issue the import license for the trader. The time cycle to issue an import license is approximately one week and no fees are charged upon applying for an import license.

C) For Transportation-related Imports

New cars require a six-month import license, stating the quantity for each model of car to be imported within the six-month period of validity. If the importer wants to import additional quantities, a new license must be obtained regardless of the expiry status of the former license.

In order to obtain the license, the importer must present an application to the Ministry of Economy and Trade, with the total amount of cars to be imported listed by model. The Ministry then forwards the application to the Palestinian Ministry of Transportation to be in turn forwarded to the Israeli Authorities. The Israeli Ministry of Transportation should give an authorization by stamping the application and return it to the Ministry of Economy and Trade within 40 days. This authorization is free of charge and has to be renewed every six months. The approval by the Israeli Ministry of Transportation is necessary in order to certify that imported cars comply with Israeli standards that are, in the case of motor vehicles, also European standards. The Israeli Standard Institute can in such a manner certify the quality of the cars.

D) For Agriculture-related Imports

An application must be submitted, describing the type of agricultural products to be imported, quantities, and the season. The application is to be presented for approval to the Palestinian Ministry of Agriculture, which forwards it to the Israeli Authorities. The approved application should contain the license number, which authorizes the import.

5) Testing Fees

There is a significant difference between the fees charged for testing in Israel and those charged in the West Bank and Gaza and those in Israel, testing fees range between 200 to 20,000 New Israeli Shekel (NIS) while in the West Bank and Gaza they range from 200 to 5,000 New Israeli Shekel (NIS). It is important to point out that testing reports of some of the Palestinian laboratories are considered as valid as originating from Israeli laboratories (i.e. foodstuff and construction materials).

- **Sanitary and Phytosanitary regulations**
- **Insurance:** should be taken for compensation in case of loss or damage to the goods, and must be made before the dispatch of the documents, according to the agreement stated in the commercial invoice and in the sales contract. The importer stipulates and pays the insurance from the port of embarkation to the port of arrival, if FOB (Free on Board) is the clause stating the exporter's responsibility for the goods. In case the exporter's liability is CIF (Cost, Insurance and Freight); the insurance fees will be covered by the exporter until the port of arrival. CIF and FOB are the most common clauses used in trade transactions with the WBGS.

Required Documents from the Exporter

The importer receives from either the exporter or his forwarder the necessary documents to clear the goods. These documents are:

- Bill of Lading/Airway bill;
- Invoice;
- Packing list;
- Certificate of origin and other forms proving the origin of the goods (i.e. EUR.1), where required to obtain duty free.

The above mentioned documents are essential to begin the clearing process. These documents are usually received together with the shipment or through a bank. Few importers receive them by express courier.

It is advisable, when receiving goods through air freight or sea freight, to have the documents sent by fax before shipment. This practice enables the importer to verify the accuracy of the documents and prepare the clearing agent for arrival of the goods. If the documents are correct, the clearing agent prepares the Customs Declaration Form in advance, accelerating the clearing procedures and saving time upon arrival of the goods

(3) Marking, Labeling and Packaging

Prohibited Goods

Prohibited imports into the West Bank and Gaza are:

- All sources for internationally controlled substances such as narcotic drugs and psychotropic substances.
- Pornography publications, hate literature and other materials contrary to generally accepted public morals, human, animal & plant health or national security (i.e., counterfeit money).
- Imports of motor vehicles older than 3 years, according to art. 3, par. 11 (a) in the Paris Protocol.
- Imports from countries, which prohibit or limit imports from Israel, mainly countries that do not have diplomatic relations with Israel. Goods listed in list A1, A2 and represent the only exception.
- International embargoes applied by organizations of which Israel is part.

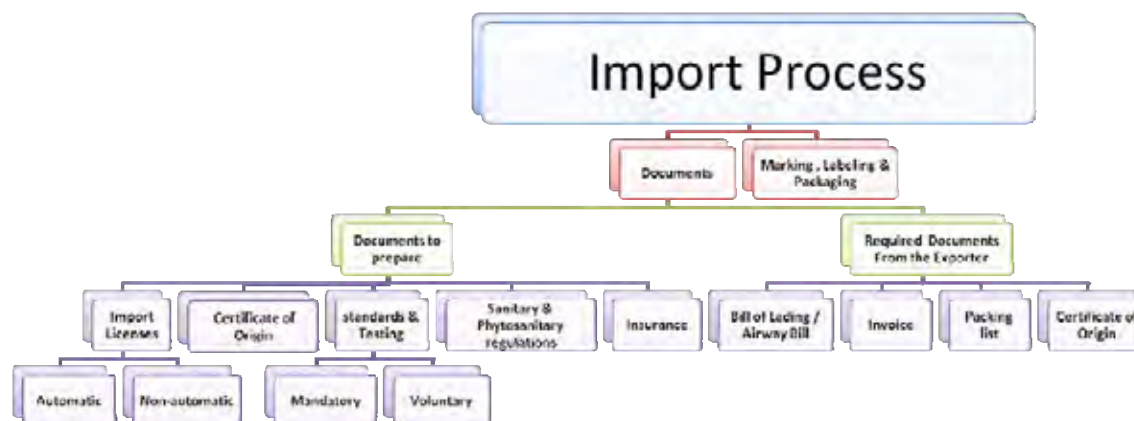


Figure A 4.2 Structure of Import Process

A4.4 Evaluation of Options

Table A 4.12 shows possible options to improve logistics of enterprises as well as raise the attractiveness of the JAIP noticed in the first field survey. These options were examined through interviews to related bodies in the second survey in view of evaluation criteria shown in the Table. Thereafter, selected options are materialized as logistics solutions listed in the section 4.3.3 of the main volume.

Table A 4.12 Possible Options to improve Logistics to the Enterprises as well as to enhance the Value of JAIP

Option No.	Chain	Option Title	Description of Options	Perceived advantages	Evaluation Criteria (scale of 5)			
					Easiness (Relation with Israel and Jordan)	Effectiveness to SCM for locating enterprises	Value Addition to JAIP	Cost and risk
OP1	Inbound to JAIP	Cold Chain Transport	A company in JAIP with cooling trucks/containers to transport In/In cargos	Secure the transport mode for perishable goods	A	B	B	B
OP2	Outbound From JAIP	Containerization	A special company to handle all products with containers	Efficient and less costly operation	C	A	B	B
OP3	At the Park	Common Cooling Warehouses	For products like food and agricultural products	To lengthen the marketable time	A	A	B	C
OP4		Distribution Terminal	One stop terminal	Efficient handling of goods	B	A	A	C
OP5		Common Cold Storage	For chilled/frozen products	To lengthen the marketable time	A	A	B	C
OP6		Common Packing	One stop terminal	Efficient handling and distribution	A	B	B	C
OP7	Boarder /Customs	ASYCUDA	E-customs	Electric Data Exchange Clear security and document issuance procedures	B	B	B	A
OP8		Placement of PA Customs	Efficient customs operation	Palestinian forwarders, traders, and custom agents must be involved in all of the procedures Changing the refundable taxes taken at The Borders for the Palestinian authority A specialist for every kind of products	D	B	B	B
OP9		Cargo Containerization/ Empty container from Jordan	Container handling	Replace Back to Back	D	A	B	B
OP10		New Scanner	Speedy large scanners and x-ray machines	Efficient handling of the containers and trucks	B	A	B	C
OP11		A sheltered temporary bays	A shelter installment for product handling	Efficient handling	B	B	B	B

Option No.	Chain	Option Title	Description of Options	Perceived advantages	Evaluation Criteria (scale of 5)			
					Easiness (Relation with Israel and Jordan)	Effectiveness to SCM for locating enterprises	Value Addition to JAIP	Cost and risk
OP12		Capacity improvement	Lengthen working hours at the Bridge	Improve the capacity and manageable transport	C	A	B	B
OP13		Bonded Area (or at the Park)	Shipment or storage without custom clearance	Save time for inspection and loading	C	A	A	B
OP14		Access Road to JAIP	A new access road to /from JAIP	Ease the road traffic in City of Jericho (*) and easy access to the Bridge	A	B	B	D
OP 15	Road Infrastructure	New Roads	Improve the domestic roads infrastructure: New bridges to cross valleys and straightening winding roads	Economic Impact	A	B	C	D
OP16	Macro Level	Development of Electric Dispatch System	E- documentation and control of transport	Ease delaying in the border	B	B	B	A
OP17		Regulatory Change with Necessary Equipment	The regulation for the size (height) of pallets must fit the international standard size for all types of products	Standardization of the operation fro easy cargo movement	C	B	B	B
OP18		Reengineering of the Transport Sector	Identify some of the policy approaches (Logistics Center, Boarder Control) that are best suited logistics system in the Palestinian Territories as Policy dialogue	To make a comprehensive approach to tackle “Movement and Access”	B	B	A	B
OP19		Policy Change for Internal Check Points	Decrease the number or waiting time of internal check points	Reduce risk of delay and losses coming from uncertainty	E	A	B	B

NOTE: A – Preferable, B – Somewhat Preferable, C – Fair, D – Less Preferable, E – Not Preferable, (*) This will be dealt with by a new mission team

Source: JICA logistic team August 2009

APPENDIX 5 PBDC PLANNING AND ANALYSIS

A5.1 Financial Analysis of PBDC

A5.1.1 Planning Parameters

(1) Organization and Staffing

In accordance to the organizational structure of the center, including the following functions, and average staff in number is estimated as follows:

Table A 5.1 Function and Staff

	Position	Staff	Primary Stages in Ramallah
1.0 Management	Director general	(1)	(1)
2.0 Administrative and support team		(7)	(1)
	Fund raising	1	
	Administrative assistant	1	
	Accountant	1	
	Financial manager	1	1
	IT specialist	1	
	HRD	1	
	Driver	1	
3.0 Business Support Center		(7)	(6)
	Legal specialist	1	1
	Financial specialist	1	1
	Consultant - Business counselor	2	2
	Quality Assurance coordinator	1	
	Logistic specialist	1	1
	Export promotion coordinator	1	1
	Laboratory Testing Coordinator	1	
4.0 Management training center		(6)	(2)
	Training coordinator – intensive programs	1	1
	Training coordinator- Professional training	1	1
	Fair trade specialist	2	
	Incubation service specialist	2	
5.0 Export and product promotion		(2)	
	Secretary “ show case”	1	
	Branding specialist	1	
TOTAL STAFF		24	10

The staff recruitment plan shall gradually hire staff based on the level of work and available resources in Ramallah and Jericho. Some private and non-governmental organizations are also willing to participate as service providers, who have no their own facilities for BDS.

