



**USAID**  
FROM THE AMERICAN PEOPLE

# Palestinian Enterprise Development (PED) Project

**Quarterly Report (October 1 – December 31, 2006)**

Contract No. 294-M-00-05-00231-00

Fifth Quarterly Report

JANUARY 2007

This publication was produced for review by the United States Agency for International Development. It was prepared by Development Alternatives, Inc.

# Palestinian Enterprise Development (PED) Project

QUARTERLY REPORT (OCTOBER 1 – DECEMBER 31, 2006)

CONTRACT NO. 294-M-00-05-00231-00

FIFTH QUARTERLY REPORT

## EXECUTIVE SUMMARY

The fourth quarter of 2006 was marked with a significant momentum of DAI/PED's Business Development Services (BDS) Unit. Individual technical assistance services started with 13 SMEs and 3 women cooperatives in the West Bank, more than 18 potential business startups were identified for technical assistance in Gaza Strip, and completion of the design of a series of training workshops in quality management system, ISO 9000:2000 and Sales Management. Also, DAI/PED Technical Business Advisors participated in a specialized certification program titled "*ISO 9000-2000 Auditor / Lead Auditor*"; implemented by Lloyd's Register Quality Assurance Ltd. in Amman - Jordan from November 26 - 30 2006. The 5-day course concentrates on the development of practical core ISO 9000 assessment skills required for providing technical assistance to client firms.

Moreover, this quarter marked the launching of DAI/PED's Apprenticeship Program with a number of multiple backbone and sector-specific institutions and associations in the West Bank and Gaza Strip. The program is intended to facilitate the employment of recent university graduates through addressing the mismatch between graduate skill sets and private sector needs. To this end, UPPM finalized the initial screening of the received 391 applicants that responded to the Apprenticeship Program with UPPM.

The fourth quarter of 2006 marked the re-engagement process with the pharmaceutical cluster, number of visits and one-on-one meetings were conducted with the management and department managers of six pharmaceutical manufacturers in the West Bank and Gaza Strip. The visits were intended to understand the operational environment of these companies in order to identify opportunities for improving their overall performance in areas of production, marketing and sales, quality and financial management. A total of 42-hour of training for 23 participants from pharmaceutical companies were provided in the West Bank and Gaza Strip. Also, the first Firm level Letter of Agreement (FL) was signed with MEGAPHARM (*UPPM member and the only pharmaceutical company in Gaza Strip*). The agreement covers three main tracks: i) Enhancing the company Quality System, ii) Improve management decision making by using financial tools, and iii) Improve Marketing and Sales Management.

During the third quarter of 2006, DAI/PED began designing mechanisms to monitor the humanitarian situation, especially in terms of food prices and the availability of basic food items in the West Bank and Gaza Strip. Consequently, DAI/PED continued to monitor these changes throughout the fourth quarter of 2006. Six rounds of the *Food Retailers and Other Critical Consumables Monitor Survey* (RS) were conducted and issues 9, 10, 11, 12, 13, and 14 of the series of weekly reports were released. Also, this quarter marked the commencement of the second round of the *Household Monitoring Survey* (HS) utilizing a revised questionnaire that responds to USAID feedback. A total of 1612 collection points were visited in the West Bank and Gaza Strip, 806 and 806 respectively and covering different localities and location types (rural, urban and camps).

DAI/PED team provided around 74-hour of training for the 32 apprentices working for the M&E unit in the West Bank and Gaza Strip. The training sessions come as part of the apprentices' capacity building program aiming at equipping them with theoretical, technical and practical skills.

In its pursue to optimize the released statistical information and findings of the RS and HS surveys, DAI/PED hosted a 21-day consultancy for Dr. Douglas Kreiger, Senior Economic Consultant, in the last two months of fourth quarter of 2006. Dr. Kreiger has an extensive experience in the area of food security information systems development and food security policy formulation. During this assignment, Dr. Kreiger worked with DAI/PED team on reviewing and finalizing i) the survey indicators that will define the current crisis, ii) the targeted sample and sampling procedure, and iii) the assessment tools (survey forms and reports). As a result, revised questionnaire forms and report templates providing more analysis sections that utilize GIS maps and database spreadsheets were developed. And the findings of both the HS and RS surveys were presented to USAID in December.

