



Technical Assistance to Private Sector Development Cluster Project (PSDCP)

# Strategy for Capacity Building of the Cluster Business Support Organisations

Final Draft

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## ACRONYMS

AADPD	Al-Ahlyia Association for Development of Palms and Dates
Acc.	According
AFD	Agence Française Développement
AGM	Annual General Meeting / General Assembly Meeting
AHA	Arab Hotel Association
B2B	Business-to-Business
BDS	Business Development Services
BSO	Business Support Organisation
CCIA	Chamber of Commerce, Industry and Agriculture
CPD	Continuous Professional Development
e.g.	<i>exempli gratia</i> (for example)
Fig.	Figure
FPCCIA	Federation of Chambers of Commerce, Industry and Agriculture
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
HCCIA	Hebron Chamber of Commerce, Industry and Agriculture
HLITOA	Holy Land Incoming Tour Operators Association
IDO	Institutional Development Officer
i.e.	<i>id est</i> (that is)
ISO	International Organisation for Standardisation
JACCIA	Jerusalem Arab Chamber of Commerce, Industry and Agriculture
JICA	Japan International Cooperation Agency
JTC	Jerusalem Tourism Cluster
MoNE	Ministry of National Economy
MSME	Micro, Small and Medium Enterprise
NGO	Non-Governmental Organisation
No.	Number
NPO	Not-for-Profit Organisation
NHCCIA	North Hebron Chamber of Commerce, Industry and Agriculture
PalTrade	Palestine Trade Centre
PCBS	Palestinian Central Bureau of Statistics
PFI	Palestinian Federation of Industries
PLIU	Palestinian Leather Industries Union
PNA	Palestinian national Authority
PPD	Public-Private Dialogue
PPU	Palestine Polytechnic University
PSCC	Private Sector Coordination Council
PSDCP	Private Sector Development Cluster Project
PSI	Palestine Standards Institute

R&D	Research and Development
SCCIA	Salbit Chamber of Commerce, Industry and Agriculture
SME	Small and Medium Enterprise
SMS	Short Message Services
UK	United Kingdom
UMIS	Unified Management Information System
US	United States
USM	Union of Stone and Marble

## 1. INTRODUCTION

The Private Sector Development Cluster Project (PSDCP) is funded by the Agence Française Développement (AFD) and supported by the Ministry of National Economy (MoNE) in Palestine and Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA). It will:

- a) Test the cluster approach for economic development of Micro, Small and Medium Enterprises (MSMEs)
- b) Utilise information obtained during the above testing to provide inputs which can be referred to during forward economic policy development
- c) Develop MoNE capacity in using the cluster approach to provide policy inputs.

The project is made up of 3 components.

Component 1, which is now complete, included an awareness raising campaign amongst MSMEs regarding what clusters are and the benefits that they can provide, training and coaching for MSMEs in how to develop cluster proposals and formulation of a process to evaluate them.

Component 2 is currently underway. This has implemented the cluster proposal evaluation process, selected five pilot clusters to be supported by the PSDCP and is now refining the strategies of the selected clusters in readiness for supporting their implementation. It will also oversee and manage a matching grant fund to facilitate the proposed cluster activities.

Component 3 will monitor and use information collected during the cluster strategy implementation period along with opinions obtained through Public-Private Dialogue (PPD). These will be used to provide bottom up driven inputs which can be used to inform on and guide MSME policy development using the cluster approach in the Palestinian context. It will also aim to build capacity within the MoNE to enable it to replicate the process after the end of the project.

This document relates to Component 2. It considers Business Support Organisations (BSOs) in Palestine which are relevant to the PSDCP which are directly related to its pilot clusters. It is an internal report constructed to provide an overview of the current capability of these BSOs to support the pilot clusters. It also makes recommendations for their capacity building to enable them to better provide services for and assistance to the pilot and other future clusters to help them to develop their competitiveness. This document can be considered to be the first stage in strategy development for capacity building of the clusters' BSOs, and is intended as a consultative report for both the PSDCP and appropriate BSOs servicing its clusters.

The terms of reference for the assignment can be found in Appendix 1.

## 2. EXECUTIVE SUMMARY

This assignment has been commissioned within the framework of the PSDCP to review the current capacity of the BSOs relevant to its five pilot clusters. Appropriate BSOs were selected and interviewed using specifically designed tools to gain a clear understanding of their capability to deliver support services to them. The overall results of this review have provided a clear direction for capacity building to support cluster development. However, they have also highlighted some technical and organisational gaps that should be strengthened in order to help the BSOs to become more effective in this respect. The recommendations made, therefore, include cluster-centric and non-cluster-centric suggestions for implementation for completeness.

The level of awareness of clusters and the benefits they provide in the context of economic development is low in almost all the BSOs visited. When coupled with identified gaps in their technical and organisational abilities, it provides an insight into a significant level of capacity building which is required to enable them to service clusters, much of which is outside the scope of this project. One thing, however, became very clear during the review: that little capacity building activity for MSMEs is undertaken without some form of donor support and funding. To some extent, this distorts the market needs and moves the focus of BSOs from being membership driven to “fund seeking”, particularly with the donor agencies. As a result, at least in part, BSO membership is relatively low and this in turn adds to the momentum of the endless circle of seeking finance. Significant for the PSDCP is that the cluster BSOs need to raise their awareness and skills in understanding and dealing with cluster initiatives, and developing capability to run collective and collaborative projects. Areas for BSO development to support clusters that are considered important include:

- Technical understanding of what clusters are and their clusters’ needs,
- Awareness of cluster development techniques and cluster-centric services,
- Technical and management skills for staff,
- Internal organisational processes,
- Focus on member driven services and marketing and promotion activities to existing and potential members, to drive
- Increasing the number of subscription paying and service buying members, which will increase revenue and enhance sustainability, and thereby enable BSOs to seek donor aid only when there is a clear value adding need for it and it is member / market driven.

It is understood that clusters are new to Palestine and that some “pump” priming with donor aid / funds is likely to be necessary. Given that the Palestinian pilot clusters are firmly embedded in the private sector, the establishment of a national “Knowledge Centre for Clusters and Cluster Development”, where newly formed clusters can obtain information, would be appropriate. The FPCCIA would be a logical base for such a centre.

### **3. BACKGROUND**

#### **3.1 The Private Sector Development Cluster Project**

A specific objective of the PSDCP is to strengthen the competitiveness of local companies, and especially MSMEs, in order to increase their share of the local market and / or explore new markets for export. It will achieve this through supporting the restructuring of productive sectors / sub-sectors with high growth potential by creating linkages between stakeholders of the same value chain in a defined territory through the cluster approach and facilitating an improvement of public-private dialogue for them.