(2) Facility Requirements for the PBDC

Table below shows the facility requirements for the PBDC planned in JAIP.

Table A 5.2 Facility Requirements for the PBDC

Division	Planning/designing parameters	Space per unit/ Square meters	Quantity	Floor require- ments	Total square meters
1.0	Training center				324
	Training rooms	40	3	3 x 40	120
	Sleeping rooms “ accommodation”	10	10	10 x 10	100
	Meeting rooms	20	4	20 x 4	80
	Staff in the training Center	4	6	4 x 6	24
2.0	Business Development Center				52
	Staff in the business Development Center	4	8	4 x 8	32
	Meeting room	20	1	20 x 1	20
3.0	Exhibition				100
	Show case	100	1	100 x 1	100
4.0	Incubation				300
	Offices	10	10	10 x 10	100
	Meeting rooms	20	2	20 x 2	200
5.0	Conference Room				50
	Conference room	50	1	50 x 1	50
7.0	Fair Trade				28
	Staff	4	2	4 x 2	8
	Meeting room	20	1	20 x 1	20
8.0	Administration				72
	Administration	4	8	4 x 8	32
	Meetings room	2	20	2 x 20	40
9.0	Utilities				
	Total				

(3) PBDC Overall Capacity

The table below shows overall capacity of PBDC starting from 2010.

Table A 5.3 PBDC Overall Capacity

PBDC Overall Capacity										
	Service/ Functions	Qua. Annual	Cost per unit US\$	Total Cost US\$	No. of Participants Per year	Cost per participant	Participants cont. US\$	Fund. GAP	T.G	
Training Center	1.0 Regular management training “medium term” See Table A5.4	2	1 st course= 52,660 2 nd course= 52,660	105,320	<ul style="list-style-type: none"> 20 local trainers 50 SME trainees 	2,106 ¹	Up to 50%= 1,053	(52,650)	Owners, top to middle managers	
	2.0 Professional training “short term” See Table A5.5	36	App. 3988	143,568	900 SMEs, on average 25 per course	160	50%= 800	(71,784)	SMEs and start ups	
	3.0 Production management	5	4000	20,000	125 SMEs, on average 25 participants per course	160	50% = 80	(10,000)	SMEs	
	3.0 Incubation services	10	0	0	10	500	500	5000	Start ups and small enterprises	
	4.0 Fair trade	ICP						0	SMEs	
Business Development Center	5.0 Technical (e.g. quality Assurance, Logistic Services) services	5	5,000	25,000	125, on average 25 participants per course	200	50%=100	12,500	Investors	
	6.0 Export promotion, and market information	Paltr.	0	0				0	Investors	
	7.0 Counseling services for Individual firms and Networking	NA	0	0	30			0	Investors	
	8.0 Legal and Financial services	NA	0	0	30			0	Investors	
Export Promotion	9.0 Exhibition “show case” of start -up products , and rent for event	100 m ²	0	50x100= 5,000	30 at least	50 \$ per squared meters	50\$ per squared meters = 5,000	5,000	Start ups products, rent for the PFI, FPCCIA	

¹ The price per participant depends indeed on number of participants in the training course, if number of participants increased, the cost per participants will decrease and thus the price will be decreased. In addition, the assumptions are:

1.0 The personnel cost of the BDC is excluded

2.0 The selling price covers only the direct cost - cost recovery-.

(4) Estimated Cost for Intensive Training “medium term”

Table A 5.4 Estimated Cost for Intensive Training “Medium-Term”

Estimated Cost for Intensive Training “Medium-Term”							
		Activity	Timeframe	Unit	Quantity	Cost/U\$	Estimated Cost in US Dollars for conducting 1 training program
1.0 Cost of the training Program							
	1.1	Fees for International Trainers “ToT” for the 2 training course	20 working days	100 training hour. On average 5 hours per training day. ToT for up to 20 local trainees	1	20,000	20,000
	1.2	Fees for local trainers to conduct the training including development of training materials	4 to 6 months	280 training hours per course, the training programs consists of 10 Modules	2 training programs per year	4,000 per module	10 x 4,000 = 40,000
	1.3	Coffee breaks			100 training sessions	25	100 x 25 = 2,500
	1.4	Hosting and accommodation					
	1.5	Stationary and training materials					3,500
		Sub total					US\$ 66,000
		Administrative cost (10%) including, copies of training material, telephones, etc.					6,660
		Grand Total					US\$ 72,660

(5) Estimated Cost for Professional Training “Short-Term”

Table A 5.5 Estimated Cost for Professional Training “Short-Term”

Estimated Cost for Professional Training “Short-Term”							
		Activity	Timeframe	Unit/Hours	Quantity	Cost/U\$	Estimated Cost in US Dollars
1.0 Cost of the training Program							
	1.1	Fees for local trainers to conduct the training including development of training materials	One week	30 training hours per course	On average 3 training courses per month. Annually 36	3,000 per training course	36 x 3,000 = 108,000
	1.2	Coffee breaks			180 days	25	180 x 25 = 4,500
	1.3	Hosting and accommodation				0	
	1.4	Stationary and training materials			500	36	500 x 36 = 18,000
		Sub total					US\$ 130,500
		Administrative cost (10%) including, copies of training material, telephones, etc.					13,050
		Grand Total					US\$ 143,550

(6) Service Development Scenario

Table A 5.6 Service Development Scenario

Scenario 1: Assumption 50 % subsidies, where participants contribution is 50%										
		1 st year (2010)			2 nd year (2011)			3 rd year (2012)		
	Type of service/ function	Potential Demand	BDC Supply Capacity	Utilized capacity	Potential Demand	BDC Supply Capacity	Utilized capacity	Potential Demand	BDC Supply Capacity	Utilized capacity
1.0	Regular management training "medium term"	1	2	50%	2	2	100%	2	2	100%
2.0	Professional training "short term"	15	36	41%	20	36	56%	25	36	70%
3.0	Production management	2	5	40%	3	5	60%	5	5	100%
4.0	Incubation services	5	10	50%	7	10	70%	8	10	80%
	Exhibition "show case" of start-up products, and rent for event	50 m ²	100 m ²	50%	80 m ²	100 m ²	80%	100 m ²	100 m ²	100%

A5.1.2 Financial Analysis

- (1) Financing Model for the PBDC – How to achieve Financial Sustainability for the PBDC?

Table A 5.7 Financing Model for the PBDC

		1 st year (2010)	2 nd year (2011)	3 rd year (2012)	4 th year (2013)	5 th year (2014)	6 th year (2015)	7 th year (2016)
Cost per Year		510,080	807,080	997,668	1,045,990	1,093,217	1,138,420	1,202,658
Revenue	International donors and other sponsors	433,360	564,956	598,601	522,995	327,965	113,842	0
	Participants fees in training	76,720	242,124	399,067	522,995	765,252	1,024,578	1,202,658
	Income generating activities (e.g. % of incubates)	0	0	0	5,000	5,000	5,000	5,000
	MoNE contribution	0	0	0	10,000	10,000	15,000	15,000
	Rent fees for the incubation and bankers, exhibition, etc	0	0	0	10,000	10,000	15,000	15,000
	Income generating activities (e.g. % of incubates)	0	0	0	0	0	0	10,000
	Fee for Services (counseling services, rent sleeping rooms, training halls)	0	0	0	0	0	10,000	15,000
	Events as revenue raisers	0	0	0	0	0	5,000	15,000
	Sell manuals and toolkits, curricula	0	0	0	0	5,000	5,000	10,000
	Government and funding option	0	0	0	0	0	0	50,000
Income	Sponsors ship	0	0	0	15,000	25,000	60,000	150,000

(2) Break Even Analysis

Table A 5.8 Break Even Analysis

		1 st year (2010)	2 nd year (2011)	3 rd year (2012)	4 th year (2013)	5 th year (2014)	6 th year (2015)	7 th year "full capacity "see table above"
Total cost USD		510,080	807,080	997,668	1,045,990	1,093,217	1,138,420	1,202,658
	Total Variable cost USD	126,480	212,080	250,020	260,960	268,936	272,924	293, 888
	Total fixed cost USD (only payroll)	383,600	595,000	747,648	785,030	824,281	865,496	908,770
Total revenue USD		76,720	242,124	399,067	522,995	765,252	1,024,578	1,202,658
	% Participants fees of the total cost	20%	30%	40%	50%	70%	90%	100%
	USD Participants fees of the total cost	76,720	242,1204	399,067	522,995	765,252	1,024,578	1,202,658
	Other income generating activities	0	0	0	0	0	0	0
Loss = Total cost – total revenue		433,360	564,956	598,601	522,995	327,965	113,842	0
Funding Gap		433,360	564,956	598,601	522,995	327,965	113,842	

(3) Variable Cost over Years

Table A 5.9 Variable Cost over Years

	Cost per unit USD	1 st year (2010)		2 nd year (2011)		3 rd year (2012)		4 th year (2013)		5 th year (2014)		6 th year (2015)		7 th year (2016)	
		no. of courses	cost	no. of courses	cost	no. of courses	cost	no. of courses	cost	no. of courses	cost	no. of courses	cost	no. of courses	cost
Regular training	52,660	1	52,660	2	105,320	2	105,320	2	105,320	2	105,320	2	105,320	2	105,320
Professional training	3,988	15	59,820	20	79,760	25	99,700	30	119,640	32	127,616	33	131,604	36	143,568
Production management	4,000	1	4,000	3	12,000	5	20,000	4	16,000	4	16,000	4	16,000	5	20,000
Quality assurance	5,000	2	10,000	3	15,000	5	25,000	4	20,000	4	20,000	4	20,000	5	25,000
Total variable cost		19	126,480	28	212,080	37	250,020	40	260,960	42	268,936	43	272,924	48	293,888

Note* these costs are based on the number of training hours based on the training development scenario