The fourth quarter of 2006 marked DAI/PED formal engagement with partner institutions. Eight (8) Memoranda of Understanding (MoUs) with partner associations and unions were signed in a ceremony organized and held at DAI/PED Offices in the West Bank and Gaza Strip on December 11, 2006. The event was attended by the institutions' Chairmen, representatives of the board and executives. Also, Mr. Amir Dajani *DAI/PED's Cognizant Technical Officer (CTO)* and Mr. Denis Sharma *Director of Private Enterprise Office* (via video conferencing) joined the ceremony. Partner institutions included: Palestine Trade Center (PalTrade), Palestinian Federation of Industries (PFI), Wood Industries Union (WIU), Palestinian American Chamber of Commerce (PACC), Union of Palestinian Pharmaceuticals Manufacturers (UPPM), Palestinian Information Technology Association of Companies (PITA), Association of Banks in Palestine (ABP) and Palestinian Construction Industries Union (PCIU).

## PROGRESS BY COMPONENT

### *Component 1: Improving the Business Operating Environment*

During the period covered by this report, significant momentum of the project Business Development Services (BDS) Unit was evident. The beginning of the engagement process with clients started. Team of BDS unit has been engaged in the following activities:

- Conducting several field visits to potential clients in different cities and villages in the West Bank and Gaza Strip. The visits resulted in identifying small and start up clients (SUBs) to which the BDS unit will provide its various technical assistance services. Accordingly, 18 potential SUBs were identified in Gaza Strip alongside 13 SUBs in West Bank, which some of them have already started receiving the services of the unit;
- Conducting field visits to 3 women cooperatives in Hebron, A'aseerah Al Shamalieh (*Nablus*) and Misilieh (*Jenin*) for needs assessment and identification of potential assistance. These cooperatives produce and sell different types of homemade products by utilizing the efforts of 50 working women. Also, the design of the assistance program for one of the women cooperative was finalized and work is in progress for the other 2 cooperatives. It is worth mentioning that the Palestinian Media and Development Institute (PMDI) referred 8 women cooperatives to DAI/PED, till moment, the work done with the 3 cooperatives comes a part of designing a pilot program with this segment of business;
- Finalizing an initial draft of the program plan for serving SUBs. The plan illustrates how to identify and work with SUBs. To this end, the plan proposes 4 channels for identification: i) Advertising in news papers to magnetize interested start-ups or businesses willing to expand, ii) Expanding work with cooperatives, iii) Building relationships with microfinance institutions, and iv) Using BDS unit networks "Direct reach approach" through apprentices and clients;
- Introducing the Apprenticeship Program to a number of institutions including UPPM, PFI, PalTrade, PITA, PCIU, WIU, and ABP. DAI/PED received 2 Apprenticeship Grant Applications from UPPM and PCIU and the program was launched with UPPM. 391 interested fresh graduates responded to the 2 advertisements published in Al-Quds and Al-Ayyam newspapers by submitting applications through the internet. UPPM finalized the initial screening of the applicants;
- Conducting a number of meetings with department managers of the 6 pharmaceutical manufacturers in the West Bank and Gaza Strip. The purpose of the meetings was to introduce the services provided by BDS unit, and to assess the needs of these companies in areas of production, quality and financial management, marketing and sales;
- Designing and implementing training programs for the pharmaceutical firms in West Bank and Gaza Strip. "*Principles of Accounting and financial analysis*" and "*Feasibility analysis, and cost and profitability analysis*" trainings were completed in Gaza Strip. "*Using financial information to manage pharmaceutical firms*" training was completed in the West Bank;

- Participation of DAI/PED 2 technical business advisors in a specialized training course in *“ISO 9000-2000 Series Auditor / Lead Auditor”* held in Jordan and implemented by LOYD'S. As a result, a series of training workshops in Quality Management System and ISO 9001:2000 were developed. The prepared workshops are an essential tool to qualify a group of junior quality consultants/quality officers, whom in turn will qualify a group of Palestinian firms to establish and implement their own quality management system;
- Supporting the restructure of the Industrial Modernization Center (IMC), PFI technical arm, through designing 2 innovative programs *“Production Improvement Program”* and *“Quality Management and Certification Program”*. The proposed restructure plan will be finalized in the near future; and;
- Reviewing and modifying the proposed programs and related budgets by PalTrade that are expected to be implemented under DAI/PED.