Intrinsic in assisting the cluster MSMEs achieve an increased market share and improved competitiveness will be the support that they get from their local BSOs. The FPCCIA, Chambers of Commerce, Industry and Agriculture (CCIAs) and sectorial BSOs are expected to play an increasing role in the building and development of cluster initiatives in their localities and support the cluster ecosystem in Palestine. The PSDCP will therefore help to reinforce some capacities of selected BSOs, along with other local and national institutions, to assist them in their efforts to become major players in the identification and development of cluster initiatives in their respective localities, and should be able to be charged with the cluster animation function after the end of the PSDCP.

#### **3.2 Business Support Organisations**

It is well known that the value of BSOs lies in them being a good tool for promoting MSMEs in developing economies. From a donor perspective, providing assistance to BSOs is a means by which a large number of enterprises can be supported. In addition, BSOs can be effective providers and facilitators of selected enterprise support services and many work concurrently at policy level. This is considered particularly important for the PSDCP clusters due to the low level of PPD that takes place in Palestine which involves MSMEs and because clusters are a new concept in the country.

BSOs are usually classified into two main groups:

- Chambers of Commerce and Industry, and
- Specialised unions and trade associations.

Trade associations can be categorised into many different areas. These include:



- Industry,
- Small-scale enterprises,
- Women's, and
- Employer's associations.

Specialised unions and trade associations are usually private organisations with their own legal entity, and tend to focus on specific sectors, enterprises or business functions. They sometimes classify membership by firm size or function, are often characterised by a standardised structure for members and are typically comprised of a small membership base. Membership can be mandatory or voluntary, and many leading BSOs now favour voluntary membership.

Chambers of Commerce and Industry usually represent more wide-ranging business interests in a defined geographic region and thus have a large membership base. The membership structure can depend on the model adopted. The Anglo-Saxon model, for example, differs from the Continental model in that the former generally has voluntary membership and the latter mandatory. Palestine follows the Continental model and all registered businesses are required to join their local chamber. The FPCCIA acts as the lead body and umbrella organisation for all the Palestinian Chambers.

It can be argued that BSOs might have advantages in enabling or providing certain business development services, and need to complement commercial service providers rather than compete with them. However, it is recognised that in most developing economies BSOs offer a limited choice of lower grade types of services to MSMEs due to a lack of financial and human resources, and they have weak technical and intellectual knowledge which prevents them from developing and expanding their services offer. Membership services of Chambers in such economies are therefore often categorised into areas that include trade and market development, training, advice and consulting, information and networking, office facilities and infrastructure services, advocacy and lobbying and delegated government functions.

Figure 1 highlights some BSO types and what key features might be offered by each.

**Fig. 1: Types, Characteristics and Functions of BSOs**

<b>BSO Type</b>	<b>Significant Membership Factor</b>	<b>Distinctive Services and Functions</b>
<b>Business Association</b>		
Small and Medium Enterprise (SME) associations	Size of firm	Entrepreneurship training and consulting, finance schemes, group services
Trade / industry associations	Occupation or industry type	Arbitration, quota allocation, industry standards setting, lobbying, quality upgrading, research and development, setting standards
Employers' associations	Labour	Interest representation at / to unions, professional information, training
Women's associations	Gender	Entrepreneurship training, microfinance, gender-specific advocacy
Federations and confederations	Apex bodies	High-level advocacy, general business information, research, coordination of member associations
Bi-national organisations	Transnational locations	Intellectual development, trade promotion, trade fairs, match-making
Business / industry incubators	Start-up enterprises	Provision of space, business and technical advice, mentoring
Scientific / technological / innovation centres	High technology	Provision of space, business and technical advice, mentoring, access to specialised equipment
Industrial parks	Type of company	Shared services, telecommunications, effluent disposal, logistics, etc
<b>Chamber</b>	Geographical region	Delegated government functions, arbitration courts, basic information services, matchmaking, local economic development

Source: Derived from Strohmeyer, R. et al<sup>1</sup>

### 3.3 BSOs and Clusters

The development of clusters and implementing cluster philosophy is very much centred on a collaborative approach. In this context, BSOs need to understand their role in providing collaborative and collective types of services and an infrastructure that will support dominant clusters in their respective regions.

<sup>1</sup> Strohmeyer, R. et al, 2005. *Building the Capacity of Business Membership Organisations: Guiding Principles for Project Managers*. World Bank: Report No. 33815

In advanced economies, BSOs support local clusters with a wide variety of services. There is no fixed formula for how a BSO should support its clusters, but it is important that the BSO governance structure understands typical cluster development methodologies in order to enable the BSO to be effective.

Typical types of cluster services can be classified into “soft services” and “hard services and activities”.

Soft services might include:

- Provision of diagnostic study reports (e.g. to map business processes in the cluster, propose remedial measures and a validated action plan),
- Provision of specific technical assistance, capacity building, exposure visits, market development, trust building, etc for cluster members,
- Preparation of proposals for funding of joint projects, and
- Preparation of a technically feasible and financially viable project report for setting up a common facility or centre for cluster members.

Hard services and activities might include:

- Provision or facilitation of MSME units or related infrastructure projects (e.g. new industrial estates / areas),
- Upgrading infrastructure in an existing industrial estate / area / cluster,
- Provision of Common Use Facility Centres (CFCs),
- Creation of tangible “assets”, such as a testing facility, design centre, production centre, effluent treatment plant, training centre, research and development centre, raw materials bank / sales depot, product display centre, information centre or any other need based facility, and
- Infrastructure development for a locality, such as development of land, provision of utilities (e.g. water supplies, drainage, non-conventional sources of energy for common captive use, power distribution), construction of roads, provision of common facilities (e.g. a First Aid Centre, canteen) or provision of any other need based infrastructural facilities in new industrial (multi-product) areas / estates or existing industrial areas / estates / clusters.

## **4. METHODOLOGY OF STRATEGY DEVELOPMENT**

The methodology used for the development of this strategy is outlined below.

### **Kick Off Meeting**

An initial meeting was held with PSDCP management and selected stakeholders to clarify the task requirements and establish an overall plan for activities to be undertaken.

### **Review of Related Project Documents**

Related project documents were reviewed to help contextualise and formulate the work plan, particularly the latest Progress Report and Cluster Strategies as they contained information relevant to developing the Strategy for Capacity Building of the Cluster BSOs. Other documents relating to BSOs were also identified and similarly reviewed (e.g. laws relating to BSOs, their byelaws, strategies, service offers and systems and manuals of procedures).

### **Identification of BSOs Related to the Clusters**

A comprehensive list of BSOs related to the PSDCP clusters was consulted and developed. This was previously prepared by the project during a mapping exercise done by the Institutional Development Officer (IDO) as part of the work necessary to prepare for the development of the pilot Cluster Strategies (see Figure 3).

### **Review of Selected Cluster BSOs**

The pilot clusters that are receiving PSDCP assistance to help them develop their competitiveness are located in the West Bank and Gaza Strip. They are the:

- Stone and Marble Cluster of North Hebron and Bethlehem,
- Shoe and Leather Cluster of Hebron,
- Tourism and Creative Arts Cluster of East Jerusalem,
- Furniture Cluster of Salfit, and
- Palm Trees Cluster of Gaza.