Table A 5.10 Training Capacity by Years

		Regular training	Professional training	Production management	Quality assurance	Total	Total training hours for all participant
	Cost per training USD	52,660	3,988	4,000	5,000		
1st year (2010)	No. of training hours	1 x 280 = 280	15 x 30 = 450	1 x 30 = 30	2 x 30 = 60	820	820 x 475 = 389, 500 hours
	Total cost	52,660	59,820	4,000	10,000	126,480	
	Total number of participants	25	375	25	50	475	
2nd year (2011)	No. of training hours	2 x 280 = 560	20 x 30 = 600	3 x 30 = 90	3 x 30 = 90	1340	1,340 x 700 = 938,000 hours
	Total cost	105,320	79,760	12,000	15,000	212,080	
	Total number of participants	50	500	75	75	700	
3rd year (2012)	No. of training hours	2 x 280 = 560	25 x 30 = 750	5 x 30 = 150	5 x 30 = 150	1,610	1,610 x 875 = 1, 408, 750 hours
	Total cost	105,320	99,700	20,000	25,000	250,020	
	Total number of participants	50	625	100	100	875	
4th year (2013)	No. of training hours	2 x 280 = 560	30 x 30 = 900	4 x 30 = 120	4 x 30 = 120	1,700	1,700 x 1000 = 1, 700, 000 hours
	Total cost	105,320	119,640	16,000	20,000	260,960	
	Total number of participants	50	750	100	100	1,000	
5th year (2014)	No. of training hours	2 x 280 = 560	32 x 30 = 960	4 x 30 = 120	4 x 30 = 120	1,760	1,760 x 1050 = 1, 848,000 hours
	Total cost	105,320	127,616	16,000	20,000	268,936	
	Total number of participants	50	800	100	100	1,050	
6th year (2015)	No. of training hours	2 x 280 = 560	33 x 30 = 990	4 x 30 = 120	4 x 30 = 120	1,790	1790x 1075 = 1, 924, 250 hours
	Total cost	105,320	131,604	16,000	20,000	272,924	
	Total number of participants	50	825	100	100	1,075	
7th year (2016)	No. of training hours	2 x 280 = 560	36 x 30 = 1080	5 x 30 = 150	5 x 30 = 150	1,940	1,940 x 1,200 = 2,328,000 hours
	Total cost	105,320	143,568	20,000	25,000	293,888	
	Total number of participants	50	900	125	125	1,200	

(4) Administration Cost

Table A 5.11 Administration Cost

Pre Stage: PBDC – Ramallah (2010–2012)								
Section/office	Position	Unit cost (USD/yr.)	1 st year		2 nd year		3 rd year	
			No	Annual Cost	No.	Annual Cost	No.	Annual Cost
Director General	Director General	70,000	1	70,000	1	70,000	1	70,000
	Fund raising	42,000	0	0	0	0	1	42,000
Administrative staff	Administrative assist.	21,000	1	21,000	1	21,000	1	21,000
	Accountant	22,400	1	22,400	1	22,400	2	44,800
	Financial manager	35,000	1	35,000	1	35,000	1	35,000
	IT specialist/website management	23,800	1	23,800	1	23,800	1	23,800
	HRD	28,000	1	28,000	1	28,000	1	28,000
	Driver	9,800	1	9,800	2	19,600	3	29,400
Business Support Center	Legal	22,400	0	0	1	22,400	1	22,400
	Financial specialist	22,400	0	0	1	22,400	1	22,400
	Business Counselor	22,400	2	44,800	2	44,800	3	67,200
	Quality Control specialist	22,400	1	22,400	1	22,400	1	22,400
	Logistic specialist	22,400	0	0	1	22,400	1	22,400
	Export coordinator	22,400	1	22,400	2	44,800	3	67,200
	Laboratory testing coordinator	22,400	0	0	1	22,400	1	22,400
Management Training Center	Training Coordinator	42,000	2	84,000	2	84,000	2	84,000
	Fair Trade Coordinator	22,400	0	0	2	44,800	2	44,800
	Event management/Secretary “show case”	18,800	0	0	0	0	1	18,800
	Branding specialist	22,400	0	0	0	0	1	22,400
	Incubation services	22,400	0	0	2	44,800	2	44,800
Staff Cost Total 5% salary increase per year (second and third year)			13	383,600	23	595,000	30	830,720

Note: administration charge (indirect charge) is included

(5) Income Generating Activities

The income generating activities will be considered in those fields to maintain the sustainability, hence the capacity development of these activities could be sought after as well.

- JICA and working with and for other Donors Projects
- Participants fees in training
- ToT training fees
- Income generating activities (e.g. % of incubates)
- MoNE contribution Rent fees of the BDS facilities for the incubation and bankers, exhibition, etc.
- Rent hall and sleeping rooms
- Fee for Services (counseling services)
- Events as revenue raisers
- Sell manuals and toolkits, curricula
- Sponsorships
- Government and funding option

A5.2 Fair Trade BDS Trainings and Facilities

In relation to the development for Fair Trade through the supports in PBDC, the following training schemes and facilities are suggested.

A5.2.1 BDS Trainings

(1) Jordan Valley Farmers Cooperative (Training and Pilot Project)

An experienced Fair Trade manager would be hired to develop a Fair Trade cooperative at JAIP that would act as a prototype for export of fresh and/or processed Fair Trade vegetables. The project would utilize the local agricultural resources in and around Jericho, and take advantage of the Jordan Valley as an optimal production area for exports during the winter months. The pilot would incorporate sustainable best practices into every aspect of the value chain, including water conservation, cropping patterns of low water or Xeric/high value exports, and solar energy for drying of fresh vegetables such as sun dried tomatoes. The producer group would be the first FT coop to export FT fresh vegetables. The management team, assisted by NGOs and university trainers, would train local farmers to produce fresh and organic vegetables for export, particularly during the European off-season of November through March, and fresh herbs for export all year round. Specific responsibilities would be to help producer groups to understand the Fair Trade system, FLO and organic standards, and other production issues to result in high quality exports. Training would also involve helping the coop to eventually become its own exporter, so issues of fair pricing, certification, storage, licensing, taxation such as VAT, shipping, market data, etc. would all be taught. It is anticipated that a small shared Fair facility for warehousing, storage, packing, grading, and shipping would be developed, which could also be used by Jericho based Fair Trade initiatives, such as PARC's and the YWCA's cous cous projects/(It is understood that products going to Europe/US, other than those that would be flown through Queen Alia Airport in Jordan, would be exported from Israeli ports regardless of their location at Jericho because it is less expensive and logical, and that products to the Arab world would be exported over the King Hussein Bridge through Jordan, either trucked or shipped from Aqaba.)

(2) Other BDS Training

Other training might be provided by local institutions such as Bethlehem University's Institute for Community Partnership and Fair Trade Development Center on web site development, linkages to export markets, FLO certification for categories of producers now outside the FT system in the Palestinian Territories, such as wine, spice, and flowers. The Palestinian Shippers Council might train producer groups on export plans and shipping regulations and licenses. Agriculturally related training might be provided by NGOs such as Oxfam, PFU, PARC, and UAWC on water conservation through efficient irrigation, drip lines, water pipe maintenance, or on strategic agricultural planting plans.

A5.2.2 Fair Trade Facilities Located at the PBDC in JAIP

The following facilities are beneficial for FT promotion and considered in the draft facility plan of PBDC shown in Chapter 5 of the main volume. Though detailed examination of cost effectiveness is needed, these could be possible supporting menus by PBDC and private providers.

(1) Fair Trade Prototype Shop

Next to the JAIP product exhibition gallery, would be a small Fair Trade shop displaying not only FT products from JAIP, but also from Jericho and throughout the Palestinian Territories. There is currently no FT shop in the Palestinian Territories, so this would serve as a high quality

prototype to help NGOs and retailers understand the importance of high quality products, attractive merchandising techniques, and the importance of FT as a retail industry. Retail trainers would help develop the shop design and displays, and management trainers would train either an NGO or a private entity to develop a business plan and management strategy for the shop.

(2) Fair Trade Café

The food and beverage facility for JAIP could also serve as a café for tourists to the site. All the Fair Tourism facilities should be clustered at the site entrance for easy accessibility and visibility. The Café could serve tourists baked goods by local women's groups, as well as traditional coffee, Jericho water, and fresh juices.

(3) Great Rift IBA Photo Exhibit

As part of the café, there could be a photo exhibit of the Jordan Valley's birdlife. The JV is part of the Great Rift Valley which runs from Africa north through the Palestinian Territories; it has been designated as an Important Bird Area or IBA, and the photos could be provided by the Palestine Wildlife Society and include the JICA sponsored bird monitoring station near JAIP.

(4) Under the Palestinian Sun Demonstration Garden

The Jordan Valley needs to be re-planted with low water usage, high value crops. For too long, precious water resources have been exported through cropping patterns such as citrus. Some of these new, low water crops will grow well in the JV, but they are unfamiliar to local farmers. Others such as herbs are quite familiar to farmers, but they have not yet realized the high export value. Therefore, the demonstration garden would feature examples with market data on exports. The Garden would raise public awareness, not only amongst farmers and local people in Jericho, but would also serve as a domestic and international Fair Tourism stop. School children would benefit from visits, as would conservation minded international tourists.

(5) Under the Palestinian Sun Japanese Solar Collector

In order for Japanese companies to sell solar collectors in the Palestinian Territories, they might provide a demonstration collector at JAIP related to agricultural production. Solar fruit drying through photovoltaic panels above wooden troughs as been successfully implemented in Lebanon by CIDA/Canadian government, and UAWC is already using passive solar for their sun dried tomatoes in the Palestinian Territories. This collector could be placed next to the demonstration garden.

(6) Green Tour Route

JAIP is close to Jericho, which is the third most popular site in the Palestinian Territories. Either independent travelers or alternative tour groups could park near the facility. A short tour could be produced including a trail through the demonstration garden, with interpretive signage of the plants and information on water conservation and recycling. After touring the garden, visitors would stop to learn about the adjacent solar collector, and observe local sun dried production of couscous, tomatoes, etc. They would end their visit shopping in the FT Shop, learning about the Great Rift Valley bird life, and having a beverage in the FT Café. The Café would feature local products, including traditionally baked goods. All of these activities would directly contribute to the local economy, support Fair Trade principles, and also enhance the operations at JAIP.

APPENDIX 6 DESIGN CONDITIONS FOR INDUSTRIAL PARK

A6.1 Design Parameters

A6.1.1 Survey Results for Lease Rates and Other Development Regulation for JAIP in Terms of Real Estate Development

In the first field survey, these planning parameters are examined.

(1) Annual Lease Rates

Below, the survey findings show the average current annual lease rates for open lots and lots with factories in the Palestinian Territories, as well as the results of interviews with the developers and other adopted industrial estate reports.

