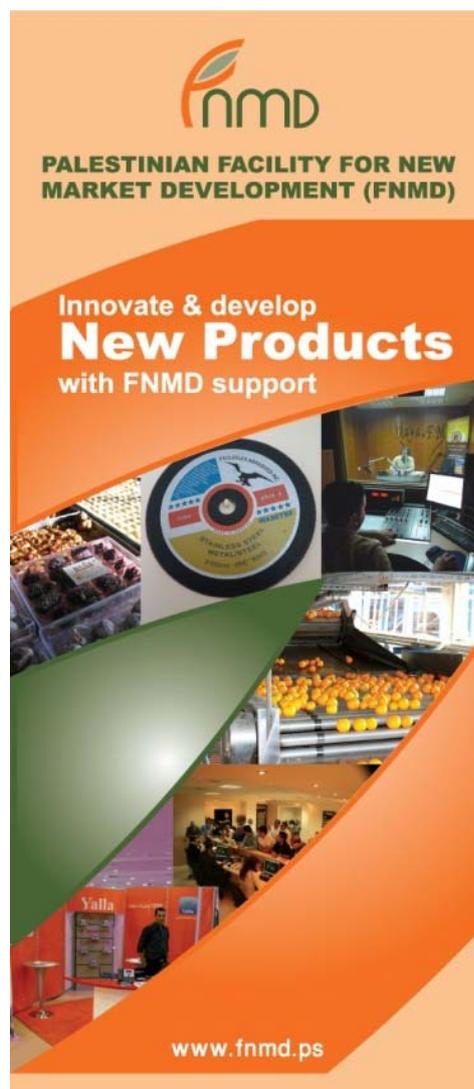


Business Services Sector Market Analysis – Volume 2

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Business Services Sector Market Analysis – Volume 2
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Foreword

In 2011, DFID extended its Fund for New Markets Development (FNMD) programme in Palestine for one year. While FNMD was primarily a matching grant scheme designed to stimulate business linkages and investment in new markets and technologies, as part of the extension DFID wanted to introduce some deeper analysis into ways that could make the programme more systemic in nature and with broader outreach to the poor. Under the extension, DFID funded two sets of studies applying a “Making Markets Work for the Poor” - M4P - approach, also known as the Market Development Approach: one on business services sector and the other on agricultural value chains. This report presents the status of business services sector in Palestine, looking at the current supply of services and the demand for those services to identify ways to strengthen both the supply and demand. It is divided into two volumes – the main study focuses on the West Bank; while the second one focuses on Gaza. The two markets for business services are extremely different, given the situations in the two areas, and there is very little overlap between them.

The work in the West Bank and the majority of the writing were carried out by Kevin Billing and Basim Makhool during the month of August, 2011. Since this coincided with Ramadan the team made heroic efforts to meet key stakeholders and actors in the sectors, carrying out interviews with 80 different individuals at all times of day and night. Basim’s excellent contacts in the sector opened many doors, while Kevin’s innate curiosity kept the information flowing.

The interviews and majority of the report drafting for Gaza were carried out by Basim Makhool, using the same framework developed under the West Bank study. The team wishes to thank all of the participants in the study for their cooperation and their open sharing of information and perspectives on this sector. The team would also like to thank William Grant for his extensive work on critiquing and editing both documents and to the entire FNMD team for their assistance in setting up meetings and discussing the use of business services by the FNMD project, especially Halim Halabi in Gaza and Mahmoud AbuAmireh and Sana Alawi in the West Bank.

The contents of this report are the responsibility of the authors, and do not reflect the opinions or positions of DFID.

Mohammad Nusebeh
Team Leader
FNMD, January 2012

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Acronyms and Abbreviations

ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated SYstem for CUstoms DAta
B2B	business-to-business
BDS	business development services
BMO	business membership organization
BRC	British Retail Council
BSP	business service provider
BSU	business start-up
CA	Chartered Accountancy
CB	Certification Body
CCI	Chambers of Commerce and Industry
CIP	Competitive Industrial Performance
CIPR	Chartered Institute of Public Relations
CIS	Chartered Institutes of Secretaries
CRM	customer relations management
CSR	corporate social responsibility
ESAF	Expanded and Sustained Access to Financial Services
ETI	Ethical Trading Initiative
EU	European Union
FNMD	Facility for New Market Development
FO	financial organization
GAP	good agricultural practices
GDP	gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HACCP	hazard analysis and critical control points
ICT	information and communications technology
ILO	International Labour Organization
ISO	International Organization for Standardization
IT	information technology
M4P	making markets work for the poor
MAS	Palestine Economic Policy Research Institute
MFI	microfinance institution
MSME	micro, small, and medium enterprise
NGO	nongovernmental organizations
OPT	Occupied Palestinian Territories
PA	Palestinian Authority
PACE	Palestinian Authority for Customs and Excise
PAL GMP	Palestine Good Manufacturing Practices
PCBS	Palestinian Central Bureau of Statistics
PIFBS	Palestine Institute for Financial and Banking Studies
PITA	Palestine IT Association of Companies
PMA	Palestine Monetary Authority
PMI	Palestinian Monetary Authority
PSI	Palestinian Standards Institute
QMS	quality management system
SEC	Small Enterprise Centre
SME	small and medium enterprise
TA	technical assistance
TVET	Technical and Vocational Education and Training
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development

ACRONYMS AND
ABBREVIATIONS

UNHCR	United Nations High Commissioner for Refugees
USAID	U.S. Agency for International Development
WTO	World Trade Organization

Introduction

This Business Service Sector Market Study in Gaza is meant to be a complement to the Business Services study carried out in the West Bank in August 2011. Building from that initial analysis, it is designed to provide the DFID funded Facility for New Market Development (FNMD) and the wider donor community with:

- a detailed analysis of the nature of business services market in Gaza;
- the types of firms and main players providing the services and their internal business models;
- the opportunities and incentives for the market; and
- the root causes that have been limiting their impact.

It is intended for this study to feed into the future market development program currently being considered by DFID, the World Bank and the EU, and will identify opportunities for the FNMD to more strategically apply its matching grants program to broaden and deepen the program's impact.

Business Service Sectors covered in the study

Following a look at the overall political and economic environment within which the business services markets exist, which sets the tone for overall supply and demand, the study looks at four specific types of business services in detail. After consultations with the FNMD team in Gaza, key supportive institutions and some providers, it was decided to cover the following services as deemed important to the functioning of private firms:

- Certification and Standards in Agro-Processing.
- Business services required for SMEs to access finance.
- Training services with special reference to human resources
- Business services to increase exports

Methodology

The methodology used in this study is similar to the one used in the BS markets in the West Bank. It included three activities:

Interviews in selected Business Service Markets: In each of the four selected Business Service Markets an attempt was made to conduct at least 4 detailed interviews with BSPs supplying that service and then about 6 enterprises either requiring the service or which had previously made use of the service. A total of 15 BSPs, and 23 clients were personally interviewed (A list of persons interviewed is given in Table 1 in the Annex).

Telephone Interview of BSPs registered with FNMD: a phone survey of 31 BSPs was conducted to get basic information about their services, scope of and volume of work, clients and funders.

An analysis of the survey data collected for the Federation of Chambers of Commerce, Industry and Agriculture in 2010, which surveyed 650 firms in Gaza.

About FNMD in Gaza

The FNMD is a Matching Grant Scheme supporting individual Palestinian enterprises as well as associated groups of companies. FNMD aims to encourage enterprises to expand into new markets, develop new products and improve their products for local markets, build the local market for business development services, and gather data on local obstacles to growth. FNMD's services focus on areas such as: Technical and managerial know-how; Product design, and innovation; Certifications and standards; Market information and research; Strategic alliances; Technology upgrading; Branding; Trade and export facilitation; policy dialogue and value chain analysis. Running from 2008 – 2012, FNMD is adding a focus on improving the competitiveness of SMEs in the West Bank and Gaza Strip through more systemic analysis. It is funded by the UK Dept. for International Development (DfID) in cooperation with the Palestinian Ministry of National Economy and the World Bank. In Gaza, FNMD has worked through its normal matching grant scheme, as well as through a special window created to address a short term effort to jumpstart production and employment called Gaza Back to Work (GBW).

Under the regular MGS component, firms in Gaza had to comply with the same criteria for support as in the West Bank. After the first two years, there was very limited uptake of the FNMD services and a deeper analysis showed just how many companies were not able to operate because they suffered damage during the war in 2009. As a response, FNMD opened a specific window with dedicated funding from DFID during year three, focused on getting companies that had been bombed back into operation and hiring more employees. A total of 661 companies in Gaza submitted applications, to address maintenance issues on their machinery or to hire labour to get the machines operational again, as well as some training and technical assistance, and start-up funding for 11 companies. Of these, 288 matching grants were awarded to 219 companies, who became active clients, as well as the 10 start-ups. The portfolio includes a wide range of sectors, including; Light Manufacturing (19 percent), Construction and Materials (17 percent), Metal Products (13 percent), Wood and Furniture (11.4 percent), Textile and Garments (6.3 percent), Services (8.6 percent), Plastic Industries (5 percent), Food Sector (4.6 percent), Stones and Marble (3.5 percent), Agribusiness (4.6 percent), Energy (2 percent), Health Care (1.3 percent), Tourism (1 percent), IT (1 percent), and Telecommunication (0.7 percent).