A field research based review of the most significant BSOs for these clusters was conducted. This used an assessment framework that focussed on their:

- Institutional capabilities and needs,
- Technical assistance needs,
- Services provided to members, and
- Capacities to support the development of the pilot clusters, including activities in public-private dialogue and advocacy.

The review focussed on obtaining quantitative and qualitative information. A structured process was used which centred on interviewing selected organisations in the field, and a questionnaire was designed and developed to be used either formally or informally as an aide memoire during discussions with the BSOs. The questionnaire was in three parts:

- **Part 1**

This gathered quantitative information regarding generic indicators based on five pillars of assessment:

- i. Governance and Legal

Questions were developed to give an indication of the BSO's adequacy with regard to its physical infrastructure, the legal arrangements, strategic planning processes and practices, code of ethics, governance and membership terms.

- ii. Leadership and Human Resources Management

Questions covered the BSO's organisational structure, staffing levels, recruitment, stability of the labour force, payment systems, grievance procedures, job descriptions, performance monitoring and evaluation, staff understanding of the organisation's mission statement and objectives, Continuous Professional Development (CPD), staff training and leadership succession plans.

- iii. Finance

This examined the financial situation of the BSO and its potential sustainability by covering membership subscriptions, fees from services provided, private sponsorships / partnerships and donor funded projects.

iv. Membership and Operations

This focussed on the organisation's business practices, both internal and external with regard to its members. Areas considered included computerised and quality systems, obtaining feedback for organisational development, planning (membership recruitment, marketing and communications), services offered and resources for their delivery, contact with members, communications methods used and information made available to them.

v. Advocacy and Lobbying

This section examined the BSO's mandate, integration of public-private dialogue into the institutional framework, communications, collaboration and relationships with other institutions and national public-private dialogue representation.

- **Part 2**

Qualitative information was gathered based on anecdotal comments made during the interviews regarding the scope of the organisation, its structure and location(s) of operation, member numbers and types, the services offered, the main problems faced (by the organisation and its members) and its understanding of clusters and the cluster development process.

- **Part 3**

A checklist was used to provide detailed information about the types of Business Development Services (BDS) provided.

### **Selection of Sample to be Interviewed**

The sample of BSOs to be interviewed was selected from the list of BSOs previously identified referred to previously. Those chosen were considered by the IDO to be the most significant for enterprises in the pilot clusters and included CCIAs, trade associations, specialised unions, societies, national institutions and umbrella organisations.

### **Interviews with the Selected BSOs**

A schedule of visits to the BSOs selected for interview in the field was set up to be conducted over a period of fourteen days. The interviews were subsequently held with people at different levels of the organisation (e.g. board members, executive staff) and also cluster representatives.

### **Analysis of Interview Results**

The results of the interviews and questionnaires were analysed on a numerical basis wherever possible.

### **Evaluation of Pilot Clusters' Needs**

Evaluation of the pilot clusters' needs was undertaken based on the cluster initiatives proposed in their Cluster Strategies and the support activities identified would be needed.

### **Gap Analysis**

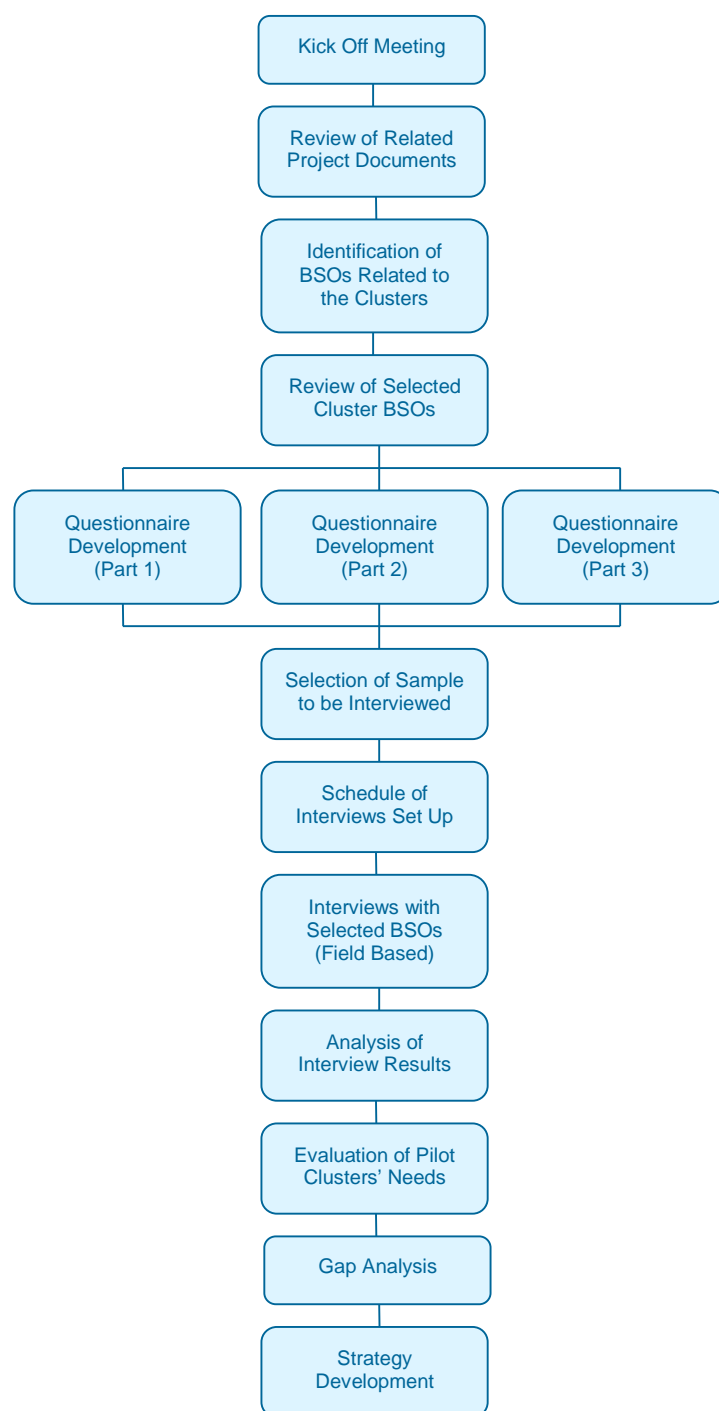
Comparing the pilot clusters' needs and results of the analysis enabled gaps between the pilot clusters' needs and the services currently available to them to be identified.

### **Strategy Development**

Using all of the above information, a strategy containing recommendations for developing capacities of the BSOs interviewed to support the pilot clusters was devised. The recommendations made focus on service provision, institutional development, strategic planning, governance practices, institutional and financial viability and capacity development for their leaders and members. These have been presented in line with the interview methodology used, and additional comments have been made on overarching issues or on matters that may be of future relevance as appropriate.