Table A 6.1 Lease Rates of the Lots with Factories

Governorate/Industrial Estate	Open Lot (US\$/sq.m)	Lot with Factory (US\$/sq.m)
Ramallah		40–50
Hebron	20	50–60
Nablus	15	30
Jenin Industrial Estate (2008) ^{*1}	10	80
Gaza Industrial Estate (2008) ^{*2}	10–12	26 ^{*3}
Bethlehem	15	
Proposed rate for Bethlehem park ^{*4}		30
Jericho	15	

Note: *1: JIE Feasibility Study updated in November 2007

*2: Information from PIEDCO

*3: In addition to 15% of maintenance, cleaning and security service costs

*4: Business Plan for the project of Bethlehem Multidisciplinary Industrial Park in June 2009

(2) Purchase Rates

Below, the survey findings show the average current purchase rates of open lots in Ramallah, Beituniya, Nablus, and other areas. Generally, purchase rates of lots in governorates are different between the city and the surrounding area. Especially in the Palestinian Territories, the purchase rates depend on the location in Area A, B, or C by land-related law where, as mentioned in (3) 2), Area A is about 1.5 times B and 9 times of C.

Table A 6.2 Purchase Rate of Open Lots

Governorate	Purchase Rate (US\$/sq.m)
Ramallah	200–300
Beituniya	600
Nablus	200–300
Jericho	25

(3) Relevant Laws and Regulations

Industrial Estates and Industrial Free Zones Law

In order to provide a legal framework for industrial estates and free zones operating in the West Bank and Gaza, Law No.10 on Industrial Estates and Industrial Free Zones was issued by Presidential decree in November 1997 and passed in November 1998. PIEFZA was established in 1998 as an autonomous agency under MONE, after the enactment of Law No.10.

Standard Operation Procedures were developed for PIEFZA to successfully carry out its designated responsibilities. Environmental permitting procedures were also agreed upon

between PIEFZA and the Environmental Quality Authority (EQA). These procedures clarify that investors must obtain environmental permits in order to operate within industrial estates and free zones.

Land-related Laws

The land-related laws and regulations depend on the land jurisdiction, which is divided into the three areas (A, B and C) as shown in the following table.

Table A 6.3 Land-related Laws and Regulations

Area	Description
Area A	All of the urban Palestinian areas within the West Bank where the PNA has full civil and security control
Area B	All the rural areas within the West Bank where the PNA has civilian jurisdiction but no security control
Area C	Areas within the West Bank that are under full Israeli security and civil control

The location of a candidate site for the Agro-Industrial Park is in the vicinity of an existing steel factory, in the south of Jericho City, which is part of the reserved area for future development of the Jericho City Plan. The site consists of three land parcels with a total of 111.5 ha, as summarized in the following figure and table.

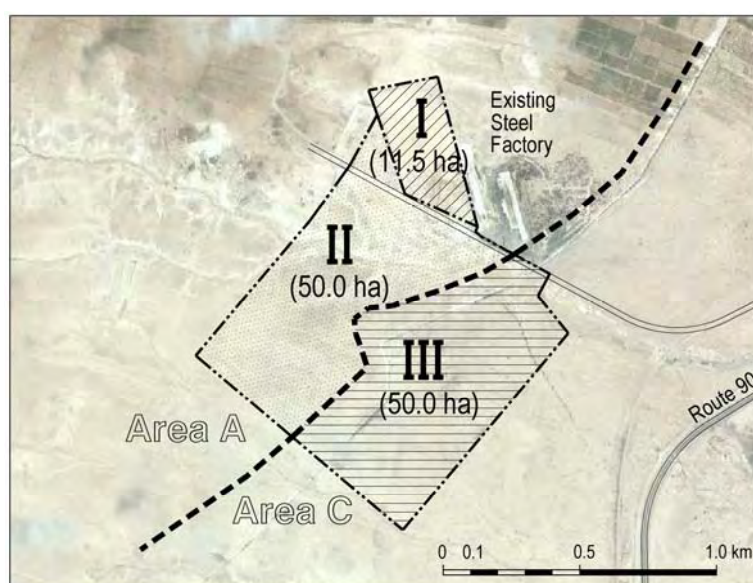


Figure A 6.1 Candidate Site for the Agro-Industrial Park

Table A 6.4 Area and Ownership of Candidate Site

Site Name	Area (ha)	Jurisdiction	Ownership
Stage I	11.5	Area A	State-owned Land (PNA)
Stage II	50.0	Area A	Privately-owned Land
Stage III	50.0	Area C	Privately-owned Land
Total	111.5		

The first stage lot could be assessed as suitable for initial development in the first stage of implementation, considering its small scale, jurisdiction of Area A, and state-owned status. The second stage shall be developed on a large scale, in the jurisdiction of Area A and with private land status. Meanwhile, the third stage site shall also be developed on a large scale with private

land status, but needs special coordination/agreement with Israeli authorities since it is located in Area C.

It is mentioned in the F/S report that the site would be reserved for the second stage, which shall be developed on a large scale upon reaching agreement with its private land owner. It has also been reported by the MoP that the state-owned land (stage site I) has been secured for Agro-Industrial Park use as decided during the cabinet meeting on February 18, 2008.

Urban Planning Regulation

The urban planning regulation of buildings must conform to each lot in the industrial zone and consist of the building coverage ratio (building construction area), maximum floor area ratio, maximum building height, and building set back lines which are shown in the following table.

Table A 6.5 Urban Planning Regulation for Buildings

Projector usage classification	Maximum				Minimum distance (m)		
	Building coverage ratio (%)	Floor ratio (%)	Number of Stories	Building height (m)	Front boundary	Back boundary	Side boundary
Large industrial assemblies	50	300	Undecided	Undecided	10	8	6
Factory	50	300	6	23	10	5	4
Light industries and handicrafts	50	300	4	16	6	4	3

In the case of reviewing the feasibility study, these building coverage ratio and setback line restraints shall be inevitable negative factors, and the Study Team should propose mitigated ideas to the Municipality.

Effectiveness of Land Use Zoning

Since modern land use zoning, which was adopted in the second half of the 20th century, has been applied to avoid environmental problems due to the locations of industries in cities, it has tended to limit the functions of individual areas to singular purposes.

In the case of applying this concept to existing urban areas where various functions have been complex and in disorder, local governments have been controlled by land use regulation that has gradually transformed specified land zonings, such as commercial, residential, and industrial, with the passage of time.

In the Palestinian Territories, some municipalities have regulations which force factories to move into industrial zones, if available. Therefore, the availability of an industrial zone will enhance the potential for municipalities to enforce this regulation in this regard.

The availability of industrial zones will enable municipalities to conduct better urban planning and urban renewal, since moving factories out of residential areas will improve planning for the ever-increasing population and control the quality of the environment. The social, economic, and environmental effectiveness of these industrial zones ought to be evaluated.

A6.1.2 Review of Major Planning Parameters for JAIP in Comparison to Other Industrial Estates

(1) Land Use

Based on the analysis of other industrial parks, 75 to 80% could be dedicated to factory lots. The remaining 20 to 25% of the total area of the industrial parks should be set aside for roads and other public services. Although Gaza and Bethlehem Industrial Parks are utilizing this planning concept, Jenin Industrial Estate (JIE) has not utilized it since its appearance in the first feasibility study in 1998. However, in order to acquire profitable areas, the latest feasibility study adopted this concept in 2007. The planning concept of JAIP is utilized stage-wise, which is inefficient for profitable land use, because each function site is arranged by each stage, respectively. Consequently, the ratios of factory lots decrease, and the ratios of others lots increase. This is also true since JIE has reduced the basic investment required by the developer to respond better to investors' demands. If such is the case, the land use plan should be reviewed at the next design stage.

In addition, JAIP should review its plans for the agro-industrial and food processing factories, as several unattractive facilities are planned to be near these in each of the three stages. In order to create an attractive, comfortable and beneficial Industrial Park, and for decreasing the initial project cost, and for increasing leasable facilities, the low beneficial facilities such as wastewater facilities and compost facilities should be moved outside of the sites and no beneficial facility such as parking should be decreased, if possible.

Table A 6.6 Comparison of Land Use Area

Unit: ha (%)

Land use	Jericho		Bethlehem	Jenin	
Stage	I	II	I	I	Review of I
Industrial	4.8 (41.7)	18.9 (37.8)	13.7 (69.8)	38 (48.5)	63.2 (71.0)
Distribution/Storage	1.4 (12.1)	3.7 (7.4)		2.3 (3.0)	
Road	1.8 (15.7)	11.7 (23.4)	2.7(13.6)	19.3 (23.7)	15.8 (17.7)
Utility	1.3 (11.3)	3.0 (6.0)	0.3 (1.8)		
Administration	1.3 (11.3)	1.9 (3.8)	0.4 (2.0)	6.1 (7.8)	1.0 (1.3)
Green	0.9 (7.8)	6.6 (13.2)	2.5 (12.8)	12.6 (16.0)	12.6 (16.0)
Others		4.2 (8.4)			
Total	11.5 (100)	50.0 (100)	19.66 (100)	78.4 (100)	

(2) Factory Lot Size and Built Up Area

In comparison with other Industrial Real Estate, JAIP should provide larger lots and factories restricted to agro-industries only, even though other Industrial Real Estate has invited various kinds of smaller scale industries. As most agro-industries in the Palestinian Territories are small to medium-size enterprises that use small factories, it is necessary to review the adequacy of lots and floors for these factories in the next design stage, as per the analysis of demand investments.

Table A 6.7 Comparison of Lot Size

Unit: sq.m

Lot size	Jericho	Bethlehem	Jenin	Gaza
Small size	2500	1500-2500	570	720
Medium size			1450	1440
Large size	5000	4000	1720	2830

Table A 6.8 Comparison of Factory Floor Size

Unit: sq.m

Factory floor size	Jericho	Bethlehem	Jenin	Gaza
Small size	625*	100-500	400	600
Medium size	1250	750-3000	800	1200
Large size	2500		1200	2100

Note: * Shared type of one factory which divided into two areas.

(3) Wastewater Facility

Although each Industrial Park utilizes wastewater facility systems of different capacities, the effluent quality is almost the same. Concerning the use of recycled water, JAIP and JIE have envisaged utilizing irrigation for agriculture and sprinklers for plantations. In case of a wastewater facility moved outside of the site, JAIP should follow the policy considered appropriate for utilization of recycled water by Jericho Municipality.

However, effluent quality for agricultural irrigation is necessary for strict quality. The guidelines for recycled water quality for irrigation usage in Japan are indicated in the following table. In consideration of this data, the effluent quality of JAIP wastewater facilities should be reviewed in the next design stage, if intended to be utilized for irrigation.