In the last year of the project, FNMD changed the conditions for firms in Gaza for the MGS, reducing their matching component to only 30 percent of the total activity, down from 50 percent in the first three years. This easing of the conditions was more appropriate for the situation facing most firms in Gaza and led to a substantial uptake in FNMD services.

Chapter 1

Political and Economic Context

Political and Economic Context

Historical Context

The Gaza Strip has been subject to series of external shocks since 1994. The economy of the Gaza Strip had performed well and started to gain some ground after 1994 when the Palestinian National Authority was established. This period also witnessed the establishment and upgrading of physical infrastructure, and the privatization of the telecommunications market. An airport was built in Gaza which facilitated the travel of Palestinians and increased the potential for Palestinian products to reach export markets. New private investments were made in almost all sectors all sectors of the economy.

Between 2000, the outbreak of the second Intifada, and August 2005, when the Israelis unilaterally withdrew from the Gaza Strip, Israel started imposing restrictions on trade and movement of goods and people which led to progressive economic deterioration. This period was characterized by unprecedented macroeconomic pressures, declining incomes and high rates of unemployment and poverty. By 2005, the real GDP was estimated to be about 9 percent below its 1999 level.

After the Hamas party won the parliamentary elections in January 2006, an international boycott of the Palestinian government further deteriorated economic activities in Gaza. In addition, factional violence occurred in Gaza Strip and, following the 2006 capture of an Israeli soldier, a strong siege on Gaza was initiated. Upon Hamas takeover of the Gaza Strip in June of 2007, the situation became worse. Israel imposed a full blockade on Gaza which paralyzed all key economic sectors in Gaza. The economic situation deteriorated further after the Israeli war on Gaza, Operation Cast Lead. After the 2008 war, tunnel operations increased (smuggling in goods to break the blockade), the public sector expenditures grew to two thirds of the economy, and humanitarian aid took a larger role in the economy. This period witnessed a further shift of trade towards Egypt (through tunnels and through the Israeli controlled borders). Upon the "relaxation of the blockade" on Gaza after Turkish flotilla incident in June of 2010, Israel adopted a new "banned Goods List" which reversed the situation to favour trade routes with Israel to a limited extent.

As a result of such changes, the Gaza Strip's private sector, which used to generate 53 percent of total employment and about two third of the GDP, has been hard hit by the closure and the resulting lack of raw materials and trade opportunities. The majority of private businesses have closed down, resulting in more than 75,000 out of approximately 110,000 workers employed by the private sector being laid off. The manufacturing sector was the hardest hit with a

decline of about 75 percent in its value of output. Transportation services, which are directly connected to manufacturing declined by about 64 percent, while the agricultural sector declined by about 54 percent.¹

Some positive developments are slowly taking place following the changes in Israeli policy toward Gaza, greater international attention towards the needs of the private sector in Gaza, and the shift toward trade as a key economic sector. Recently, the economy witnessed growth rates reaching about 15 percent in 2010. However, the main sources of recent growth are government expenditures, mainly salaries transferred from Ramallah to Gaza (about 1.5 billion US\$ of the Palestinian Authority's budget is being spent on Gaza), underground tunnel imports feeding construction projects, and the donor funded projects and international humanitarian aid mainly through UNRWA.

Current Socio-Economic Indicators in Gaza Strip

Population: The estimated population in the Gaza Strip by mid-2011 was about 1.59 million people, living in an area of about 365 square km. This makes it one of the highest regions in terms of population density.²

Labour Market: Total labour force is about one million people during the third quarter of 2011. Unemployment is relatively high reaching 28 percent. The

Services sector is considered the main employer (52.8 percent).³

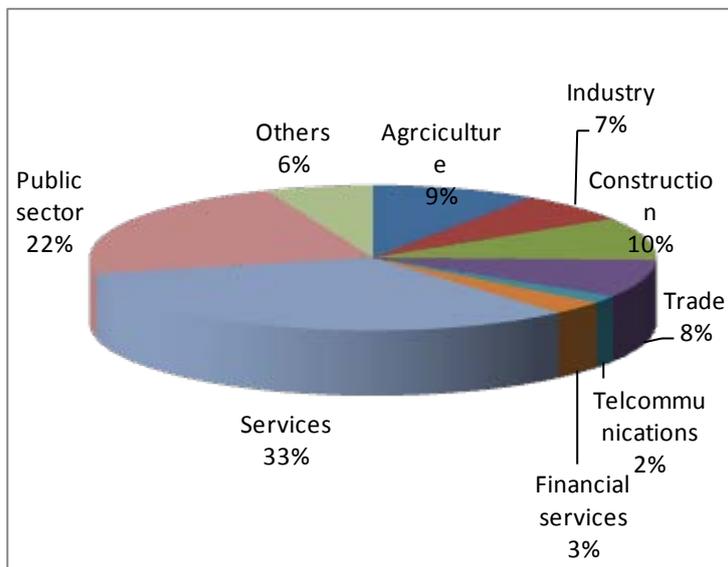


Figure 1 Contribution of economic activities in the Gross Domestic Product (Gaza strip 2010). PCBS

Economic sectors and economic activities: The size of economic activities measured by GDP is about one billion US\$ in 2010. During 2010, GDP increased by 15.1 percent, driven by the construction activity which witnessed an increase of 232.2 percent, while there was a decline in the manufacturing sector. The main drivers of economic growth in Gaza

includes: government transfers and salaries (about two billion US\$) from the West bank, UNRWA services and (illegal) tunnel trading. Per capita GDP is

¹ DAI. Gaza Economic Strategy 2011.

² PCBS Population Projections. www.PCBS. Gov.ps

³ PCBS. Labor Survey, 3ed quarter 2011.

estimated at 878 US\$ at the end of 2010.⁴ Preliminary estimates at constant prices indicated that there was a rise in GDP in Gaza Strip during the third quarter of 2011 with an increase by 2.6 percent compared to the second quarter of 2011.

Service sectors (including public sector) dominate economic activities in Gaza (72 percent), while other sectors (agriculture, industry, telecommunications, and construction) form only 28 percent of the GDP (see figure 1).

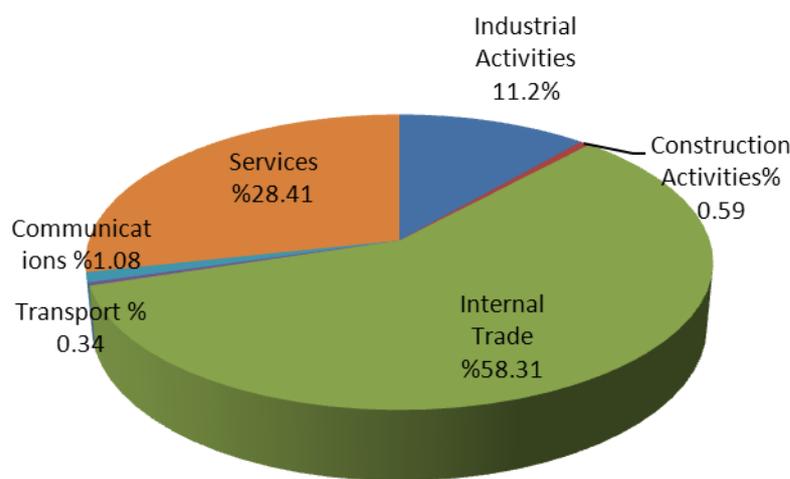


Figure 2 Distribution of the establishments operating in the private and nongovernmental sector in 2010.
Source PCBS

Establishments: about 30 thousand private and non-governmental establishments operate in Gaza at the end of 2010. Internal trade establishments formed about 58 percent, followed by 28 percent in the services, and 11 percent in industry (see figure 2). These establishments employed 82,494 workers, of which 41 percent work in the internal trade sector, 41 percent in the services, and 15 percent in the industrial sector.

The establishments are relatively small. The average establishment size in terms of employment was about 2.7 workers, it increases to 4 in the industrial sector. 90 percent had monthly sales less than 27 thousand US\$, and 75 percent are individual establishment.⁵

The majority of the firms (70 percent) are not planning to expand their activities in the near future⁶, which demonstrates a general lack of will to invest given the climate.