Figure 2 shows the model used for the methodology of the strategy development.

**Fig. 2: Model of Methodology of Strategy Development**



Source: Authors



## 5. PILOT CLUSTERS AND THEIR BSOs

Some pilot cluster related BSOs were previously identified by the PSDCP IDO during a BSO mapping exercise, and this list was further developed. Out of these, twelve were interviewed as part of the BSO capacity assessment process. They were chosen by the IDO as being the most prominent for the PSDCP clusters due to time constraints of the assignment.

**Fig. 3: The Clusters and Related Interviewed and Non-Interviewed BSOs**

Pilot Cluster	BSO	
	Interviewed	Not Interviewed
Furniture	Salfit CCIA	Wood Industries Union (Gaza)
Stone and Marble	North Hebron CCIA	Bethlehem University
	Union of Stone and Marble (USM)	Palestine Polytechnic University (PPU)
		Stone and Marble Centre
Shoe and Leather	Hebron CCIA	
	Palestinian Leather Industries Union (PLIU)	
Tourism and Creative Arts	Jerusalem Arab CCIA	Institute of Hotel Management and Tourism (Bethlehem)
	Arab Hotel Association (AHA)	
	Holy Land Incoming Tour Operators Association (HLITOA)	
Palm Trees	Gaza CCIA	Agricultural Development Association (Gaza)
	Al-Ahlyia Association for Development of Palms and Dates (AADPD)	Arab Centre for Agricultural Development (Gaza)
		Food Industries Union
		MA'AN Development Centre
National BSOs	FPCCIA	Palestinian Federation of Industries (PFI)
		Palestinian Businessmen Association
		Palestinian Central Bureau of Statistics (PCBS)
		Al-Quds Open University
		Al-Quds University Research Centre
		Al-Yatem Alarabi School
		An-Najah National University (Nablu)
	PalTrade	Applied Research Institute of Jerusalem
		Business Women Association (ASALA)
		Alazhar University
		Islamic University
		Palestinian Standards Institution (PSI)
		Small Enterprises Centre
		Palestine for Credit and Development (FATEN)

Source: Authors

## 5.1 National BSOs

### **Federation of Palestinian Chambers of Commerce, Industry and Agriculture**

The Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) was established in Jerusalem in 1989 as a legal and autonomous umbrella organisation representing the interests of all Palestinian Chambers and, through them, the private sector.

It operates according to the Presidential Decree with Law No. 9 for the year 2011 on the Palestinian Chambers of Commerce which was based on previous Chamber law and its amendments, and is mandated to the MoNE.

It aspires to:

- Enhance the performance of the CCIAs and their contribution to the economic development of Palestine through the provision of quality services to its members and the private sector,
- Influence and participate in policy-making and economic legislation in the interests of the private sector,
- Strengthen relations among national, regional and international chambers, and
- Promote consumption of national products.

Federation members are the CCIAs located in the West Bank (thirteen) and Gaza Strip (one). NB: The Board elections in Gaza CCIA which took place in April 2014 had not been recognised by the MoNE and Board of the FPCCIA at the time of writing.

Website: <http://www.pal-chambers.org/ar-sa/>

### **Palestine Trade Centre**

The Palestine Trade Centre (PalTrade) was established in 1998 as a membership based non-profit, organisation.

It operates according to Law No. 1 for the year 2000 on Charities and Community Organisations, and is mandated to the Ministry of Interior.

Its mission is “to lead the development and sustainable increase of Palestinian exports as a driving force for sustainable national economic growth”.

PalTrade's membership has grown to a network of over 300 businesses located throughout Palestine and it provides a wide range of export services (e.g. support, information, development programmes and activities, advocacy and lobbying).

Website: <http://www.paltrade.org/en/index.php>

## **5.2 The Pilot Clusters and Interviewed BSOs**

### **5.2.1 Furniture Cluster of Salfit**

Historically, most Palestinian furniture was made in Gaza Strip, and Israel was the main export market. Some products sold into Israel were consumed in Israel, but much was re-exported under Israeli brands. In 2006, the main access to Gaza Strip was closed and, to continue to supply Israel, some furniture manufacturers relocated to Salfit where new ventures also established. Currently, Salfit furniture manufacturers have good access to the Israeli market but remain challenged by Israeli exporting restrictions and rebranding and re-exporting of their products.

The value chain in the district is thought to include around 200 companies. It contains raw materials suppliers (i.e. wood, paints and machinery, accessories, glass, tools, fabrics and sponges), furniture manufacturing units (i.e. carpenters, painters and upholsterers) and receiving units (i.e. showrooms, distributors, agents and private customers). 73 members of the value chain are registered with local Chamber, which helps them to access Israel by providing assistance with renewing permits and obtaining the necessary trade licenses<sup>2</sup>.

According to the Establishment Census of 2012, there were 129 furniture manufacturers in the Salfit governorate<sup>3</sup>.

The Cluster Core Group consists of 15 members, all of which are active.

The cluster's main goal is "to be able to manufacture, export and compete both locally and globally".

It plans to implement the following initiatives and activities to enhance its competitiveness. These have been developed as part of the PSDCP by cluster members using a bottom-up approach:

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<sup>2</sup> Unified Data Base of the Salfit CCIA

<sup>3</sup> Palestinian Central Bureau of Statistics

#### Initiative 1: Improvement of Access to Markets and Development of Branding Skills

- Activities:
- Undertake market research on the local, Israeli and international markets
  - Undertake branding and promotion activities
  - Develop sales skills for exporting activities
  - Develop access to identified markets

#### Initiative 2: Reduction of Costs of Production and Development of Skills in Costing and Pricing

- Activities:
- Investigate methods of costing and pricing
  - Introduce Lean Manufacturing into interested cluster establishments
  - Establish collaborative purchasing

#### Initiative 3: Development of Skills in Advocacy and Lobbying

- Activities:
- Develop skills in strategy management
  - Source consultancy in advocacy and lobbying
  - Develop skills in advocacy and lobbying

#### Initiative 4: Improvement of Quality

- Activities:
- Measure current customer satisfaction in domestic markets
  - Research quality standards
  - Develop a cluster “House of Quality”
  - Develop knowledge about and apply production quality and other quality systems

#### Initiative 5: Improvement of Product Design

- Activities:
- Attend a training course in “Design”
  - Attend a training course in “Packaging Design”
  - Attend a training course in “Finishing, Accessories, Painting and Upholstery”

#### Initiative 6: Establishment of an Innovation Centre

Activities:        Develop a cluster “Quality Training Facility”  
                      Establish a cluster “Quality Testing Centre”  
                      Establish an in-house cluster “Design Facility”

#### **Salfit Chamber of Commerce, Industry and Agriculture**

Salfit Chamber of Commerce, Industry and Agriculture (SCCIA) was founded in 1997 to represent the private sector in the Salfit area, more specifically the traders. The Chamber began with about 88 members in a rented office but, due to progress of the Chamber and an increased member numbers, it relocated to expand its staff and services offer. The Chamber has also established a specialised centre for comprehensive information, statistics and studies about Salfit.