### ***Component 2: Supporting the Growth of Competitive Industry Clusters***

The fourth quarter also marked the commencement of several activities and outreach efforts with selected players in key productive and service sectors that are essential to fulfilling critical domestic consumption needs. During the period covered in this report, the team of the Clusters Unit has been engaged in the following main activities:

- Holding several meetings with the Pharmaceutical Cluster Working Group, UPPM Board of directors and other representatives from the pharmaceutical industry. Updates on DAI/PED and the proposed programs and activities were shared with the industry. The four major programs of the pharmaceutical industry development plan were launched; UPPM Apprenticeship Program, UPPM Institutional Development Program, Human Resources Training Program and Technical Assistance Program;
- Conducting several visits to pharmaceutical companies in West Bank and Gaza Strip. The visits aimed at assessing the firms' capabilities and studying the opportunities for improving their performance. As a result, a series of activities were designed as part of DAI/PED's firm-level technical assistance program;
- Implementing training programs for UPPM member firms. A total of 42 training hours were delivered and the programs were attended by 23 participants in the West Bank and Gaza Strip. The following are the conducted training programs :
  - a. *“Principles of Accounting and financial analysis”*, 6-hours on November 26, 2006 in Gaza Strip.
  - b. *“Feasibility analysis, and cost and profitability analysis”*, 12-hours in between November 27-28, 2006 in Gaza Strip.
  - c. *“Using Financial Information in Managing Pharmaceutical Industries”*, 24-hour in between December 13 - 21, 2006 in the West Bank.
- Conducting several meetings with various parties to explore and discuss possible future cooperation. These meetings included: meeting with an entrepreneur interested to invest in pharmaceutical company, meeting with a representative from Italian cooperation healthcare and meeting with Dr. Ramzi Sansour, Director of Center for Environmental and Occupational Health Sciences at Birzeit University;

- Signing the first Firm level Letter of Agreement (FL) with MEGAPHARM, UPPM member and the only pharmaceutical company in Gaza Strip, on December 17, 2006. The agreement covers three main tracks: i) Enhancing the company Quality System, ii) Improve management decision making by using financial tools, and iii) Improve Marketing and Sales Management;
- Initiating desk research about the Palestinian healthcare system, where private sector hospitals were identified as a key potential segment for DAI/PED intervention. To this end, a proposal for assessing the Palestinian private sector hospitals was submitted by Dr. Ahmad Ennab, a healthcare consultant that was identified by DAI/PED and is expected to play a role in supporting the team on carrying out healthcare related activities. The proposal is currently being reviewed by the team and work is expected to commence in the near future; and;
- Submitting a proposed engagement plan with PFI to USAID for review. The plan included 3 pillar programs: i) PFI Institutional Development Program, ii) Apprenticeship Program, and iii) IMC Restructure Program. The developed plan is to be finalized after obtaining feedback from USAID and PFI.