Exports: due to the export restrictions, economic activities focused on meeting the demands of the the small local market, constrained by the low purchasing power of the Gazan population. Pre-blockade figures (prior to 2007) indicate

⁴ PCBS. The Performance of the Palestinian economy during the year 2010, Ramallah

⁵ Source: calculated by the author using the database of the survey done for the Federation of Chambers of Commerce, Industry and Agriculture done by Creative Business Solutions in 2010

⁶ Source: calculated by the author using the database of the survey done for the Federation of Chambers of Commerce, Industry and Agriculture done by Creative Business Solutions in 2010

that both Israel and the West Bank constituted large markets for Gazan-manufactured products, with 90 percent of garments, 76 percent of furniture products, and 20 percent of food products being marketed there. More than half of the companies surveyed in January 2011 stated that they would be ready to resume exports within one month of the lifting of the ban.⁷

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Raw materials: in general, access to imported raw materials is very limited due to the siege. The case is worse for companies in the construction, chemicals and metal sectors, which depend on inputs that were defined as 'dual-use' items and were even more restricted. This is why so much of the goods coming through the tunnels have been focused on construction materials (like cement), and have been the source of growth for the construction industry.

1. **Equipment:** the import of industrial equipment and machinery has remained subject to multiple clearance requirements by the Israeli authorities, including for items not defined as 'dual-use'. These requirements have resulted in prolonged delays, unpredictability and higher costs, which became a discouraging factor for businesses in all sectors. This was one of the factors why focusing on rehabilitating machinery under the GBW was so successful in helping to get factories back into operation.
2. **Based on the above indicators,** the main characteristics of economic activities in Gaza can be summarized as follows:
3. A relatively small economy (a population of about 1.6 million, about one billion US\$ GDP in 2010);
4. High unemployment (28 percent) and poverty rates (about 60 percent of the families need support to survive);

⁷ OCHA. Easing the blockade: Assessing the humanitarian impact on the population of the Gaza Strip. March 2011.

⁸ OCHA. Easing the blockade: Assessing the humanitarian impact on the population of the Gaza Strip. March 2011.

5. Low purchasing power (per capita GDP is about 900 US\$);
6. Dominated by service activities- including public sector (72 percent of the GDP);
7. Weak business environment;
8. Unreliable supply of electricity;
9. Low access to business development services;
10. Literally isolated from the world in terms of access to trade (exports and imports of goods and inputs).
11. Growth is being fuelled by external funding from donors and the Palestinian Authority, rather than from internal economic activity and exports.

All these characteristics have restricted the overall opportunities for economic growth and limited the demand among the private sector for business development services which should help companies grow. The opportunities for growth are not expected to increase if things do not improve in the future, especially the siege which is strangling the economy and keeping companies in a survival mode.

Chapter 2

Overview of the Broader Market for Business Services in Gaza

Overview of the Broader Market for Business Services in Gaza

Problems and Challenges Facing Private Enterprises

From the Chamber of Commerce survey, firms operating in the Gaza Strip are facing a number of difficulties and challenges. Some of the challenges are the result of siege and general circumstances facing all operating businesses in Gaza Strip. Other challenges are, however, firm specific. These challenges and problems have been divided into groups including: legal problems; problems related to human skills and labour market; problems related to production; problems related to market and marketing; infrastructure problems; and finance related problems (see table 2 in the annex).

Legal problems

Despite the development of the Palestinian legal environment, namely the issuance of new laws, the Gaza Strip firms still suffer from the weakness of the legal environment. 46 percent of firms faced problems in applying the labor law, about 61 percent said that obtaining the necessary licenses was a major problem, about 72 percent of the respondents said that the trade and customs laws, taxes were also a major obstacle.

Problems related to human skills and labour market

43 percent of firms had minor and major problems in finding skilled workforce, 47.5 percent of firms had problems with the rise of their employees' wages.

Production – related problems

Problems related to production include lack of awareness of the international quality regulations, difficulties in controlling quality, risk management, problems with the suppliers. Also about 53.3 percent of owners said they had problems getting supplies (raw materials, spare parts, goods and service), 63 percent of the firms had a real problem with standards and specifications, 60 percent had problems related to technology (access and maintenance).

Infrastructure problems

Infrastructure and utilities remain a major problem in Gaza; 44.5 percent reported facing problems with electricity supply, 41 percent reported problems with water supply, 44 percent suffered from sewerage and waste management problems, 34 percent reported problems with Internet and telecoms services, 45 percent had problems with the road network and means of transportation.

Financing related problems

Banks are very reluctant to lend due to the high uncertainty and instability prevailing in Gaza and 58 percent of owners reported having problems accessing finance.

Firms' Needs of Business Development Services and their Willingness to Pay of them

In 2010, Creative Business Solutions carried out a survey of 650 private firms in Gaza for the Federation of Chambers of Commerce, Industry and Agriculture which included a number of questions on the demand for business services (see table 3 in annex). About quarter of the firms identified the need for consultancy and training in the areas of financial management, budgeting, taxes, loan collection and access to finance. Also, about quarter of the firms expressed their needs in the areas of marketing related areas. Under the prevailing conditions in Gaza, firms expressed low levels of demand and perceived needs of BD services. Only a quarter of firms expressed needs related to marketing including: Preparation of marketing plans; Distribution; Promotion; Segmentation; Pricing, and Customer care.

In the area of human resources development, it was found that about one fifth of the surveyed firm were in need for consultancy and training services including: job description, employee evaluation; employment; labour law; technical training; management training ; performance appraisal ; leadership; reporting; and time management.

In the area of production related services, about one fifth of the surveyed firm were in need for consultancy and training services including: production planning; supplies quality control; inventory management; defects; safety; maintenance; environment; productivity; and strategic planning.

Overall, 39.3 percent of firm owners had a strong desire to pay the cost of good quality BDS, and an additional 26.8 percent said they would be sometimes ready to pay for BDS. However, the definition of good BDS and the appreciation of the cost of high quality BDS were not ascertained.

The above facts show that the demand for BDS is relatively low, which is driven by the fact that about 70 percent of the firms have no plans to expand their activities. Without plans for expansion, firms do not see the benefit of investing in BDS. However, for the smaller number of firms that are planning to expand, about two thirds expressed a willingness to pay for good BDS.

Supply side overview: Telephone Survey of BS Providers

A telephone survey of BS providers registered with FNMD was undertaken in October as part of the field work phase of this study. The basis for this survey was the original list of FNMD BSPs prepared by FNMD in August 2011 when the survey in West Bank was carried out. The basic aspects and significant findings of the survey are highlighted below:

- The FNMD BSP list recorded 31 contacts as being operational in Gaza. The survey found that: despite numerous and repeated phone calls, three firms did not answer the phone number provided. So it can be considered that only 90 percent of the firms in the FNMD database were still active, so there is some drop out of firms from the market.
- Firms are small and flexible. Most of the BSPs are small enterprises - one-third with fewer than 6 employees. Most reported extensive use of short-term / temporary staff, a good indicator of a variable demand for services and a need for providers to have a flexible and easily expandable workforce to cope with increases and shrinkages of work load.
- BSPs generally have few contracts in a year, 60 percent report less than 20 contracts, indicating the thin market for services. As a result, the firms indicated that they all offered multiple services, without a specialization.
- Donors actually account for most of the funding spent on BSP services. Even though 61 percent of the responding BSPs source their contracts from the privates sector (with 37 percent from NGOs, and only 3 percent from public institutions), 76 percent of the BDS market fees are donor funded, and the other 24 percent a mixture of donor and private (beneficiary). However, even though the BDS sector is driven by donor funding and projects, there was no serious concerns among local BDS providers from crowding out effects with international providers.
- BSPs are poor at advertising or self-promoting their services. 75 percent reported that they mainly rely on personal relationships for promotion.

All the factors reviewed in this survey indicated a thin and undynamic market for business services. Few firms are investing and most of the BSPs are not actively pursuing new markets. This mirrors many of the findings in the West Bank, only more extreme.

Chapter 3

A Review of Four Business Service Markets

A Review of Four Business Service Markets

This section takes a detailed look at four service markets in Gaza. Each review looks at the current structure of the market (the participants and services being provided), an estimate of the current and potential size of the markets, the market drivers, and some recommendations. It is important to note that the recommendations are forward looking for the time when the siege has been lifted and there is a more dynamic potential market for services.

The Service Market for Certification and Standards

Structure of the Market

The issuance of international certifications, both in quality and food safety⁹, requires two key elements: the consultative party and the certification body. The consultative party, is the local company that provides services to local businesses in terms of compliance of the applicable procedures within the company from a financial, administrative and technical aspects with the international standards in order to become eligible for being awarded such certification. The second party is the international body that is contracted for granting the certification to the company. They finalize the required procedures to obtain the certification. The international body is being selected based on the recommendation of the consultative company.