It operates according to the Presidential Decree with Law No. 9 for the year 2011 on the Palestinian Chambers of Commerce which was based on previous Chamber law and its amendments, and is mandated to the MoNE.

The Salfit CCIA mission is “to represent and defend members’ interests, and to create an investment environment to achieve their interests and upgrade the economy at both governorate and country levels. It seeks to provide services to members in an easy manner and in record time using modern technology and managerial systems. It continuously aims at developing its members and staff, is interested in the surrounding environment and bears social responsibility for the community”.

The current number of members is 1,843, of which 550 are active.

Website: <http://www.salfeetcci.ps/>

**NB:** There is no specialised union for furniture manufacturers in West Bank. One previously existed in Gaza Strip when the sector was concentrated there, but this was closed nine years ago. In the future, Salfit manufacturers may decide to form a new national union.

#### **5.2.2 Stone and Marble Cluster of North Hebron**

The stone and marble sector is highly significant in Palestine. It accounts for approximately 25% of industrial revenue and 4.5% of Gross National Product, employs the largest percentage of the Palestinian labour force and produces annual revenue of circa US\$ 450 million. Of this, 65% comes

from exports to Israel (much of which is re-exported), 15% from other international markets and 20% from the domestic market<sup>4</sup>.

According to the Establishment Census of 2012, there were 555 stone and marble related establishments in Hebron and Bethlehem governorates, of which 70% were cutting, shaping and finishing stone, 26% were mining, 4% were producing quarried products and less than 1% were manufacturing stone slate<sup>5</sup>.

The Cluster Core Group consists of around 20 members, of which half are active. After PSDCP activities commenced, however, other potential active members have come forward.

The cluster's main goal is "to enhance the competitive advantage of stone and marble industry".

It plans to implement the following initiatives and activities to enhance its competitiveness. These have been developed as part of the PSDCP by cluster members using a bottom-up approach:

#### Initiative 1: Development of Skills in Marketing and Accessing New Markets

Activities:        Undertake market research  
                        Attending a training course in "Marketing" for marketing personnel  
                        Develop a Marketing Plan  
                        Develop / enhance the Palestinian stone brand  
                        Establish "Export Consortia"

#### Initiative 2: Introduction of Lean Manufacturing

Activities:        Attending a training course in "Lean Manufacturing"  
                        Develop and implement Lean Manufacturing in interested cluster enterprises  
                        Develop a quality certificate for cluster companies and audit regularly

#### Initiative 3: Establishment of a Stone and Marble Research and Development / Innovation Centre

Activities:        Sign agreements with related parties  
                        Develop an Establishment Plan, Financing Plan, Management Framework and  
                        Operational Plan

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<sup>4</sup> Union of Stone and Marble, Palestine

<sup>5</sup> Palestinian Central Bureau of Statistics

Source and secure funds  
Procure necessary items and recruit staff

#### Initiative 4: Undertaking of Advocacy and Lobbying Activities

Activities:        Form a steering committee and establish an advocacy and lobbying group  
                      Develop a lobbying agenda  
                      Present and discuss the Code of Ethics developed by USM  
                      Conduct periodic meetings (e.g. monthly)

#### Initiative 5: Undertaking of Collective Projects

Activities:        Establish group purchasing  
                      Establish waste recycling  
                      Undertake collective marketing and selling

### **North Hebron Chamber of Commerce, Industry and Agriculture**

North Hebron Chamber of Commerce, Industry and Agriculture (NHCCIA) was established in 2006 to cover the geographical area of North Hebron where the population is estimated to be more than 300,000 persons.

It operates according to the Presidential Decree with Law No. 9 for the year 2011 on the Palestinian Chambers of Commerce which was based on previous Chamber law and its amendments, and is mandated to the MoNE.

The North Hebron CCIA mission is “concerned with its members, defends their interests and meets their renewable requirements. It provides efficient services through well-trained, professional and qualified staff which keep pace with technology. It has a leading role in developmental efforts within the geographical area of North Hebron and contributes to environmental awareness efforts in the locality”.

The current number of members is 1,772, of which 1,100 are active.

Website: <http://www.nhcci.ps/>

## **Union of Stone and Marble**

The Union of Stone and Marble (USM) was established in 1996, as an independent, non-governmental and non-profit membership-based organisation dedicated to promoting the goals and protecting the needs of Palestinian stone and marble producers.

It operates according to the Presidential Decree with Law No. 11 for the year 2011 on the amendment of the Law of the Federation of Palestinian Industries and Specialised Associations No. 2 for the year 2006, and is mandated to the MoNE.

The USM continually assists its members in all aspects which could develop and promote the stone and marble industry. It does this by building strong relationships with governmental and non-governmental institutions at local, national and global levels in order to implement its programs and provide diverse services for the advancement of the industry to make it globally competitive and attractive to foreign investors.

Its major objectives are to:

- Represent the stone and marble sector in Palestine in its relationship with governmental and non-governmental institutions, and to advocate the needs and interests of its members,
- Advise government on the needed infrastructure,
- Foster the development of skills needed to promote stone and marble production and export development through training programs and supporting the restructuring of production capacities,
- Participate in the world network of exhibitions and conferences related to the stone and marble industry,
- Serve as the principle contact point for those who seek investment and opportunities in the stone and marble sector,
- Reinforce the role of the USM as a resource centre for information on the Palestinian stone and marble industry, and
- Strengthen and sustain co-operation among its members and seek to address their concerns.

The current number of members is 554, of which 200 are active.

Website: <http://www.usm-pal.ps/en-all/index.php>



### 5.2.3 Shoe and Leather Cluster of Hebron

The shoe and leather sector was one of the largest industrial sectors in Palestine until the end of the 1990s. The steep decline it has experienced since then is believed to be largely due to increased demand for low cost goods which is, in the main, satisfied by imported products. This has been fuelled by weakened domestic demand brought about in part by the political situation, and the establishment of international trade agreements (e.g. World Trade Organisation, Paris Protocol between Israel and the Palestinian National Authority (PNA) in 1994) and ever-increasing globalisation.

According to the Establishment Census of 2012, there were 379 manufacturers of footwear, luggage, handbags, saddles and harnesses, etc in the Hebron governorate and these accounted for 87% of the sector in the West Bank<sup>6</sup>. Unofficial statistics, however, suggest that there may be more than 600 firms in the sector.

The cluster's main goal is to have a "Palestinian Arab international industry with no limits".