### ***Component 3: Energy Sector Policy Reform***

- *Under PED's modified SOW, this component and its corresponding tasks were suspended.*

### ***Component 4: Design and Manage a PED Grant Fund***

No Grants were awarded in the third quarter of 2006; nonetheless, the fourth quarter of 2006 marked a number of key activities and achievements for the Grants Management Unit (GMU). The following are the main highlights of this period:

- Re-assessing the financial and accounting practices of some client institutions, such as UPPM, PFI, PITA and PalTrade in light of the new requirements and eligibility conditions of the grants component. To this end, several meetings with the executive staff and teams of financial departments took place during the months of October and November 2006;
- Assisting UPPM, PITA, WIU and PCIU in preparing Apprenticeship Grant Applications. As a result 2 applications were received from UPPM and PCIU. PITA's and WIU applications are expected to follow soon;
- Submitting a grant agreement for UPPM Apprenticeship Program for USAID approval. It is worth mentioning that upon obtaining USAID approval, this will be the first grant agreement to be issued since March 2006.
- Conducting a grants management assessment for ABP as part of the institutional assessment of the association. The assessment focused mainly on three major parts: the internal control mechanism, the fund management, financial and accounting systems adopted by the association, and the audit mechanism.
- Completing the review process of the Gants Manual in accordance with USAID comments received on October 20, 2006 and the revised ADS 303. The manual will be submitted for USAID approval after the holidays.

## ***Component 5: Private Sector Monitoring and Assessment***

In the fourth quarter of 2006, the Monitoring and Evaluation Unit (M&E) has been engaged in the following main activities:

- ***The Food Retailers and Other Critical Consumables Monitor Survey (RS):*** DAI/PED continued to monitor the humanitarian crisis in the West Bank and Gaza Strip. The following weekly reports were released:
  - Ninth RS weekly report (*RS-08–RS-09*), covering the period October 28 - November 2, 2006.
  - Tenth RS weekly report (*RS-09–RS-10*), covering the period November 4 - 9, 2006.
  - Eleventh RS weekly report (*RS-10–RS-11*), covering the period November 11 - 16, 2006.
  - Twelfth RS weekly report (*RS-11–RS-12*), covering the period November 18 - 23, 2006.
  - Thirteenth RS weekly report (*RS-12–RS-13*), covering the period November 25 - 30, 2006.
  - Fourteenth RS weekly report (*RS-13–RS-14*), covering the period December 4 - 7, 2006.
- ***The Household Monitor Survey (HS):*** The second round of the HS was concluded utilizing the revised questionnaire that was designed to respond to USAID feedback. In light of the “*RS and HS Review Assignment*” (see below for details), the sample size was modified to optimize the survey findings and results. A total of 1612 collection points were visited in the West Bank and Gaza Strip, 806 and 806 respectively and covering different localities and location types (rural, urban and camps). The new round began on December 6, 2006 and was completed over a period of two weeks.
- ***RS and HS Review Assignment:*** Over a period of 21 working days in the last two months of fourth quarter of 2006, the team of M&E worked with Dr. Douglas Kreiger, Senior Economic Consultant, on streamlining and improving the RS and HS. Dr. Kreiger has an extensive experience in the area of food security information systems development and food security policy formulation. As a result, revised questionnaire forms and report templates providing more analysis sections that utilize GIS maps and database spreadsheets were developed. In addition, the findings of both the HS and RS surveys were presented to USAID on December 22, 2006.
- ***M&E Apprentices’ Capacity Building Program:*** Several training sessions were conducted for the apprentices of the M&E Unit during the period of this report. A total of 74 training hours were delivered and the program was attended by 20 apprentices in the West Bank and 12 apprentices in Gaza Strip. The following are the training program topics:
  - “*Using Financial Information to Manage the Business and Using Business Analysis Template*”, 24-hour in between October 11-18, 2006 in the West Bank.
  - “*Business Planning*” and “*Financial Analysis*”, 24-hour in between November 6-8, 2006 in the West Bank.
  - “*Resume Writing and Job Hunting Techniques*”, 3-hours on November 13, 2006 in the West Bank.
  - “*Resume Writing and Job Hunting Techniques*”, 4-hour on November 16, 2006 in Gaza Strip.
  - “*Google Services and Internet Skills*”, 8-hour on November 21, 2006 in the West Bank.



- *"Beginners Excel Training"*, 5-hour on November 28, 2006 in the West Bank.
- *"Market Research"*, 3-hour on November 30, 2006 in Gaza Strip.
- *"Revised HS Orientation"*, 3-hour on December 5, 2006.