There are four companies that provide consulting services in terms of applying the total quality management systems in accordance to the international standards. Three of these companies are specialized in offering consultancies and guidance to businesses in order to achieve and meet the requirements for obtaining the ISO certificate. All are local companies that are specialized in providing consultations only; they are not legally mandated to grant the ISO certificates like the other international companies. This is the domain of the international companies that are authorized to grant such ISO certifications. There is only one company that is specialized in the field of agriculture and food safety and it provides consultative services in applying the standards of awarding of HACCP and GLOBAL GAP certificates in the areas of agriculture and food¹⁰.

⁹ represented mainly in ISO, HACCP, and GLOBAL GAP, or other Information Technology related areas such as CISCO certificates.

¹⁰ During our meeting with the Consultant of ISO Plus Company for Integrated Services, Eng. Musa Al-Astal, he affirmed that there is only one consultant in the field of qualifying companies in the areas of agriculture and food working with ISO Plus Company for Integrated Services.

At present, there is no official representation of international companies that do the audit which is the basis of granting certificates of ISO. Before 2007, international certifying companies used authorized experts from West Bank or would send their experts to carry out the auditing. After 2007, the international companies have encountered great difficulty in providing experts to carry out the auditing tasks, and even sometimes request the companies seeking ISO certification to nominate the audit expert on their own and then the international company decides whether to approve the expert or not. As for GLOBAL GAP and HACCP certificates; there is a local auditing expert who is authorized and supported by the Dutch SCAL Company. The same expert provides the training for the farmers and qualifies them (so actually has a conflict of interest).

There are two methods for obtaining a GLOBAL GAP certificate:

- Individual certificate. The farm to obtain the certificate individually, this is difficult for farms in the Gaza Strip due to high costs that may reach US\$25,000.
- Group certificate. These are granted to members of an association, where each association consists of a number of farms operating in the same field of agriculture. The association is granted a certificate of GLOBAL GAP, but each member of the association has a special number and a certificate of GLOBAL GAP, allowing them to deal with international markets.

GLOBAL GAP has replaced the EUREPGAP system, which had been fairly widespread in earlier years. A Dutch-funded project, implemented by the Palestinian Agricultural Relief Committee (PARC), has funded most of the GLOBAL GAP certifications. The technical follow-up with the associations and farmers was done by a specialized consultant - Mr. Musa Al-Astal. The third-party, which audited the associations and farmers' readiness for certification of the GLOBAL GAP, was a Dutch company: SCAL. The certificates had been issued as well as documented under the name of "CONTROL UNION CERTIFICATION". This certification is to be annually renewed.

In Gaza Strip, the second system is being applied regarding the associations' obtaining GLOBAL GAP certifications. Five associations obtained the GLOBAL GAP certification. These associations specialize in the production of fresh vegetables (strawberries, tomatoes, peppers), where 71 growers of strawberries, who were grouped within the special associations of mulberry cultivation, obtained the GLOBAL GAP certification, while about 11 farmers got this certification in the production of fresh vegetables such as tomatoes and peppers.

The cost of issuing the international certifications for companies that are operating in different areas depends on several issues such as the size of company, the number of employees and volume of the enterprise's operations; it is estimated at US\$15,000 for each ISO certification. The certification of

GLOBAL GAP is estimated at US\$25,000 for the each certification. While the collective certifications (CONTROL UNION CERTIFICATION), each certificate is estimated at US\$30,000 (though covering many individual farms).

The number of ISO certifications of various kinds that have been granted in the Gaza Strip over the last five years is estimated to be 30, of which only 5 certifications are still valid. The majority of the holders of such certifications stopped renewing these certifications due to their feelings of the lack of usefulness. The certifications of GLOBAL GAP are still valid and renewed annually at an estimated cost of US\$800 per farmer, as farmers are managing to export their vegetables.

Estimates of Current and Potential Market Size of Certification Services

In the case of continuation of current situation in Gaza Strip with the Israeli imposed blockade and political split between West Bank and Gaza Strip, the demand for ISO certifications will remain absent, as only one certification was issued during 2010 and 2011. As for the GLOBAL GAP certifications the majority of farmers, who were in need for it, have received it, so demand for new certifications will be low.

However, should the blockade be lifted, with the possibility of free movement through the crossings, and an improvement in investment environment in Gaza Strip, it is expected that the demand on different kinds of certifications would increase. Assuming up to 7 certifications per annum during the next five years, it is estimated that the market size would be about US\$ 105,000 per annum (US\$ 525,000 in 5 years).

The Market Drivers

There are many economic incentives that interact to create a state of effective demand for business services in the field certifications' issuance and the compliance with their standards. The most important of these drivers include:

- The requirements of Israeli export companies of Palestinian producers (mainly strawberries and fresh produce) to have the necessary certification to be eligible to export their products through Israeli companies. Such requirement forces these producers to apply measures and requirements for obtaining accredited international certifications to enable them to enter international markets.
- Donor targeting of the agricultural sector, providing support to the local companies' aspirations to obtain international certifications in the areas of total quality management and food safety such as PARC and the FNIMD Project.

- An increased need within the Palestinian private sector, especially large companies, to have accredited training and consultative services from international bodies. This interest in improved quality has motivated many companies to open channels of communication with international companies such as CISCO in order to obtain accredited international consultancies and training certifications. This allows them to meet the growing demands of the local market on the products of those companies.

Large projects adopted by the Palestinian National Authority which require accredited international certifications for contractors, will lead to some demand. Some examples of such projects include: e-government project and linking all governmental offices with each other through the governmental computer project. This project is using equipment produced by CISCO company, and therefore obtaining a certification from CISCO will qualify local companies to work on this governmental computer project.

There are many factors that negatively affect the tendencies of companies to get accredited international certifications, including:

- The conditions of the imposed economic blockade and closures on Gaza Strip, that prevent exportation of goods and the shrinking of business operations has led to the reluctance of companies to request and apply for these certifications. The demand for international certification (ISO, HACCAP, and GLOBAL GAP) has declined.
- The nature of family owned private sector companies, which dominate Gaza, lay significant restrictions on the intervention of any third party in the internal issues of the company. This forms a significant impediment to the chances of these companies to adapt issues of total quality management that focus on finding a total change which will lead to sustainable and continuous development in all aspects of the work at the company to reach real institutionalization.
- The low educational and awareness levels of many of the owners of the companies causes ignorance of the concept of quality among them and the benefits that could accrue to the company due to applying these systems. Therefore they do not understand the potential value certification can bring.
- The demand in the market focuses on the price of the service more than the quality of the provided service and the benefits to be derived therein.
- Difficulty of procedures of obtaining certifications, especially in light of the imposed siege and political split between West Bank and Gaza Strip with its consequent difficulties in movement of people and goods travel and money transfers to external markets.
- Significant costs for the international consultants services who evaluate the situation to make sure that the company meets the requirements for obtaining the certification.

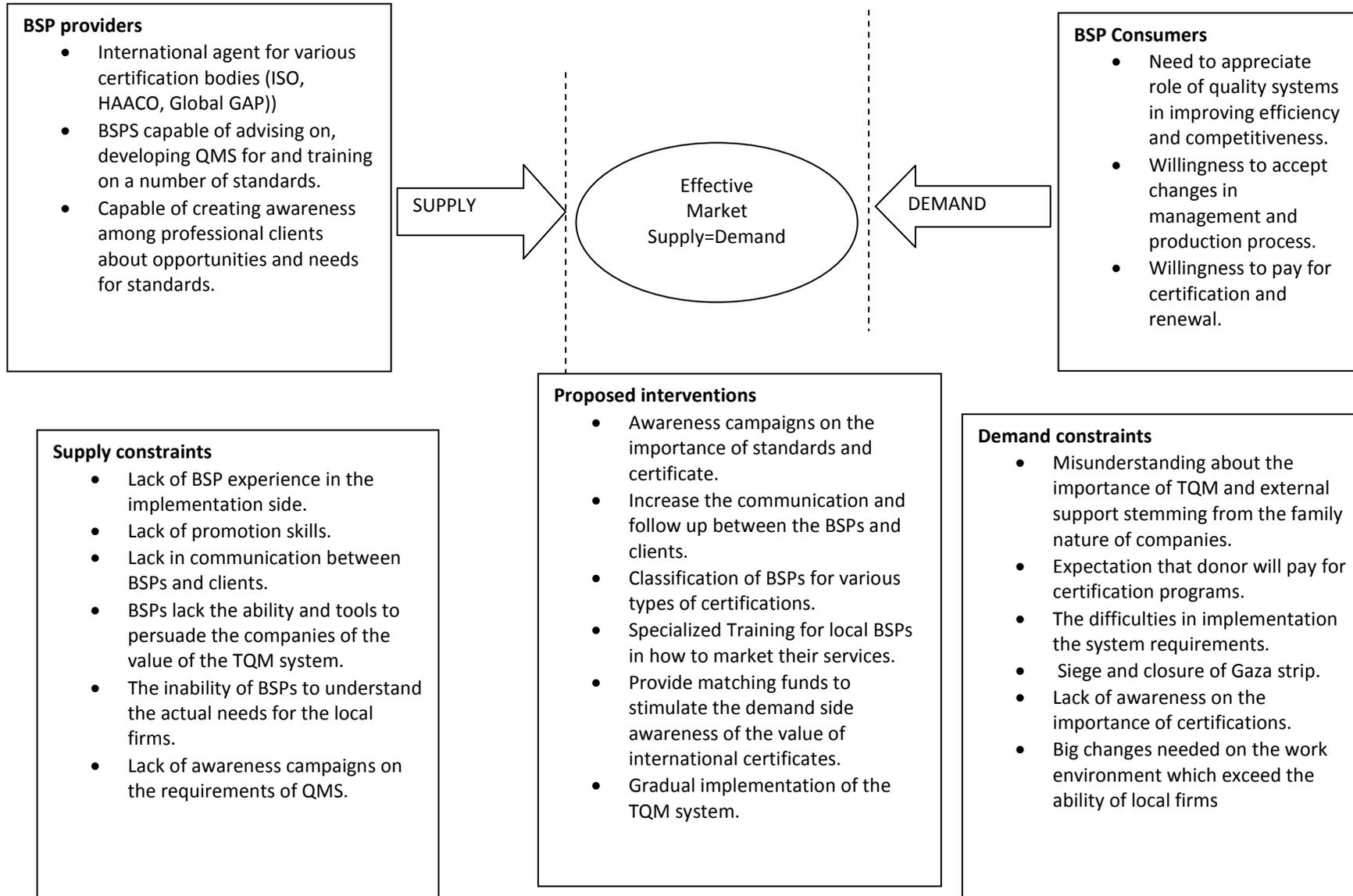
- The Supply and Demand effects in the Certification and related Business Services market are presented in diagrammatic form, below.