It plans to implement the following initiatives and activities to enhance its competitiveness. These have been developed as part of the PSDCP by cluster members using a bottom-up approach:

#### Initiative 1: Development of Skills in Administration and Management

Activities:

- Attend a workshop on "Introduction to Management"
- Attend a training course in "Costing and Pricing" followed by coaching in the field
- Attend a training course in "Management and leadership" followed by coaching in the field
- Attend a training course in "Financial Management"
- Attend a training course in "Family Businesses"
- Attend a workshop on "Using Technology and Information and Communications Technologies (ICT) to Run and Manage a Business"

#### Initiative 2: Improvement of Production, Management and Control

Activities:

- Attend a training and implementing a "Lean Production" system
- Attend a training course in "Finishing of Shoes"
- Attend a training course (entry level) in "Designing and Modelling"
- Attend a training course (advanced level) in "Designing and Modelling"

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<sup>6</sup> Palestinian Central Bureau of Statistics

- Attend a training course in “The Art of Tanning” followed by coaching in the field
- Attend a training course in “Last Manufacturing”
- Attend a workshop on “Basic Health and Safety Practices”
- Attend a workshop on “Supply Chain Management”
- Attend a seminar on “Current Trends in Technology Development for Shoes and Leather Making”

### Initiative 3: Establishment of an Innovation and Development Centre

Activities:

- Undertake a feasibility study and develop a business plan for an “Innovation and Design Centre for Shoes and Leather”
- Establish a professional design centre for shoes and leather
- Establish a testing centre for shoes and leather
- Create standards and specifications for cluster products
- Affiliate the cluster with institutions around the world
- Develop local vocational training programs for the shoe and leather industry

### Initiative 4: Improvement of Marketing

Activities:

- Conduct a detailed study of the local market and develop a marketing strategy
- Develop a promotion campaign targeting the national market
- Attend a training course on “Marketing and Marketing Skills”
- Hold Business-to-Business (B2B) exhibitions to target shoe shops in the CCIAAs
- Create a trademark for the cluster
- Undertake collaborative marketing
- Establish a shoe shop for cluster products
- Develop access a new external market
- Attend a training course on “Importing and Exporting”

### **Hebron Chamber of Commerce, Agriculture and Industry**

The Hebron Chamber of Commerce, Industry and Agriculture (HCCIA) traces its roots back to 1953. Initially formed to foster commerce by paving and improving business avenues, it has grown over the decades and expanded the scope of its business and social projects. Today, it prides itself on being a pioneering body, not only in Palestine, but in the Arab region as well.

It operates according to the Presidential Decree with Law No. 9 for the year 2011 on the Palestinian Chambers of Commerce which was based on previous Chamber law and its amendments, and is mandated to the MoNE.

The Hebron CCIA mission is “to create value for its members and the business climate through providing forums for business networking and leadership development. One of the priorities is building and promoting a robust and sustainable economy, as well as working on social issues of concern. Hebron CCIA works down to the wire to provide innovative services to the business community and defend its interests through qualified staff and the latest available technologies to create an adequate, competitive business environment.”

The current number of members is 2,828, of which 1,546 are active.

Website: <http://www.hebroncci.org/en/>

### **Palestinian Leather Industries Union**

The shoe and leather industry is one of the oldest in Palestine. It witnessed a huge growth during the period in the past, which allowed it to evolve from a craft industry into a high-tech one competing on fine quality with international products<sup>7</sup>.

It operates according to the Presidential Decree with Law No. 11 for the year 2011 on the amendment of the Law of the Federation of Palestinian Industries and Specialised Associations No. 2 for the year 2006, and is mandated to the MoNE.

The Palestinian Leather Industries Union (PLIU) was established in 1996, and aims to:

- Present a fair representation of the shoe and leather sector in all Palestinian institutions, organisations and ministries,
- Understand the sector's problems and search for solutions, and
- Rehabilitate the sector with high efficiency through:
  - Improving technical performance of the human resources,
  - Improving product quality to enable members to compete better,
  - Improving the administrative skills of the managers, and
  - Internal and external marketing activities.

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<sup>7</sup> Palestinian Federation of Industries

The current number of members is 150, of which 100 are active.

Website: None found at the time of writing.

#### **5.2.4 Tourism and Creative Arts Cluster of East Jerusalem**

Jerusalem is an important city for Christians, Muslims and Jews, and is a major international destination for religious and non-religious tourists alike. 3.2 million tourists arrive annually, mostly from Europe and North America, and generate annual revenue of circa US\$ 1 billion<sup>8</sup>. In East Jerusalem, tourism constitutes 40% of the city's economy<sup>9</sup>.

The tourism sector in Palestine in December 2013 included 113 hotels with a total of 6,072 beds, of which 28 with 1,572 beds were in East Jerusalem. The average number of rooms per hotel in Palestine was therefore 54. In 2012, there were 49 travel agencies, 102 tour operators for tourists visiting Palestine, 270 car rental firms, 4,455 restaurants and beverage serving enterprises, 54 tour bus companies, 283 souvenir shops, 229 handicraft manufacturers and 1,034 others.<sup>10</sup>

The cluster includes hotels, restaurants, tour operators, souvenir shops, business support organisations and other related institutions.

The Cluster Core Group consists of around 12 members, of which 8 are active. After the commencement of PSDCP activities, however, other potential active members have come forward.

The cluster's main goal is to "develop Jerusalem based and identifiable tourism services, products and packages that add value to the local market and make it more competitive and attractive to both domestic and international visitors".

It plans to implement the following initiatives and activities to enhance its competitiveness. These have been developed as part of the PSDCP by cluster members using a bottom-up approach:

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<sup>8</sup> Guitard, P., 2012. Private Sector and Economic Development in East Jerusalem - Final Report. European Union Project No. 2012/293385/2

<sup>9</sup> A. Abu Saud, 2007. Closures and Separation and Their Impact on East Jerusalem's Economic Sectors. *Palestine-Israel Journal of Politics, Economics and Culture*, [e-journal] 14(1). Available through: <<http://www.pij.org/details.php?id=1054>> [Accessed: 24 May, 2014]

<sup>10</sup> Palestinian Central Bureau of Statistics

#### Initiative 1: Redevelopment of the St. John's Bazaar

- Activities:
- Engage an architectural engineer to do a concept drawing and feasibility study
  - Engage a legal expert
  - Establish a "Research Committee"
  - Develop a business plan
  - Engage an interior designer
  - Renovate the Bazaar

#### Initiative 2: Design and Development of Thematic Tourism Packages

- Activities:
- Engage a legal expert
  - Develop a domestic tourism business plan
  - Undertake awareness campaigns aimed at the local market to inform about the importance of tourism
  - Develop skills and knowledge in tourism
  - Undertake promotional activities
  - Develop international packages

#### Initiative 3: Development of Skills

- Activities:
- Develop skills in product design and development for textiles, leather, ceramics, silver, gold
  - Attend a training course in "Costing and Pricing" followed by coaching in the field
  - Attend a training course in "Merchandising and Presentation"
  - Attend a training course in "Marketing and Promotion"
  - Attend a training course in "Communication Skills and Selling"
  - Attend a training course in "The Art of Cooking"

#### Initiative 4: Targeting of a New Domestic and International Markets

- Activities:
- Undertake market research into the domestic and international markets
  - Develop a marketing plan
  - Design and promote new tourism packages

#### Initiative 5: Promotion of the Jerusalem Tourism Cluster

Activities:        Develop a marketing plan  
                     Advance the selling points of the cluster

#### **Jerusalem Arab Chamber of Commerce, Industry and Agriculture**

The Jerusalem Arab Chamber of Commerce, Industry and Agriculture (JACCIA) was founded in 1936. Since then, it has been active, competent and dynamic in the Holy City of Jerusalem. During the years of the Israeli Occupation, the Chamber was almost isolated from the rest of the business world but, in spite of this, it has rendered many services to the businesses of East Jerusalem through its administrative activities.