Table A 6.9 Comparison of Wastewater Facilities of Industrial Estates

	Jericho (for Sage I)	Bethlehem(BMIP)	Jenin (JIE)
Pre-treatment	Necessary factory should be prepared	Necessary factory should be prepared	Necessary factory should be prepared
Treatment system	Biological treatment processes	Biological treatment processes	Batch reactor processes
Recycle water	Envisaged to utilize the effluent for irrigation	Envisaged to utilize the effluent for planting	Envisaged to utilize the effluent for irrigation
Influent quality	BOD 650 mg/L TSS 650 mg/L TN 80 mg/L	BOD 650 mg/L TSS 650 mg/L TN 80 mg/L	BOD 650 mg/L TSS 650 mg/L TN 80 mg/L
Effluent quality	BOD 20 mg/L TSS 30 mg/L TN 25 mg/L	BOD 20 mg/L TSS 30 mg/L Faecal coil 200(MPN/100m liter)	BOD 20 mg/L TSS 30 mg/L Faecal coil 200(MPN/100m liter)
Total daily flow	470 m3	560 m3	3000 m3
Peak flow rate	26 m3 /h	70 m3 /h	400 m3 /h
Execute body of O&M	JAIP shall maintain	BMIP shall maintain	JIE shall maintain

Table A 6.10 The Guideline of Recycled Water Quality for Irrigation Usage in Japan

Item	Tolerance concentration
PH	6.0 – 7.5
COD	Less than 8 mg/L
BOD	Less than 5-8 mg/L
TSS	Less than 100 mg/L
TN	Less than 5 mg/L
NH4-N	Less than 3 mg/L

(4) Office

The basis of the employment population for development planning is the F/S report, which adapts 25 sq.m of gross floor area per employee for office buildings and a BDS center. The standard number of users (including the number of visitors) for an office building is from 15 to 25. Therefore, an average number is generally adapted rather than a maximum number. As the

floor area of the office buildings is assumed to be 2500 sq.m (which equates to 25 sq.m/person multiplied by 100 employees), this conclusion is unrealistic. It is therefore necessary to review the adequacy of the floor area and its functions in the next design stage.

The room functions, areas, and planning parameters of the office building for Stage I are arranged in the following table.

Table A 6.11 Room Functions, Areas and Planning Parameter of Office Building for Stage I

Floor	Room Name	Room area		Planning parameter (sq.m/person)	Description
		(sq.m)	%		
GF	Police station/ Fire station/ Post office	147	15.4	5-12	3 rooms
	Operational management company	147	15.4		
	Security company	147	15.4		
	Public & Service space (Entrance/Lobby/corridor/Toilet/ etc)	513	53.8		
	Sub-total	954	100		
1F	PIEFZA	294	38.7	5-12	
	Trading company	73.5	9.7		
	Wholesalers	73.5	9.7		
	Meeting room	98	12.9	1.8-2.5	
	Public & Service space (corridor/Staircase/Toilet/ etc)	292.5	29.0		
	Sub-total	831.5	100		
2F	Catering services	294	30.8		
	Restaurant	147	15.4	1.4-2.5	
	BDS center	294	30.8	5-12	
	Public & Service space (Corridor/Staircase/Toilet/ etc)	219	23.0		
	Sub-total	954	100		
	Total	2739.5			

Note: Office function / Meeting function / Other functions /
Public & Service function

Based on the general planning parameters for office buildings, 70 to 75% could be specialized for office space. The remaining 25 to 30% of the total floor area of the office building should be utilized for corridors, lobbies and other service spaces. In the case of the office building for Stage I, the total area of service space is 1,024.5 sq.m and the total floor area is 2,739.5 sq.m, a ratio of 37.4%. Since this office plan should focus on the inefficient use of space, it is necessary to review this plan in the next design stage.

For reference, the functions of the administration building in Bethlehem Industrial Park should arrange not only offices, but also a day-care center and a training center. The total floor area is 714 sq.m, which is 1/4 the size of the JAIP office floor (the same size as a 10 ha development). It is a nice compact layout to carry out the necessary functions.

A6.1.3 Comparison Industrial Estates in the Palestinian Territories

	Jericho AIP*¹	JAIP*²	Bethlehem IP*³	Jenin IE*⁴	Gaza IE*⁵
Project Site Area	Stage I: 11.5 ha Stage II: 50.0 ha Stage III: 50.0 ha Total: 115.5 ha	As same as left column	Phase I: 10 ha Phase II: 43 ha Total: 53 ha	Phase I: 78.4 ha Phase II: 35.2 ha Total : 113.6 ha	Phase I: 2.7 ha Phase II: 4.91 ha Phase III: 4.9ha Total: 12.51 ha
Site ownership	Government 11.5 ha (Stage I), private 50.0 ha (Stage II) & private 50.0 ha (Stage III)	As same as left column	Government 22 ha & private 31 ha	NIIC: 78.4 ha Not owned land: 35.2 ha	
Land use	Industrial: 4.8 ha/41.7% Distribution: 1.4 ha/12.2% Road: 1.4 ha/12.2% Utilities: 1.3 ha/11.3% Park: 0.2 ha/1.7% Parking: 0.4 ha/3.4% Office building: 1.3 ha/11.3% Others: 0.7 ha 6.2% Stage I total: 11.5 ha/100%	Industrial: 7.4 ha/64.2% Distribution: 0 ha/0% Road: 1.4 ha/12.2% Utilities: 0.1/1.1% Park: 0.2 ha/1.7% BDS Center: 0.5 ha/4.3% Solar Panel: 1.2 ha/10.4% Others: 0.7 ha/6.1% Stage I total: 11.5 ha/100%	Industrial: 13.7 ha/69.8% Road: 2.66 ha/13.6% Utilities: 0.35/1.8% Public building & facilities: 0.4 ha/2.0% Green area: 2.5 ha 12.8% Phase I (original plan) total: 19.66 ha/100%	Industrial: 38.0 ha/48.5% (63.2 ha/71.0%)* Storage area: 2.3 ha/3.0% Road: 19.3 ha/23.7 (15.8 ha/17.7%)* Administration: 6.1 ha/7.8% (1.0 ha/1.3%)* Green area: 12.6 ha/16.0% Phase I total: 78.4/100%	Industrial: 8.76 ha/70.0% Road: 2.65ha/21.2 Administration: 0.27 ha/2.15% Green area: 0.44 ha/3.5% Public Service: 0.44/3.15% Total: 12.51/100%
Factory lot size	Factory 1: 2500sq.m Factory 2: 5000sq.m	As same as left column	1500sq.m to 2500sq.m: 17 lots 4000sq.m: 8 lots Empty for rental lot: 85000sq.m	Factory SFB1: 570sq.m Factory SFB2 :1450sq.m Factory SFB3 :1720sq.m (factory: 29200sq.m)	Type A: 2830sq.m / Type B: 1440sq.m Type C: 720sq.m Type D: concrete Multi Function Plot: 2442sq.m (212 factory lots)
Factory building area	Factory 1: 1250sq.m Factory 2 (shared type): 625sq.m Factory 3: 2500sq.m	As same as left column	Factory 1: 100-500sq.m Factory 2: 750-3000sq.m	Factory SFB1: 400sq.m (built-up area 70%) Factory SFB 2: 800sq.m (built-up area 70%) Factory SFB 3: 1200sq.m (built-up area 70%)	Factory: 600sq.m Factory : 1200sq.m Factory 3 : 2100sq.m
Other facilities	Distribution facility w/ Storage w/refrigerated: 2000sq.m (Stage I) Storage w/refrigerated: 2100sq.m / 2000sq.m (Stage II)	Distribution facility w/ Storage w/refrigerated: 3000sq.m (Stage I+II)	Warehouse: 4000sq.m	Loading & unloading area	

	Jericho AIP* ¹	JAIP* ²	Bethlehem IP* ³	Jenin IE* ⁴	Gaza IE* ⁵
Administration facility	Office building: 2750sq.m (Stage I) / 2900sq.m (Stage II) BDS center (Stage II): 1100sq.m	BDS center (Stage I or I+II): 4200sq.m	Administration office bldg.(including Kindergarten & Training center): 710sq.m Exhibition hall (including exhibition hall, auditorium, cinema, congress hall): 15000sq.m	Office building/Government office Emergency medical center/Fire station/Custom house/NIIC office/Post office & telecom/Restaurant/Exhibition hall/Police station/Guest house/Commercial building (45 units)/Day care center/Mosque	Office building: (custom, security, terminal administration and etc)
Utility Facility	Waste water treatment: 5000sq.m (I) / 10000sq.m (II) Water supply: Composting equipment: 2350sq.m (I) / 5200sq.m (II)	Waste water treatment: Not provided in the site.	Waste water treatment: 3000sq.m (I) (Project is under design stage, the details are not decided.) Solar energy equipments on roofs of the administration facilities	Waste water treatment:3,000 sq.m (Project is stopping after finished F/S, the details are not decided) Liquid gas station/ Gas filling station	Waste water treatment: Not provided
Lease rate (US\$/sq.m)	Open lot(Option 2):8 Lot with building(Option 2): 35 Office space(Option 2): 70	Open lot:10- 15 Lot with building: 30 Office space:	Open lot: 7 Lot with building: 30	Open lot: 10 Lot with building: 80	Open lot:10-12 Lot with building: 26 Office space: 53

Source: *¹: Feasibility Study on Agro-Industrial Park Development in the Jordan River Rift Valley, Final report, May 2009
*²: JICA Study Team
*³: Business Plan For The Project of Bethlehem Multidisciplinary Industrial Park (BMIP), June 2009
*⁴: Ministry of Industry Jenin Industrial Estate, Feasibility Study, Final Report, September 1998, Updated, November 2007
*⁵: Environmental Assessment for the Gaza Industrial Estate Project, December 1996

Note : * Reviewed in the 2007

A6.1.4 Assumption of Number of Tenants and Employees

Land use	Factory lot size	Stage I			Stage I + II	
		Building floor area (sq.m)	Number of Buildings	Number of Employees (Person)	Number of Buildings	Number of Employees (Person)
Factory	>0.25 ha/lot	1,250	2*	50	12*	300
	0.25 ha/lot	1,250	11	275	44	1,100
	0.50 ha/lot	2,500	7	350	28	1,400
	<0.50 ha/lot	3,800 – 4,200	1	76	4	336
Sub-total			21	751	88	3,136
Distribution Center		1,000	-	-	3	500
Tenant service of BDS Center		4,200	1	168	1	168
Total				893		3,668

Source: JICA Study Team

Note: *: Shared type of one factory which divided into two or four areas.

These assumptions executed the following conditions as mentioned in the F/S report.

- 1) The number of employees in factories is assumed to be 200 ha/person of floor area.
- 2) The number of employees in the distribution facilities is estimated on the basis of production and transaction volume per person (300 tons/year).
- 3) The number of employees in BDS Center is assumed to be 25 sq.m/person, as a general assumption.