Recommendations

Certification is both costly and requires serious managerial commitment. Therefore, owners will weigh such cost with the expected return. Given the prevailing conditions with mainly limited access to international markets, it is neither expected nor feasible to see a high demand for certifications in Gaza. Therefore, any intervention would have limited impact if the Israeli siege on Gaza is not lifted. The recommended interventions apply to both the West Bank and Gaza. The following are some recommended interventions that might improve the certification market if the Israelis lift the siege on Gaza:

- Conducting awareness campaigns on the concept and importance of the total quality management among the companies operating in Gaza Strip and its impact on the efficiency, productivity, competitiveness and reduction of production costs for these companies.
- Conducting specialized training courses on the importance of the concept of total quality management among the managers of companies or officials in charge of quality departments in order to promote their confidence with the importance of adopting this approach and thus to obtain international certifications in this field.
- Conditions should be placed on the companies that provide qualifying and consultative services to companies in order to obtain certifications as that these companies should originally be holding a certification of ISO 65, which qualifies them to be able to qualify companies for the international certification.
- Conducting training to certification providers to acquire the latest international standards and best practices.
- Providing the necessary financial support to companies to help them in completing the procedures and measures for obtaining the international certification as applying of these procedural systems require major changes in the work environment that, in some cases, exceeds the financial ability of companies to afford such changes, and that requires a continuous financial support.
- Gradually applying the requirements for the International Certification.
- Securing funding programs to support the presence of a permanent official in charge of applying ISO system.
- Upgrade the promotion and outreach skills of local providers to pursue market potentials.

Supply and Demand conditions in the Business Service Market for Standards and certification



The Market for Business Services to Assist SMEs to Access Finance

Structure of the Market

According to the published studies in the field of banking and financial sector, 12 banks operate in the Gaza Strip during the 2010. The credit portfolio of banks in the Gaza Strip was estimated at about US\$250 million by the end of November 2011, while bank deposits were approximately up to US\$750 million.¹¹ Most credit portfolios of banks were geared towards personal consumer loans and not for productive activities. Further, banks are suffering from shortage in the cash liquidity of Israeli shekel while having a cash surplus in US dollars.

There are 45 licensed money exchangers by the Palestinian Monetary Authority in Gaza Strip, which provide a variety of banking services including money transfer, exchange and purchase of currencies...etc.¹² In addition, other money exchangers operate without a license from the PMA.

In addition to the commercial banks, there are 14 microfinance institutions in Gaza Strip. These institutions provide financial and lending services to low-income people who cannot borrow from commercial banks due to limited collateral they can provide, as well as the commercial banks' lack of interest in serving this market.

While the demand for finance is high, the banks are hesitant to lend for a variety of reasons, including lack of confidence in the firms to be able to make a sound return on the investment.

Consulting firms are considered the main supplier of services to companies to help them prepare sound business plans, feasibility studies and financial analysis to help firms access finance. It is estimated that there are ten such companies in Gaza, so a small number. It was noted that most of these consulting firms considered providing consulting services as only one part of their work and they also provide training services and other services. Furthermore, and due to the high risk caused by the imposed blockade and political split between West Bank and the Gaza Strip, the banks are very discrete in their lending policies in spite of the desire of some companies to borrow. Therefore, the level of current demand for developing business plans and feasibility studies is very limited. The estimated number of business plans per year was about 7 plans, including feasibility studies and the cost of preparing a business action plan was estimated at US\$ 10,000. This indicates that the current market size is very small, under \$100,000 a year.

¹¹ Palestine Monetary Authority, Monthly Statistical Bulletin, November 2011.

¹² Palestine Monetary Authority, "Annual report 2010" p.89.

Estimates of Potential Market Size

In the case of improvement in the economic conditions through lifting of the imposed siege and the possibility of free movement of people and goods through the border crossings which would improve investment environment in Gaza Strip; it is expected that demand would increase for business plans and feasibility studies up to 15 plans per year during the next 5 years. Accordingly, the market size is estimated at US\$ 150,000 a year (US\$ 750,000 within 5 years).

Market Drivers

There are many economic incentives that interact to create a state of effective demand for financial services. The most important of these drivers include:

- General drivers as those mentioned under the certification market applies to access to finance services such as:
 - a) Relative lessening of economic blockade and the availability tunnel trade;
 - b) availability of donor funded projects to stimulate demand for business activities;
 - c) desire of many major companies in the private sector to shift into real institutionalization of their activities and trying to avoid the risks resulting from individual decisions;
 - d) requirement by donors and governmental bodies that institutions operating in Gaza Strip should produce and provide an annual financial and administrative report in order to get funding for any new projects; and
 - e) plenty of financial liquidity and cash in hand with individuals or in banks.
- The surge of underground or tunnel trade activities have created a small new demand for financial services such as accounting and financial management skills.

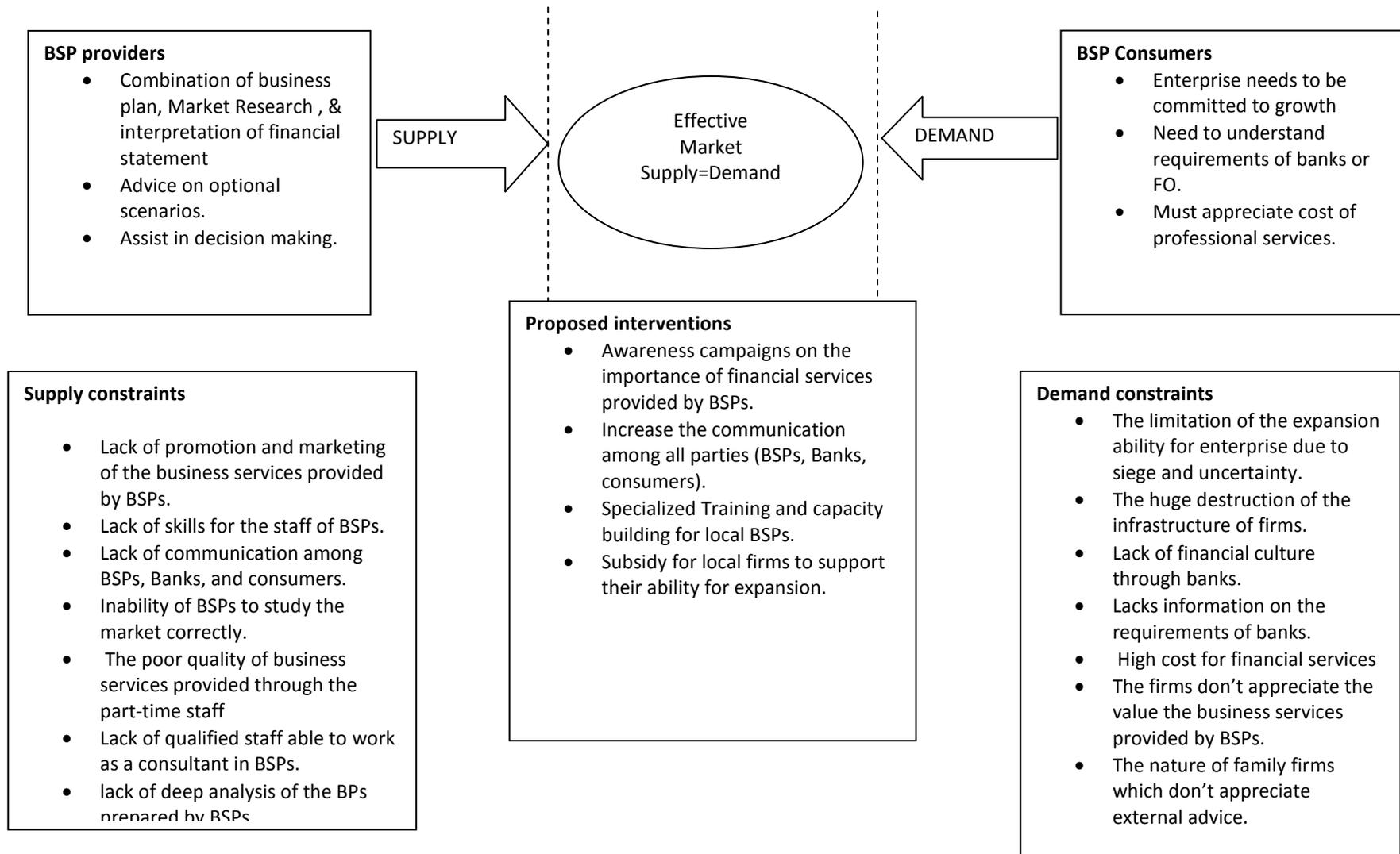
There are many factors that reduce the demand for services to help companies to access finance, including:

- Banks are increasingly carrying out financial analysis using their own loan appraisal and analysis teams, embedding the service within the bank. These teams analyse the financial records of their clients, lessens the need for feasibility study or providing effective business action plan as a prerequisite for funding especially for smaller loans. If the client has a good financial record and acceptable collateral, a client can get some funding with or without the business action plan or feasibility study.
- The continuing state of uncertainty on economic and political conditions, led by the Israeli imposed siege, reduces investors' confidence in future; this drives them to take a more prudent investment policy. This consequently reduces demand on the financial services that support the expansion of investment.

- Lack of awareness about the importance and value of business action plans to actually guide a company's actions or restructuring in organizing financial and internal situation of companies.
- Many private sector companies depend on personal experience of their owners in the preparation of business plans and expansion feasibility studies without referring to consulting firms, the reason behind this is the family-businesses nature of companies and their unwillingness to publish any financial information related to their financial conditions.
- Difficult and long procedures and requirements of banks and financial institutions, especially in terms of required collateral, have led to a decline in demand on financial services provided by consulting firms.

The Supply and Demand effects in the Access to finance related Business Services market are presented in diagrammatic form below.

Supply and Demand conditions in the Business Service Market for access to finance



Recommendations

Given the prevailing conditions with mainly limited access to markets, it is neither expected nor feasible to see a high demand for business plans services in Gaza. Therefore, any intervention would have limited impact if the Israeli siege on Gaza is not lifted. The recommended interventions apply to both the West Bank and Gaza. The following are some recommended interventions that might improve the business plans service market if the Israelis lift the siege on Gaza:

- Introducing programs to raise awareness and educate the beneficiaries about the importance of financial services to improve the situation of companies and improve their funding chances, in addition to the importance of clarifying the followed procedures and mechanisms for funding and to clarify the nature of financial services that could benefit the companies and clarifying that these services are not only confined to getting a loan but will include analyzing and studying of all aspects and dimensions of the financial situation of companies and developing them to sustain the establishment.
- Improving the ability of consulting firms to promote their services and deliver a value proposition. A major problem is that most consulting firms do not promote their services adequately, which leads to ignorance among many beneficiaries of the nature and functions of such firms, therefore consulting firms must develop a set of plans aiming at promoting their services and approaching customers effectively.
- Conducting specialized training for consulting firms in specific areas so that they can follow the latest international developments at the level of service specializations where companies suffer most. These include foreign market analysis, or following up the latest methodologies and software used in the preparation of feasibility studies and financial analysis.
- External funding of reconstruction programs will drive demand for services. The weak economy and siege have restricted desire to pursue serious local investments, which require loans of a size to need real business plans. The existence of support programs for companies in the fields of financial services and rehabilitation of infrastructure facilities of the economic establishments is one of the important issues that must be taken into account to ensure the continuity of the work of the private sector and meeting its aspirations of expansion and stability.
- Increasing contact and communication between advisory companies and bodies that provide financial services and the private sector companies and banks in order to ensure a better understanding of the requirements of financial services by the consulting firms on the one hand and the beneficiaries on the other.

- The consulting firms should improve the outputs of the financial aspects and actions, whether they relate to the preparation of feasibility studies or business action plans that lack in depth analysis due to shortages and weaknesses in work teams that conducted these studies or due to the consultative firms' dependence on a freelance staffers and ad hoc teams or part timers.

The Training Service Market, with Special Reference to Human Resources

Structure of the Market

Most of consulting firms operating in Gaza Strip, are also working as providers of training services; there are 10 firms of which six are focusing on training field rather than other areas. Training concerns of these companies are distributed in accordance to their main tasks and scope. Some of them offer training services in the field of information technology or engineering in its various fields, while other firms focus on administrative and financial aspects. But the common denominator among these companies is that most of them are working as providers of training services in administrative and financial aspects as well as focusing on its core business scope. In addition to that, the Palestinian universities operating in Gaza Strip are important providers of training services in various fields; the five main universities are providing training services for students and other social groups through their departments of continuing education. There are estimated to be hundreds of independent trainers, as most university professors and part of the workers in the civil and governmental institutions are working as independent trainers.

The majority of training providers are dependent on local trainers in the Gaza Strip. While there was a possibility for dispatching trainers from West Bank before 2007, it is now confined to trainers who could obtain Israeli permits to commute to Gaza Strip and through coordination with international organizations to guarantee issuing such permits. Some large companies in the West Bank are occasionally allowed to dispatch trained staffers to train their personnel in Gaza. In addition, some large enterprises and banks, receive training through the Institute of Palestine for Financial and Banking Studies.

The total expenditure on business related training is about US\$200,000. The largest establishments that spent on training are the Palestinian Mobile Telecommunications Company "Jawwal" and Bank of Palestine.

Estimates of Potential Market Size

In the case of improvement in the economic conditions through lifting of the imposed siege and the possibility of free movement of people and goods through the border crossings which would improve investment environment in Gaza Strip, it is expected that demand would increase for training services relating to the businesses and production up to US\$ 400,000 annually over the next five years.

The Market Drivers

There are many positive motivations that drive and gear the market towards the existence of effective demand for services in the field of training and capacity building of the establishments working in this field and the most important motivations could be summarized as the following:

A corporate policy reflected in companies' desire to develop the efficiency of its human resources in order to raise production efficiency and competition

- A tendency among firms to apply the Palestinian Labour code. The code imposes heavy administrative burden on firms to fulfil its requirements in terms of contracts, employee benefits, etc. Such requirements created a need in training in human resources management.
- Availability of a number of programs funded by donors that support service rehabilitation and capacity building for establishments and companies, these programs include courses of specialized internal and external training for the working staffs in companies, which raises the demand on training services that are offered by training providers.
- Most of projects of NGOs and non-profit companies funded by a third-party include training components and activities in different fields, and the legal requirements and conditions for implementing of these projects are requesting and imposing on these institutions to contract training services companies, or independent individual trainers to perform and implement these training activities, which creates a state of effective demand on the training services market in Gaza Strip.