It operates according to the Presidential Decree with Law No. 9 for the year 2011 on the Palestinian Chambers of Commerce which was based on previous Chamber law and its amendments, and is mandated to the MoNE.

Its aims are to:

- Represent members and defend their interests,
- Contribute to the improvement of the business environment, and promote investment, partnership and coordination with local, regional and international community organisations,
- Lead sustainable development efforts, concentrating on available sources of economic growth,
- Provide distinctive services in a highly professional and transparent manner, and
- Achieve an integrated Jerusalemite economy and enhance security which stabilises its Arab identity

The current number of members is 2,626, of which 960 are active.

Website: <http://www.jacci.org/english/>

#### **Arab Hotel Association**

The Arab Hotel Association (AHA) is a non-profit organisation representing Palestinian hotels throughout the Holy Land and assists other related tourism associations in Palestine. Its members have more than 3,709 guest rooms.

It operates according to Law No. 1 for the year 2000 on Charities and Community Organisations, and is mandated to the Ministry of Interior.

Established in Jerusalem in 1962, the expanding hotel industry in Palestine provides the AHA with many challenges. It aims to include all hotels in Palestine, and has decentralised representation in four regions.

Its mission is to “represent Palestinian member hotels and create opportunities based on the strategic priorities for the hotel industry of financing, technical assistance, policy management and marketing.”

The current number of members is 70, of which 56 are active.

Website: <http://www.palestinehotels.com/>

### **Holy Land Incoming Tours Operators Association**

The Holy Land Incoming Tour Operators Association (HLITOA) was established in 2005. Its members are tour operators for inbound tourists only, and are the main carriers of general and pilgrimage tourists in Palestine. They bring much foreign exchange into the economy, especially as HLITOA directs them to other tourism service providers (e.g. hotels, transport companies, guides) which create significant employment opportunities in the area.

It operates according to Law No. 1 for the year 2000 on Charities and Community Organisations, and is mandated to the Ministry of Interior.

The HLITOA aims “to support and strengthen Palestinian incoming tour operators and represent them in participating in and contributing to the development of sustainable incoming tourism in the Holy Land”.

The current number of members is 45, of which circa 43 are believed to be active.

Website: <http://www.holylandoperators.com/en/>

### **Jerusalem Tourism Cluster**

The Jerusalem Tourism Cluster (JTC) is a non-profit organisation.

It aims to “link together buyers, suppliers, religious, educational and Technical Vocational Education and Training (TVET) sectors in the economic sectors of trade, tourism, industry, services and contracting that relate to tourism in East Jerusalem for the purpose of developing capacities and resources and building competitiveness to push the city’s economy forward to suitable level”.

Its main objectives are to:

- Link East Jerusalem and Palestinian businesses using a B2B portal to create an online community which will increase business activity in East Jerusalem and reduce the sector’s dependence on Israeli sources of supply,
- Network between tourism businesses in East Jerusalem, and
- Encourage participation in economic and cultural activities in East Jerusalem.

It does not have a membership base as the JTC is a donor funded project.

Website: <http://www.jerusalem2b.org/index.php?lang=2>

### **5.2.5 Palm Trees Cluster of Gaza**

Palm Trees Cluster of Gaza was unified in 2013 and includes primary producers (farmers), secondary producers (dry date importers and date paste manufacturers), food processors, fodder manufacturers, handicraft manufacturers and distribution outlets (wholesalers and short sellers).

Several BSOs support the cluster, including the Food and Agriculture Organisation (FAO), Ministry of Agriculture, MoNE, World Food Programme, Gaza CCIA and two local Non-Governmental Organisations (NGOs) that are leading the development of the sector, namely the Al-Ahlyia Association for Development of Palms and Dates (AADPD) and the Al-Nakhel Association.

The Cluster Core Group consists of fourteen members (eight farmers, one biscuit manufacturer and three production units (i.e. one handicraft, one fodder and one date paste) plus the two NGOs named above.

The cluster’s goal is “to develop and strengthen the competitiveness of date and palm products, and increase the domestic market share of local producers”.



It had not finished developing its initiatives at the time of writing, so the cluster has not been included in the development of this strategy. However, its priorities as identified from the situation analysis and strategy development workshop are:

- Market access and branding,
- Quality management,
- Production techniques, and
- Capacity building.

These have been taken into consideration.

### **Gaza Chamber of Commerce, Industry and Agriculture**

Gaza Chamber of Commerce, Industry and Agriculture (GCCIA) was established in 1954 when Gaza Strip was controlled by Egypt.

It operates according to the Presidential Decree with Law No. 9 for the year 2011 on the Palestinian Chambers of Commerce which was based on previous Chamber law and its amendments, and is mandated to the MoNE.

The Chamber strives to:

- Represent the private sector to government and international bodies and defend their interests,
- Develop and improve the economic infrastructure,
- Promote international and Arabic relations, and open new horizons for relationships between businessmen around the world and Palestine,
- Provide suggestions and guidance regarding commercial, industrial and agricultural issues for development, and
- Enhance relationships between the Palestinian Chambers and those in Arab and other countries

The current number of members is 6,000, of which 700 are active.

Website: None found at the time of writing.

### **Al-Ahlyia Association for the Development of Palms and Dates**

The Al-Ahlyia Association for Development of Palms and Dates (AADPD) is a charitable NGO specialised in the development of palms and dates. It was founded by a group of agronomists, farmers and experts in 2001.

It operates according to Law No. 1 for the year 2000 on Charities and Community Organisations, and is mandated to the Ministry of Interior.

Its objectives are to:

- Support Palestinian farmers and enhance their steadfastness on their land through projects offered by the association,
- Rehabilitate the palm sector,
- Expand the cultivation of palms through introducing new varieties into the region,
- Enhance local and regional relations to help protect palms from threats,
- Create specialised technical staff in palms,
- Understand and encourage the adoption of the latest technologies in palm cultivation,
- Support small projects to increase farmer's incomes and provide employment opportunities for poor families,
- Promote world-class agricultural production and market palm and date products locally and internationally, and
- Invest in women's abilities.