A6.1.5 Comparison of Utility Tariff by Town

	JORDAN			JERICO	
	(m ³)	(NIS/m ³)	(NIS/m ³)	(m ³)	(NIS/m ³)
Water		Fixed cost	Fixed cost including Sewage	Domestic Use	
	Domestic			0 - 100	1.00
	0 - 20	23.54	27.10	101 - 150	2.00
	21 - 30	41.53	47.45	151 - 250	4.00
	31 - 40	48.93	57.23	251 -	5.00
	41 - 50	83.20	103.61	Comercial Use & Industry	
	51 - 60	114.88	149.64	0 - 20	1.00
	61 - 70	153.51	206.04	21 - 50	2.00
	71 - 80	199.06	272.79	51 - 100	4.00
	81 - 90	251.55	349.91	101 -	5.00
	91 - 100	310.98	437.38		
	101 - 110	377.34	535.21		
	111 - 120	450.64	643.41		
	121 -	4.50	6.57		
	Industrial	5.29	5.29		
Electricity		NIS/kWh			(NIS/kWh)
	All Acvtivity			Domestic	
	0 - 160	0.17		Fixed Base Amount	11.06
	161 - 300	0.38		Per kWh	0.46
	301 - 500	0.45		Commercial / Industrial	
	501 -	0.70		Fixed Base Amount	49.65
				Per kWh	0.55
	Exchange Rate	5.29		Street light for IP	
				Fixed Base Amount	49.65
				Per kWh	0.38

Source: JICA Study Team by telephone and direct interview from JDECO, Municipality, ect.

	JENIN		RAMALLAH	
		(NIS/m ³)	(m ³)	(NIS/m ³)
Water	All Activity	3.71	Domestic and Industry	
			0 - 10	4.10
			11 - 20	4.60
			21 - 40	4.85
			41 - 100	6.50
			100 -	6.85
Electricity		(NIS/kWh)		(NIS/kWh)
	Domestic and L-industry		Domestic	
	0 - 20 Fixed Amount	19.20	Fixed Base Amount	13.67
	21 -	0.66	Per kWh	0.54
	Heavy Industry		Commercial / Industrial	
	Per kWh	0.52	Fixed Base Amount	57.76
			Per kWh	0.62
			Street Light for IP	
			Fixed Base Amount	57.76
			Per kWh	0.42

Source: JICA Study Team by telephone and direct interview from JDECO, Municipality, ect.

Water and Electricity Tariff by Town (3/4)				
	NABLUS		QALQLLIYA	
	(m ³)	(NIS/m ³)	(m ³)	(NIS/m ³)
Water	Domestic Use		All Activity	
	0 - 10	3.98	0 - 5 Fixed Amount	20.00
	11 - 15	6.70	6 - 39	0.50
	16 - 30	8.70	40 - 69	0.80
	30 -	11.50	70 - 99	1.55
	Commercial Use		100 -	2.55
	0 - 5	3.89		
	6 - 10	6.50		
	11 - 15	8.00		
	16 - 20	10.00		
	21 -	11.50		
	Food Industry			
	0 - 15	6.00		
	16 -	8.00		
	Non Food Industry			
	0 - 10	6.00		
	11 - 20	8.00		
	21 - 40	10.00		
	41 -	12.00		
Electricity		(NIS/kWh)		(NIS/kWh)
	Domestic		All Activity	0.55
	0 - 50 kw	0.74		
	51 -	0.79		
	Industrial Use			
	0-100 kw	0.74		
	101 -	0.76		

Source: JICA Study Team by telephone and direct interview from JDECO, Municipality, ect.

Water and Electricity Tariff by Town (4/4)				
	BETHLEHEM		HEBRON	
		(NIS/m ³)	(m ³)	(NIS/m ³)
Water	All Activity	5.00	All Activity	
			0 - 10	4.00
			11 -	5.00
Electricity		(NIS/kWh)		
	Domestic		Normal Tariff	(NIS/kWh)
	Fixed Base Amount	13.67	Domestic/Commercial	
	Per kWh	0.54	Fixed Ammount	3.00
	Commercial / Industrial		1 - 150	0.63
	Fixed Base Amount	57.76	150 -	0.68
	Per kWh	0.62	Industrial	
	Street Light for IP		Fixed Ammount	15.00
	Fixed Base Amount	57.76	per kW	0.61
	Per kWh	0.42	Temporary Use	
			Fixed Ammount	3.00
			per kW	1.00
			Prepaid Tariff	
			Domestic and Commercial	
			Fixed Ammount	3.00
			1 - 150	0.54
			150 -	0.57
			Industrial (one phase only)	
			Fixed Ammount	15.00
			per kW	0.50
			Temporary	
			Fixed Ammount	3.00
			per kW	1.00

Source: JICA Study Team by telephone and direct interview from JDECO, Municipality, ect.

A6.1.6 Test Fee of PSI**(Sample) Testing Laboratory (1/2) Price List
Water, Wastewater, Sludge Soil**

		Cost/Sample NIS	
No.	Test Items	Water	Wastewater
Physical Properties			
1	Turbidity	68	89
2	Acidity	45	45
3	Alkalinity	105	126
4	Hardness	105	105
5	Conductivity	45	68
6	Total Dissolved Solid TDS	84	84
7	Total Suspended Solids TSS	68	68
8	Settle able Solids	68	68
9	Temperature	21	21
10	Moisture Content (Sludge)	-	84
11	Fat Oil and Grease	168	190
12	Ash	-	147
13	Specific Gravity	-	-
14	Color	45	45
Metals*			
1	Metals in Water, per metal	84 each	126
2	Arsenic	105	147
3	Mercury (subcontract with Israel R&D Institute)**	540	540
Inorganic Nonmetals			
1	Boron	105	126
2	Chloride, Bromide, Fluoride, Iodide	76 each	105 each
3	Cyanide	105	105
4	Chlorine, Dissolved, Residual	84 each	84 each
5	Ammonia	105	147
6	Nitrite / Nitrate -	76	105
7	Dissolved Oxygen	84	105
8	Phosphorus	84	126
9	Silicon	105	147
10	Phosphates	105	126
11	Sulfide, Sulfite, Sulfate, H ₂ S	120 each	147 each
12	Bicarbonate	84	105

* Sludge: add NIS 20/assay

** Price may vary for subcontracted items

Source: Birzeit Laboratory

(Sample) Testing Laboratory (2/2) Price List
Water, Wastewater, Sludge Soil

Water, Wastewater, Sludge S&S			Cost/Sample NIS
No.	Test Items	Water	Wastewater
Organic Constituents			
1	BODY	168	190
2	COD	126	168
3	Kjeldahl Nitrogen	126	147
4	TOC (subcontract with Israel R&D Institute)**	295	295
5	Phenol, total	210	250
6	Pesticides up to 3	450	560
7	Detergents (total)	210	210
8	FOG	105	126
9	C/N ratio	-	126
Microbiological Tests			
1	Total Coliforms	105	126
2	Fecal Coliforms (including E-coli)	105	126
3	Fecal Streptococcus Groups	105	168
4	Fecal Enterococcous Groups	105	168
5	Yeast and Molds	126	147
6	Heterotrophic Plate Count	126	147
7	Pseudomonas Aeruginosa	126	147
8	Salmonella	168	190
9	Sulphite Reducing Bacteria	126	147

* Sludge: add NIS 20/assay

** Price may vary for subcontracted items

Source: Birzeit Laboratory

**(Sample) Testing Laboratory (1/4) Price List
Food Related**

			Cost/Sample NIS
No.	Commodity	Analysis	Price
1		Undersized	30
2		Foreign Matter	30
3		Moisture	35
4		Discolor	30
5		Brocken	30
6		Damaged	30
7		Iron	105
8		Arsenic	105
9		Lead	105
10		Copper	105
11		Total Aerobic Count	50
12		Clostridium	60
13		Yeast and Molds	50
No.	Salt	Sodium Chloride as NaCl	105
1		Moisture Content	35
2		Alkalinity as Na ₂ CO ₃	50
3		Iodine as KLO ₃	105
4		Acid Insoluble Matter	50
5		Barium (Spot Test)	105
6		Iron	105
7		Arsenic	105
8		Lead	105
9		Copper	105
10		Cadmium	105
No.	Sugar	Polarization C	125
1		Moisture Content	35
2		Ash Content	60
3		Invert Sugar	125
4		Color (ICUMSA) Units	35
5		Water Insoluble Matter	40
6		Iron	105
7		Arsenic	105
8		Lead	105
9		Copper	105
10		Total Aerobic Count	50
11		Clostridium	60
12		Yeast and Molds	50

Source: Birzeit Laboratory

**(Sample) Testing Laboratory (2/4) Price List
Food Related**

			Cost/Sample NIS
No.	Rape Seed Oil	Water and Impurities	35
1		Free Fatty Acids	50
2		Soap	90
3		Foreign Odors and Flavours	35
4		Peroxide Number	70
5		Triglyceride	290
6		Iron	105
7		Arsenic	105
8		Lead	105
9		Copper	105
10		Refractive Index	35
11		Specific Gravity	35
No.	Soya Bean Oil	Moisture and Volatile Matter at 105 C	35
1		Free Fatty Acid (expressed as oleic)	50
2		Iodine Value	115
3		Saponification Value	85
4		Soap Content	90
5		Unsaponifiable Matter	85
6		Peroxide Value	70
7		Flavour	35
8		Triglyceride	290
9		Iron	105
10		Arsenic	105
11		Lead	105
12		Copper	105
13		Refractive Index	35
14		Specific Gravity	35
No.	Sun Flower Oil	Eater and Impurities	35
1		Free Fatty Acid (expressed as oleic)	50
2		Linoleic Acid	440
3		Delta 7 Stigmastrol	920
4		Soap	90
5		Foreign Odors and Flavours	35
6		Peroxide Number	70
7		Triglyceride	290
8		Iron	105
9		Arsenic	105
10		Lead	105
11		Copper	105
12		Refractive Index	35
13		Specific Gravity	35