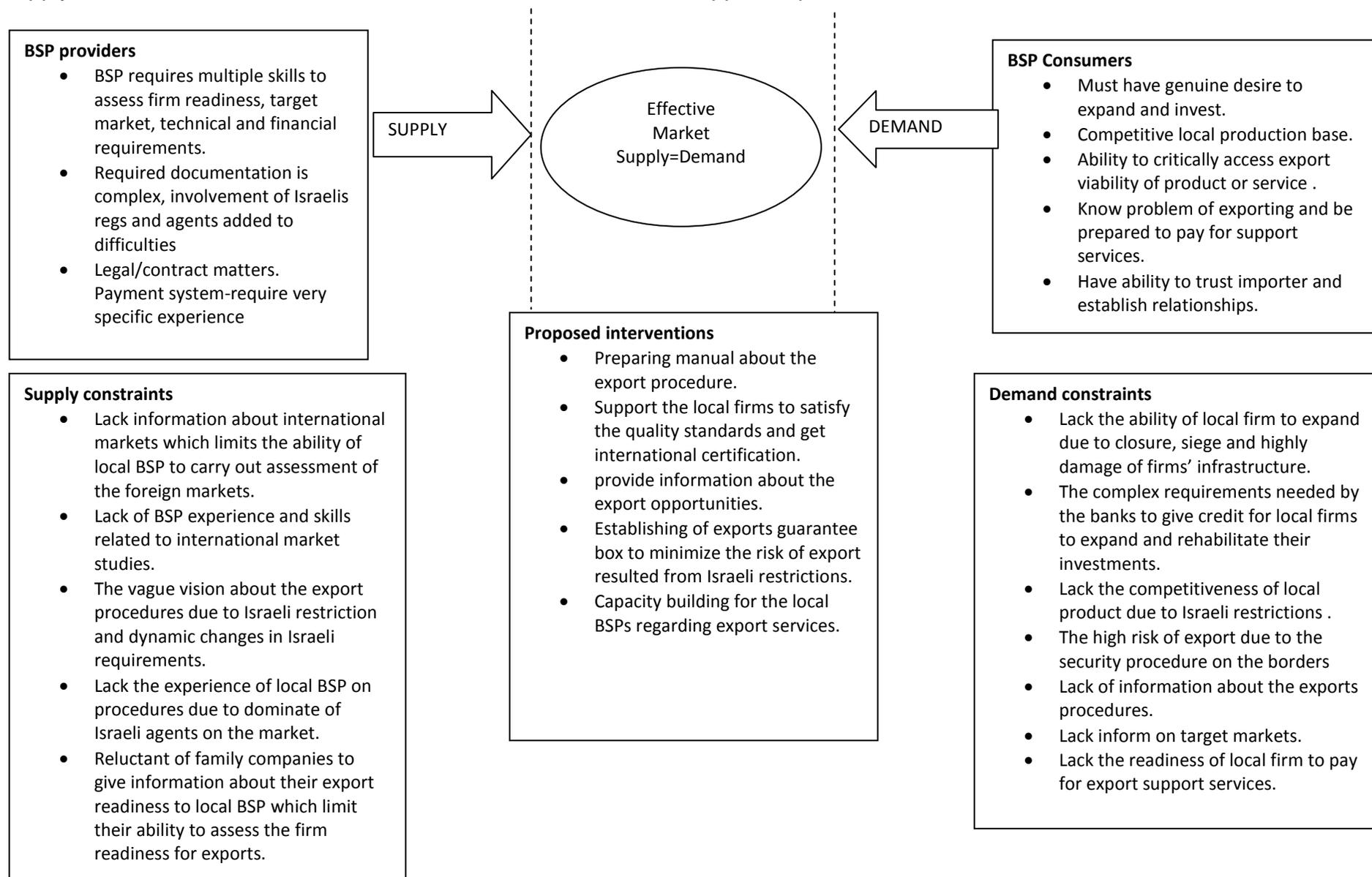
There are many negative factors that reduce the demand for services provided by the companies operating in the field of training, including:

- General negative drivers including the on-going economic siege; the low level of overall economic activity coupled with low purchasing power has weakened demand for training services.
- Many of the banks and big companies have their own training centres and these centres are providing the specialized training courses to their employees, which reduces the demand of these companies on training in the field of their competence work.
- The public sector's demand for training services provided by consulting firms has reduced a lot because of the availability of specialized training centres to provide training services to the employees of public sector such as the Training Centre of the General Council of Civil Service and the Government Computer Centre and others. In addition to many training programs being implemented outside of Palestine, with a funding from many donor countries or agencies of international cooperation, which reduces the demand for training services market in the Gaza Strip.

- Many of private sector companies are not convinced with the usefulness of the training services being provided by consulting firms, where most of their services are confined and limited to the financial and administrative aspects, while the primary focus of private sector companies is on needed vocational and technical training to raise their production efficiency.
- Weakness of consulting firms in promoting their services and programs provided, and their focus on bidding and price offers for the tenders announced by the international institutions or some of the local bodies, without any effective contact and communication with the different segments of the private sector, and to studying their actual needs in the field of training for the preparation of the necessary training programs to meet these companies' needs.
- Many private sector companies want to train their staff in the headquarters of their companies in order to absorb and understand the philosophy, requirements and compatibility with its desires and aspirations on one hand, and the unwillingness of the managers of companies to allow their employees to get out of training during office hours.

The Supply and Demand effects in the training and related business services market are presented in diagrammatic form, below.

Supply and Demand conditions in the Business Service Market to Support Exports



Recommendations

Given the prevailing conditions characterized by limited access to international markets, it is neither expected nor feasible to see a high demand for export services in Gaza. Therefore, any intervention would have limited impact if the Israeli siege on Gaza is not lifted. The recommended interventions apply to both the West Bank and Gaza. With such limited export activities at present, building up potential exporters will require extensive assistance in general, just to create any kind of demand for supporting services. Therefore, the following are some recommended interventions that might improve the export services market if the Israelis lift the siege on Gaza:

- Establishing a special fund to reduce the risk to potential exporters and re-engage them in export activities and encourage exporters to explore foreign markets and market their products.
- Encouraging private sector companies to establish a control system of product quality and to obtain international certification in this area ISO, GLOBAL GAP or HACCP, in order to increase the ability of companies to export their products and encourage foreign markets to demand for Palestinian companies products.
- Taking advantage of the presence of commercial attachés in Palestinian embassies abroad in order to study foreign markets and guide exporters towards available opportunities in these countries.
- Developing the capacity of companies that provide export services, especially in the areas of studying the foreign markets and in turn increasing awareness of the importance of private sector companies in studying foreign markets to take advantage of the available opportunities.
- Developing capacity of service-providing companies in promoting their export services.
- Develop an overall export strategy favouring export-oriented industries with a competitive advantage, such as the furniture manufacturing industry, pharmaceutical and agricultural export products.

Chapter 4

Overall Conclusions

Overall Conclusions

This study has complemented the overall Business Services Sector. The above discussion demonstrates just how difficult it is for firms in Gaza, which are operating under extreme and unfriendly business environment. This is captured in the following indicators and characteristics:

1. A relatively small economy (a population of about 1.6 million, about one billion US\$ GDP in 2010) dominated by service activities;
2. Growth is being fueled by external funding from donors and the Palestinian Authority, rather than from internal economic activity and exports;
3. High unemployment (28 percent), and poverty rates (about 60 percent of the families need support to survive) lead to a low overall purchasing power (per capita GDP is about 900 US\$);
4. A very weak business environment with unreliable and expensive utilities and very weak access to raw materials due to the siege;
5. Literally isolated from the world in terms of access to trade (exports and imports of goods and inputs)
6. Low access to business development services;

All these characteristics make the market for business development services (BDS) thin both in terms of demand and supply. Demand for BDS is at low level due to the weak levels of economic activity; buying services seems a luxury to many firms that are in survival mode, and is not expected to increase if things do not improve. With weak demand, service provision is thin, and a major portion of business services providers (BSPs) are not actively pursuing new markets.

Therefore, the success of any attempt to energize the BDS market will be limited and mostly not feasible given the prevailing conditions specially the Israeli siege on Gaza. Donor need to put more pressure to lift the siege on Gaza.

BDS related interventions need to focus on sectors with export potential such as strawberries, flowers, vegetables, and furniture. Other good sector for BDS would be the construction sectors that will boom if the siege is lifted or relaxed.

The **expected market size** for BDS is small and can be summarized as follows:

BUSINESS DEVELOPMENT SERVICE	POTENTIAL MARKET SIZE OVER THE NEXT FIVE YEARS
Certification and standards	525 THOUSAND US\$
BDS to assist SMEs to access finance	750 THOUSAND US\$
Human resources training	2 MILLION US\$
BDS to support Exports	1.25 MILLION US\$

Comparing the BDS markets in the West Bank and with Gaza, we can see many **similarities** among which:

- A thin and relatively un-dynamic BDS market. The number of contracts the BSPs have is small indicating the thin market for services, lack of specialization, and most of the BSPs are small enterprises and lack of technical skills.
- Strong dependency on donor funding for BDS services in general.
- BSPs are poor at advertising or self-promoting their services; very little concept of what their value proposition is for the firms to whom they are selling.
- Lack of ability of BSPs to understand the actual needs for the local firms.
- Lack of clients' awareness about the importance/value of inputs from BDS.
- Lack of clients' willingness to pay for BDS, and expectation that donor should directly pay for BDS, otherwise BDS will not be feasible to them.
- Lack of clients' business expansion plans due to the overall weak business environment.

While there are many commonalities at the broader level, with a generally weak environment, there are differences in terms of the scale of the issues. Though weak, the BDS markets in the West Bank are quite far ahead of those in Gaza due to the greater level of economic opportunities that can be supported. Some of the main differences include:

- The potential market size in the West bank is larger than that in Gaza. This is due to the fact the West Bank economy is bigger compared to Gaza, thus there are more potential clients in the West Bank;
- Access to international markets is much easier from the West Bank; therefore firms see higher benefits and returns from purchasing BDS.
- The supply of BSPs is higher in the West Bank and the range of BDS offered is wider in the West Bank. West Bank BSPs offer better quality services, and have better training opportunities for the providers' staff; they have easier access to international BDS companies, and more exposure to international BDS best practices and developments.