Source: Birzeit Laboratory

**(Sample) Testing Laboratory (3/4) Price List
Food Related**

			Cost/Sample NIS
No.	Canned Beef	Moisture Content	35
1		Protein	90
2		Fat	100
3		Salt	105
4		Starch	125
5		Carbohydrate	125
6		Moisture	35
7		Ash Content	70
8		Sodium Phosphate	105
9		Sodium Nitrites	95
10		Ascorbic Acid	115
11		Total Aerobic Count	50
12		Salmonella	70
13		Saureus	50
14		Clostridium	60
15		Total Coliform	50
16		Fecal Coliform	50
17		Yeast and Molds	50
18		Microscopy	30
No.	Wheat Grain	Moisture Content	35
1		Protein	90
2		Damage Grain	30
3		Broken Shrunk Grains	30
4		Grains Impurities	30
5		Miscellaneous Impurities	30
6		Foreign Matter	30
7		Hagberg Falling Number	70
8		Zeleny Index	70
9		Heat Damaged Grain	30
10		Sprouted Grains	30
11		Alfatoxins	450
12		Pesticides	480
No.	Wheat Flour	Moisture Content	35
1		Protein	90
2		Hagberg Falling Number	70
3		Zeleny Index	70
4		Ash Content	70
5		Wet Gluten	70
6		Dry Gluten	70
7		Gluten Index	70
8		Water Binding in Wet Gluten	70
9		Fat Acidity	50
10		Vitamin A	240
11		Zinc	105
12		Iron (as reduced iron)	105
13		Insects	35
14		Alfatoxins	450
15		Molds	50

Source: Birzeit Laboratory

**(Sample) Testing Laboratory (4/4) Price List
Food Related**

		Cost/Sample NIS
No.	High Energy Biscuits	
	Moisture Content	35
1	Energy Value	45
2	Protein	90
3	Fat Content	100
4	Sugar Carbohydrate	125
5	Calcium	105
6	Iron	105
7	Manganese	105
8	Iodine	105
9	Vitamin A	240
10	Fiber	135
11	Ash	70
12	Total Aerobic Count	50
13	Total Coliform	50
14	Fecal Coliform	50
15	Yeast and Molds	50

Source: Birzeit Laboratory

A6.1.7 Other Parameters

(1) Water Quality

Summary of Water Quality

Component	Symbol	Unit	Limit
Sampling Data	–	–	–
Electrical Conductivity	EC	Us/cm	none
Arsenic	As	mg/L	<0.05
Selenium	Se	mg/L	<0.01
Fluoride	F	mg/L	<1.5
Iron	Fe	mg/L	<0.3
Copper	Cu	mg/L	<1
Manganese	Mu	mg/L	<0.1
Chromium	Cr	mg/L	<0.05
Silver	Ag	mg/L	<0.01
Sodium	Na	mg/L	<200
Potassium	K	mg/L	<10
Calcium	Ca	mg/L	<100
Magnesium	Mg	mg/L	<100
Bicarbonate	HCO ₃	mg/L	none
Chloride	Cl	mg/L	<250
Nitrate	NO ₃	mg/L	<50
Sulfate	SO ₄	mg/L	<200
Carbonate	CO ₃	mg/L	none
Total Hardness	TH as CaCO ₃	mg/L	<500
Potential Hydrogen	pH	none	6.6–8.5
Total Dissolved Solids	TDS	mg/L	<1,000
Turbidity	Turb	NTU	<1
Temperature	T	°C	none
Total Bacteria	TC	FCU	3
Fecal Bacteria	FC	FCU	0
Escherichia Coli	E. Coh	FCU	0
Organic Matter	UV	Abs at $\lambda=254\text{nm}$ ⁽¹⁾	3–10

Note: (1) The value is from the Israeli guideline, no specific value from Palestinian guideline.

Source: JICA F/S Report

(2) Internet Tariff

Internet Tariff

Speed	Domestic	Commercial	
		Normal	Promotion 50% discount 1 year
128 kb	60	n.a.	n.a.
256 kb	99	n.a.	n.a.
512 kb	120	400	200
1,024 kb	200	605	300
2 Mb	n.a.	1,000	500
4 Mb	n.a.	2,000	1,000

Note: * Installation Fees 150 NIS to be paid on first invoice

* Modem Cost 100 NIS paid once

* Wireless router cost 250 NIS

* promotion period for 1 year and commitment for 1 year

Source: Average data from several provider in Ramallah

A6.1.8 Traffic Volume Forecasting

The daily traffic volume to and from JAIP is forecasted on the basis of the expected number of employees/factories, production volumes estimation, as well as the result of the investment survey. Assumption was executed in two steps, namely,

- Estimation of commuter's trips by classification, and
- Estimation of daily traffic volumes based on type of vehicles.

(1) Estimation of Conceivable Trip

Four classifications of trips were considered with the following assumptions:

- Commuting trips of employees are estimated for two directions, inbound and outbound anticipated number of employees.
- Business trips of visitors are assumed to be 10 trips per day for each factory.
- Service and maintenance trips are required for maintenance of facilities in each factory. This is assumed to be four trips per day for each factory.
- Regarding cargo trip, according to the result of the investment survey, the existing agro-industrial factories in the West Bank utilize various sizes of vehicles for its inbound transportation.

Accordingly, daily cargo trips for the inbound and outbound transportation are estimated based on the projected daily productions (ton) and the ratios of utilized vehicles for inbound and outbound transportation, respectively. Load capacity by type of trucks as inbound and outbound transportation, based on the annual production volume of factories, is shown below.

Number of Daily Cargo Trips

Purpose		Stage I	Stage II	Total	Formula
Product volume (ton/year)		38,000	152,000	190,000	
Daily product volume (ton/day)		125	502	627	Annual product volume/ 303 days
Inbound Daily Cargo (trip/day)	Single unit truck (5t)	4	16	20	Total x 20%
	Single unit truck (10t)	9	33	42	Total x 41%
	Intermediate semi-trailer (20t)	5	23	28	Total x 27%
	Double trailer combination (40t)	2	10	12	Total x 12%
	Sub-total	20	82	102	
Outbound Daily Cargo (trip/day)	Single unit truck (5t)	5	21	26	Total x 23%
	Single unit truck (10t)	7	25	32	Total x 28%
	Intermediate semi-trailer (20t)	11	45	56	Total x 49%
	Sub-total	23	91	114	

Source: JICA F/S Study Team

Based on the above assumptions, the daily number of trips to and from JAIP for each stage is estimated as summarized below.

Number of Trips To and From JAIP

Purpose	Stage I	Stage II	Total
Commute	1,420	5,040	6,460
Business	140	490	630
Service and maintenance	56	196	252
Inbound cargo (Single unit ^{*1} (5t))	4	16	20
Inbound cargo (Single unit ^{*1} (10t))	9	33	42
Inbound cargo (WB-12 ^{*2})	5	23	28
Inbound cargo (WB-20D ^{*3})	2	10	12
Inbound cargo total	20	82	102
Outbound cargo (Single unit ^{*1} (5t))	5	21	26
Outbound cargo (Single unit ^{*1} (10t))	7	25	32
Outbound cargo (WB-12 ^{*2})	11	45	56
Outbound cargo total	23	91	114
Total	1,659	5,899	7,558

^{*1}: Single unit is the Single unit truck according to AASHTO vehicle classification.

^{*2}: WB-12 is the double trailer combination according to AASHTO vehicle classification.

^{*3}: WB-20 is the intermediate semi-trailer according to AASHTO vehicle classification.

Source: JICA F/S Study Team

(2) Estimation of Daily Traffic Volume

In accordance with the above daily number of trips, the types of vehicles to be employed for each trip are assumed as follows.

- Commuters are assumed to consist of 20% of passenger cars and 80% of buses. The traffic volume of buses needs to be estimated as double since two round-trips are required in order for workers to commute to and from JAIP. The number of passengers is defined as 1 person for a passenger car and 40 persons for a bus, respectively.
- Business trips are assumed to be 100% single unit trucks.
- Service and maintenance trips are assumed to be 100% single unit trucks.
- Cargo trips are the summation of inbound and outbound transportation. Heavy trailer includes intermediate semi-trailer (WB-12) and double trailer combination (WB-20D).

In addition, it is necessary to consider the traffic volume from the existing steel factory.

The following three classifications of traffic volume are considered with the following assumptions;

- Passenger cars are assumed to be used by 10% of the employees.
- The factory owns 2 buses as transportation for their employees.
- Regarding cargo trip, according to hearing survey, the factory uses 15 semi-trailers and 10 double trailers for each direction.

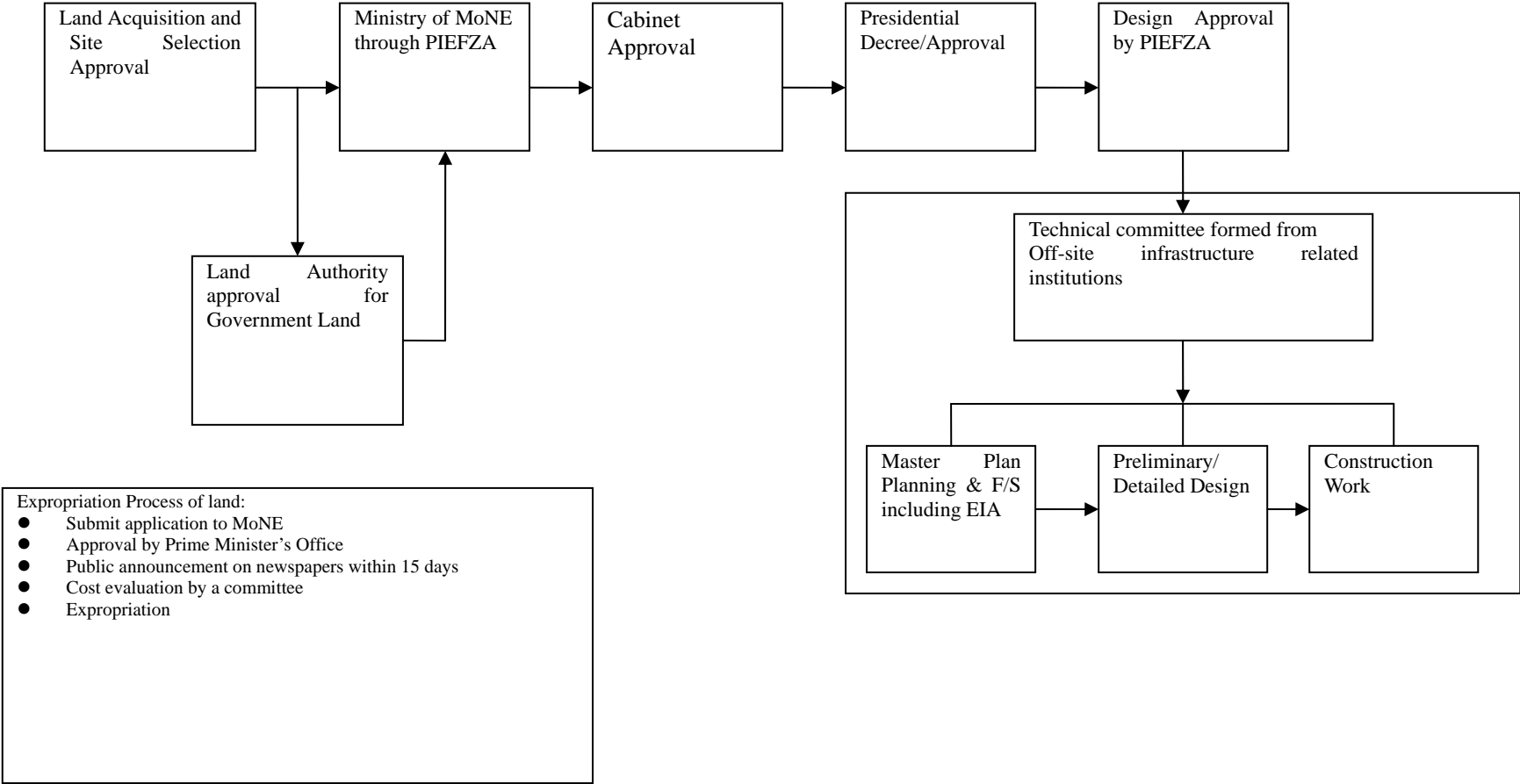
Accordingly, the daily traffic volume was estimated based on the above number of daily trips, and vehicles to be utilized for said trips. Estimated daily traffic volume for each development stage is presented in the table below.

Daily Traffic Volume To and From JAIP and the Existing Steel Factory

Vehicle Category	Existing steel factor y	Stage I	Stage II	Total (I+II) Including steel factor y
Passenger car/Van	17	423	1,500	1,940
Bus	8	52	210	270
Single unit truck	-	80	290	370
Inbound	-	40	147	187
Outbound	-	40	143	183
Heavy trailer	50	20	80	150
Inbound	30	8	34	72
Outbound	20	12	45	78
Total	70	575	2,080	2,730

Source: JICA F/S Study Team

A6.1.9 Real Estate Development System in the Palestinian Territories



A6.2 Economic Analysis for JAIP

The planned Agro-industrial Park in Jericho would bring forth economic effects, i.e. increase added value, contributing to Palestinian economy and employment creation¹. The main economic effect is mainly estimated in terms of the representing EIRR (Economic Internal Rate of Return.) Those impacts (effect), direct (inside) and indirect (outside) impact, are, thus, assumed to consist of the followings:

A6.2.1 Assumptions

The economic analysis for the Agro-industrial Park is prepared for simultaneous development of Stage I and II. It is estimated the project will have a financial feasibility shown in the Section 6.4 in the main text, and this section will demonstrates the project has an economic impact to the national economy through generating economic benefits. Hence, to determine the economic viability of the project, the Economic Internal Rate of Return (EIRR) is calculated according to the followings assumptions:

1. Project is assumed to be implemented from Year-4 and will be completed by the end of Year-1
2. Operating period is assumed to be 20 years after the completion of the projects (from Year 1 to Year 20)
3. Tax, interest rates during construction, and other financial cost considerations were excluded from the project costs; and
4. Depreciation is excluded from operation costs in order to calculate EIRR. The assumption depreciation is an accounting estimate for the reduction of the fixed asset(s) during their/ its useful life.
5. Statistical data from the Economic Survey 2008 and the data from the Palestinian Food Industry Association for the value added as well as output per person engaged.
6. Some basic parameters such as multiplier, and employment per square meters are based on the data used in the previous feasibility study.
7. Utilized 90% occupancy rate for Stage I, Stage II, in addition to Stage I + II. Total factory area in hectares for Stage I is 7.38, Stage I is 26.97, with a total of 34.85 for Stage I + II. Out of the total land areas only 75% total floor areas will be used. Finally, 200 employees per each hectare will be occupied.

A6.2.2 Economic Analysis

(1) Economic Benefits

Total Value Added per Year

As described per below, the \$94.5 million total value added for Stage I + II will contribute \$36.9 million direct effect and \$57.6 million indirect effect. The total value added for Stage I, Stage II, in addition to Stage I + II are calculated based on multiplications of the occupancy rate, total floor area that is used, number of employees per hectares, and value added per person engaged (provided from the PCBS Economic Survey 2008)

¹ The estimate is mainly on major economic impacts, however, other specific impacts such as through logistical improvement and its cost reductions, Productivity increase (production volume), clustering effect (external economy), Import substitutions, and land use change of the relocating that are also relevant in JAIP are not quantified. These could be an extra factors to increase the current EIRR.

Table A 6.2.1 Total Value Added per Year

Value Added		Stage I	Stage II	Stage I+II
Value Added per person engaged	20,091			
Total Value Added per year		\$ 21,359,032	\$ 73,149,598	\$ 94,508,630
Value Added inside AIP (direct effect)		\$ 8,330,022	\$ 28,528,343	\$ 36,858,366
Value Added outside AIP (indirect effect)		\$ 13,029,009	\$ 44,621,255	\$ 57,650,264

Total Output per Year

From the total output table below, total output for Stage I+II is \$232.4 million. The output for Stage I, Stage II, in addition to Stage I+II are calculated based on multiplications of the occupancy rate, total floor area that is used, number of employees per hectares, and output per person engaged (provided from the PCBS Economic Survey 2008)²

Table A 6.2.2 Total Output per Year

Total Output		Stage I	Stage II	Stage I+II
Output per person engaged	49,407			
Total Output per year		\$ 52,525,392	\$ 179,886,960	\$ 232,412,352

Employment Effect

As described per below, the 4,704 total employees for Stage I + II will contribute 2,258 direct employments and 2,446 indirect employments. The total employees for Stage I, Stage II, in addition to Stage I + II are calculated based on multiplications of the occupancy rate, total floor area that is used, and number of employees per hectares.

Table A 6.2.3 Employment Effect

Employment effects	Stage I	Stage II	Stage I+II
No of Employees	1,063	3,641	4,704
Inside AIP (direct employemnt)	510	1,748	2,258
Outside AIP (indirect employment)	553	1,893	2,446

Contribution to the Palestinian GDP

It is estimated the AIP will contribute 2.04% of the Palestinian GDP in 2008 for Stage I + II. The percentage is based on the total output of \$232.4 million over \$4,639.7 million of the total GDP in West Bank and Gaza for the 2008.

Table A 6.2.4 Contribution to the Palestinian GDP

Contribution to the Palestinian GDP	Stage I	Stage II	Stage I+II
2008 West Bank and Gaza GDP \$	4639.7 million		
Contribution to GDP	0.46%	1.58%	2.04%

² As far as the export is concerned, 12% or \$204.5 million of the output from Stage I + II will be likely to be exported. The figure corresponds to the current geographical distribution of export, which may make a significant change due to the development of the JAIP.

Economic Benefit of the Project

The Agro-industrial Park would generate demand for labor force as well as goods and services in the form of production inputs and consumer goods. Demand for transportation and storage services also increases. The effects of the Agro-industrial Park development project on the national economy would lead to significant multiplier effects throughout the local, regional and national economies. On the benefit side, increase in the value added resulting from the development of the Agro-industrial Park is considered as economic benefits of the project.³

The Value added generated within the Agro-industrial Park through the production of investors is estimated to be US\$36,858,366 per year at 90% occupation ratio. Furthermore, value added generated outside the Agro-industrial Park through the production of investor (indirect effects) are estimated to be US\$57,650,264 per year at 90% occupation ratio. The ratio of in-direct effect to direct effect (multiplier coefficient) estimated is 1.564 (US\$57,650,264 ÷ US\$36,858,366).

(2) Economic Cost of the Project

In order to determine the economic costs for the project, all costs related to the development of the Agro-industrial Park need to be taken into account. Project costs for the Agro-industrial Park development subject to economic analysis not limited to the on-site infrastructures, but also include capital investments of its investor enterprises and the cost of off-site infrastructure. The details of calculations are as below:

1. Capital cost of on-site and off-site infrastructure covers the land acquisition, base construction, administration cost, engineering services and contingencies.
2. Operation and maintenance cost of the on-site and off-site infrastructure on yearly basis.
3. Investment of investors enterprises, estimated for the average investment costs for the three investors: meat, traditional food, and supporting industries/ packaging. Total investments costs of investors' enterprises were computed from average investment costs per square meter multiplied by the total factory area in square meter.

Average investment costs per square meter for the three investors': meat, traditional food, and supporting industries/ packaging calculated based on:

* Investments Costs divided by Required Land Area per square meter for each investor factory to calculate the average cost of the Meat, Traditional Food and Supporting industries/packaging.

* Upon that, the weight of the Average cost per square meter of the three investors was calculated for the Average Investment Costs per square meter to all the investors.

Below the total investment costs for investors' calculations:

Table A 6.2.5 Total investment Costs for Investors

	Meat			Traditional Food	Supporting industries/ packaging
Investment Costs	\$8,500,000	\$1,250,000	\$1,500,000	\$3,750,000	\$2,300,000
Required Land Area/ sqm	20,000	3,000	5,000	6,000	14,000
Average Cost / sqm	425	417	300	625	164
Average Investment Costs / sqm	386				
Total Factory Area/ sqm	348,450				
Total Investment Costs for tenants	\$134,568,071				

sqm: square meter

³ From the previous F/S study data

4. The direct and indirect investors' employment costs based on the yearly employee salary time's number of direct (inside) and indirect (outside) investors employees for Stage I + II. It is estimated the direct and indirect employee monthly salary of \$500 and \$300, respectively.
5. Occupancy rate (for the first year is 30%, 2nd year: 50%, 3rd year: 70%, and 4th year onwards: 90%).

(3) Results of Economic Analysis

The following scenarios are obtained for calculating EIRR, ENPV, ROI and Net Economic Benefit at 12% discounted rate:

Table A 6.2.6 Result of Economic Analysis

Stage I + II		Base Case	Capital Cost +15%	Direct Economic Benefit -15%	In-Direct Economic Benefit -15%
Results					
Net Economic Benefit		1,216,508,858	1,184,394,722	1,105,933,761	1,043,558,065
EIRR		19%	17%	18%	17%
ENPV		\$147,584,764	118,911,428	121,339,950	106,535,183
Payback		Year 8	Year 8	Year 8	Year 8
Return On Investment (ROI)		181%	168%	164%	155%

The EIRR in the Base Case is 19% and in conclusion, the project can be feasible with the EIRR higher than the cost of capital of 12 % and will have higher impact into the national economy. The Base Case indicates a higher EIRR and ENPV than the other scenarios All cases that include negative development scenarios that are cases where there is increase in the capital cost or reduction either in the direct or indirect value added indicate that the project is economically feasible.