Annex

Annex

Table 1: List of BSPs and recipients interviewed

Number	Name of the Establishment	Name of the person	Position	Recipient/provider
Certification and standards				
1	General Agricultural Cooperative Growers of strawberries, vegetables and flowers	Mahmoud Khalil	Chairperson of Association	recipient
2	General Agricultural Cooperative Growers of strawberries, vegetables and flowers	Saber Ghabin	Director of Association	recipient
3	Zaqout company for wooden and metal furniture	Walid Zakut	Director of company	recipient
4	Unit One	Saadi Lazin	Executive Director	recipients
5	Al Wassata for Securities	Suleiman Al-Radwan	Deputy Director-General	recipient
6	Al Wassata for Securities	Abdul Rahim Shallah	Internal Auditor (official in charge of quality management)	recipients
7	Siksik company	Ashraq Abu Qassim	Computer Director	recipient
8	Siksik company	Naim Siksik	Director-General	recipient
9	ISO Plus For Integrated Services	Musa Al- Astal	Director-General	Recipient
10	Company of Developing Business Services	Bader Abu Shaban	Director of the company's	Provider
Financial Services				
1	Deira Hotel	Samir Saksik	Director- General	Recipient
2	Company of Al- Saqr Al - Zahabi (Golden Falcon)	Saed Abu Alouf	Company Director	Recipient
3	Bank of Palestine	Issam Bakir	Deputy of Head of Credit Approvals	Recipient
4	Bank of Al_ Quds (Jerusalem)	Nader Hirzallah	Deputy Director of the Jerusalem Bank_ Rammal branch	Recipient
5	Islamic Palestinian Bank	Maysara Dukhan	Head of funding	Recipient
6	AL Raed Company for Aluminum	Raed Ghafri	Director of company	Recipient
7	Pioneers development company for consultation	Wisam Abu Muamer	Director of company	Provider
8	Company of Developing Businesses Services	Bader Abu Shaaban	Director of company	Provider
9	Talal Abu-Ghazaleh Company	Kamel AL_ Nazir	Auditor	provider
10	Talal Abu-Ghazaleh Company	Zuheir Al-Nazir	Executive director	provider

Number	Name of the Establishment	Name of the person	Position	Recipient/provider
11	IMPACT CONSULTING	Rami Weheidi	Director General	provider
12	Center of engineering and management consulting (EMCC)	Refaat Diab	Center Director	provider
Human resource Services				
1	Impact Consulting	Rami Weheidi	Director General	provider
2	Ahlia Group for Insurance	Mahmoud al-Ghazali	Administrator	recipient
3	Zawaya Company for Design	Ahmad Abu Samak	Deputy Director	recipient
4	Mashareq Company for equipment and production	Mahmoud Hadad	Director of Media and Production	Provider
5	Development Pioneers Company for Consultation	Wisam Abu Muamer	Company Director	Provider
6	Al Raed for Aluminum	Raed Ghofri	Company Director	recipient
7	Career Development Institute for Training And Consultancy	Dina Hammadah	Programs coordinator	provider
8	Center for Democracy and Conflict Resolution	Iyad Abo Hajeerer	Gaza Branch director	recipient
9	Al Mezan Center for Human Rights	Dr. Alaa Matar	Director of Studies and Research	recipient
10	Universal Group for Engineering and Consulting	Zuhair Madoukh	Exe. Director	provider
Export services				
1	Technical Company for industry, commerce and contracting	Mohammad Abu Shabaan	Company Director	recipient
2	Al-Hourani company for Palestinian Home Furniture	Mohammad Hourani	Company Director	recipient
3	Al Tariq for systems and information	Tariq Salim	Company Director	recipient
4	Fusion Company for Internet services and communication systems	Rami Meqdad	Chairman of the Board of Directors	recipient
5	Modern Technologies Company	Rasim Mushtaha	Director General	recipient
6	Association of Agricultural Cooperative for growers of strawberries, vegetables and flowers	Mahmoud Akhalil	President	recipient
7	Mashharawi Company for furniture	Nazih Mashharawi	Company Director	recipients
8	Palestinian Trade Center - PalTrade	Mohammad siksik	Acting Director of Gaza office	provider
9	Wood Industries Union	Mohamed Rayashi	Executive Director	provider
10	ISO Plus For Integrated Services	Musa Al Astal	Director General	provider
11	Development Company for Business Services	Bader Abu Shaaban	Company Director	provider

Table 2: Problems and challenges facing enterprises in Gaza Strip percent

Issue	Minor problem	Major problem
Labor laws	0.30	0.16
Availability of work force	0.22	0.08
Qualified work force	0.32	0.11
Salaries and wages	0.35	0.13
Suppliers	0.38	0.15
Local markets	0.42	0.18
Arab markets	0.40	0.29
International markets	0.37	0.31
Standards and specifications	0.41	0.22
Production techniques and technology	0.40	0.20
Obtaining legal services	0.35	0.16
Loans and banking credit facilities	0.35	0.23
Information on trade missions and fairs	0.37	0.19
Licensing	0.37	0.24
Customs and trade laws	0.40	0.32
Tax issues	0.39	0.35
Continuous changes in laws	0.40	0.29
Acquisition of land	0.36	0.24
Access to industrial zones	0.33	0.22
Electricity	0.22	0.22
Water	0.24	0.16
Waste management	0.28	0.16
Telecoms and Internet services	0.26	0.09
Road network and transportation	0.32	0.13

Source: calculated by the author using the database of the survey done for the Federation of Chambers of Commerce, Industry and Agriculture done by Creative Business Solutions in 2010.

Table 3: Business Development Services Needs in Gaza - percent

Area	Needed	Not need
Financial management	27%	73%
Tax issues	27%	73%
Loans collection	27%	73%
Budgeting	25%	75%
Getting credit	25%	75%
Marketing plans	23%	77%
Distribution	24%	76%
Promotion	26%	74%
Pricing	24%	76%
Segmentation	23%	77%
Export	21%	79%
Customer care	21%	80%
Organization structure	18%	82%
Job description	18%	82%
Employee evaluation	18%	82%
Employment	17%	83%
Labor law	19%	81%
Technical training	17%	83%
Management training	18%	82%
Production planning	20%	81%
Supplies	20%	80%
Quality control	21%	79%
Inventory	17%	83%
Defects	17%	83%
Safety	17%	83%
Maintenance	16%	84%
Environment	17%	83%
Productivity	20%	80%
Strategic planning	21%	79%
Performance appraisal	21%	79%
Leadership	20%	80%
Reporting	18%	82%
Time management	19%	81%

Source: calculated by the author using the database of the survey done for the Federation of Chambers of Commerce, Industry and Agriculture done by Creative Business Solutions in 2010.

What is international development?

International development is about helping people fight poverty. Thanks to the efforts of governments and people around the world, there are 500 million fewer people living in poverty today than there were 25 years ago. But there is still much more to do.

1.4 billion people still live on less than \$1.25 a day. More needs to happen to increase incomes, settle conflicts, increase opportunities for trade, tackle climate change, improve people's health and their chances to get an education.

Why is the UK Government involved?

Each year the UK Government helps three million people to lift themselves out of poverty. Ridding the world of poverty is not just morally right, it will make the world a better place for everyone. Problems faced by poor countries affect all of us, including the UK. Britain's fastest growing export markets are in poor countries. Weak government and social exclusion can cause conflict, threatening peace and security around the world. All countries of the world face dangerous climate change together.

What is the Department for International Development?

The Department for International Development (DFID) leads the UK Government's fight against world poverty. DFID has helped more than 250 million people lift themselves from poverty and helped 40 million more children to go to primary school. But there is still much to do to help make a fair, safe and sustainable world for all. Through its network of offices throughout the world, DFID works with governments of developing countries, charities, nongovernment organisations, businesses and international organisations, like the United Nations, European Commission and the World Bank, to eliminate global poverty and its causes. DFID also responds to overseas emergencies. DFID's work forms part of a global promise, the eight UN Millennium Development Goals, for tackling elements of global poverty by 2015.

What is UK aid?

UK aid is the logo DFID uses to demonstrate how the UK Government's development work is improving the lives of the world's poorest people.

Department for International Development

1 Palace Street
London SW1E 5HE
UK

and at:

Abercrombie House
Eaglesham Road
East Kilbride
Glasgow G75 8EA
UK

Tel: +44 (0)20 7023 0000
Fax: +44 (0)20 7023 0016
Website: www.dfid.gov.uk
Email: enquiry@dfid.gov.uk
Public enquiry point: 0845 3004100
or +44 1355 84 3132 (if you are calling from abroad)

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