The current number of members is 68, of which circa 30 are active.

Website: <http://www.nakhel.org/>

## 6. REVIEW OF BSOs IN THE PILOT CLUSTERS

*The comments made in this section refer only to the BSOs visited during the field research undertaken as part of the development of this proposed strategy.* The sample size is estimated to be 5-10% of all BSOs in Palestine, and those interviewed are involved with the pilot clusters of the PSDCP. They include some of the largest in Palestine and the comments made cannot therefore be said to be true of all BSOs in Palestine, or taken as comments for the country as a whole. Notwithstanding this, the sample interviewed is believed to be representative of BSOs serving the PSDCP clusters.

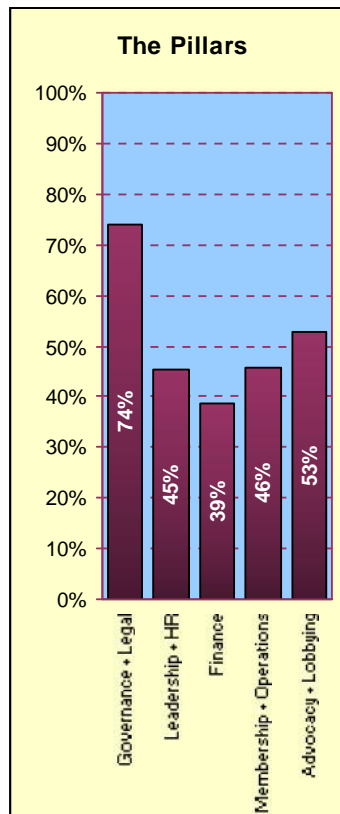
The information to complete the questionnaires, some of which incorporated a Likert scale, was provided by the BSOs and interpreted by the interviewers. The comments made can therefore be said to be generic opinions based on the sample interviewed. For BSOs not interviewed, however, it is hoped that some of the ideas presented may provide suggestions for thought when developing plans for their own capacity development and their building of future clusters.

## 6.1 Overview

The review of the BSOs included evaluation of their capacity to deliver services to clusters based on five pillars: governance and legal, leadership and human resources, finance, membership and operations, and advocacy and lobbying.

Figure 4 shows the overall results of the analysis across the five pillars.

**Fig. 4: Evaluation of BSO Capacity for the Determined Pillars**



Source: Authors

Analysis showed that the BSOs interviewed have a good level of governance and legal procedures and practices overall, with all visited being established on a best practice model. Many had professionally developed strategies and some also had updated implementation plans. Voluntary membership tends to encourage more member-driven services and thus contribute to BSO sustainability, and most BSOs had this (for the Chambers, membership is mandatory but it not enforced and so could be regarded as “semi-voluntary”). Only the FPCCIA reported having a formal code of ethics.

With regard to leadership and human resources practices, some BSOs scored more highly than others, with umbrella organisations bringing up the score overall. Many of the topics addressed in this pillar require manpower and / or financial resources and, as the BSOs are generally stretched on both fronts, this may have impacted on the results.

Finance is better provided for in the Chambers than the other BSOs as they were said to enjoy a greater level of revenue overall from member subscriptions fees from necessary services and a small amount of private sponsorship / partnership. All BSOs, however, rely heavily on revenue obtained from donor funded projects to service their members.

For membership and operations, the overall score was fairly low and again this is likely to be due to the limited availability of financial resources in some BSOs for them to be able to implement some activities fully.

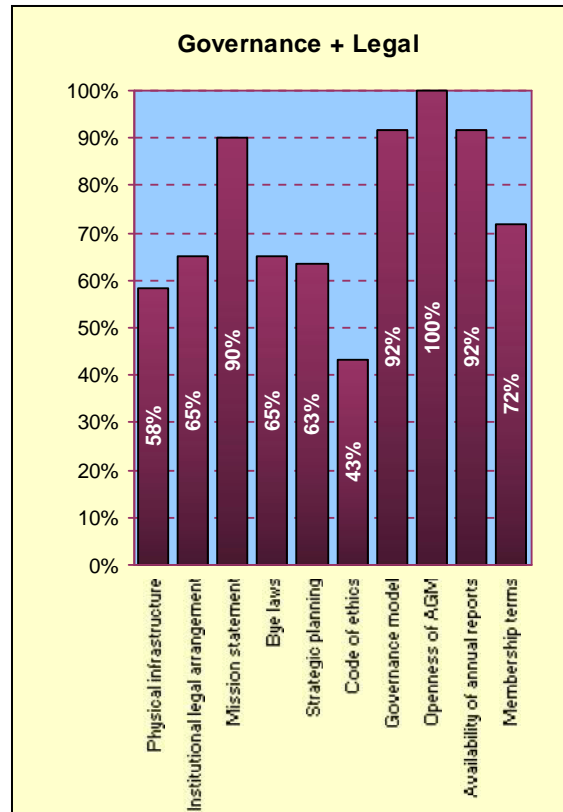
Advocacy and lobbying requires little in the way of monetary resources, and it is possibly because of this that most of the BSOs visited are involved with it. It does, however, require manpower, and all expressed a desire for more. Also of note is that all BSOs interviewed were highly passionate about defending their members' interests, and willing to take up whatever cause was needed.

The following sub-sections comment on the five pillars in further detail.

## 6.2 Governance and Legal

Figure 5 and the following comments show and discuss the governance and legal pillar in detail.

**Fig. 5: Evaluation of BSO Capacity for Governance and Legal Matters**



Source: Authors

### 6.2.1 Adequacy of the Physical Infrastructure Available

Several BSOs have large buildings (e.g. Hebron CCIA, FPCCIA), but some do not (e.g. Jerusalem Arab CCIA which relocated to its current premises due to Israeli dictates). Those that do not have suitable premises often conduct activities in the local Chamber or in enterprise's own business premises (e.g. PLIU). Donor organisations are also supported by the BSOs in conducting their activities (e.g. if they wish to introduce a project, it is usually hosted in BSO premises).

If a BSO owns another building for investment purposes, this is often made available for rent to other organisations or enterprises to provide a revenue stream.

The FPCCIA, Hebron CCIA and PalTrade have an excellent physical infrastructure, with well-appointed training rooms, board rooms and offices. The USM also has access to excellent facilities in the Stone and Marble Centre which is housed in the PPU.

#### **6.2.2 Adequacy of the Institutional Legal Arrangement**

The legal arrangement for BSOs in Palestine is covered by a law for the Chambers and FPCCIA (Resolution Act on Chambers of Commerce and Industry), and a law for the specialised unions and PFI (Resolution Act on Amending the Palestinian Federation of Industries and Specialised Unions). Both of these were issued in 2011 and are expected to be approved by the Legislative Council in the future. Associations, co-operatives, NGOs, Not for Profit Organisations (NPOs) and other legal structures which BSOs might operate within fall under the Associations and Civil Bodies Law.

For Chambers and specialised unions, their umbrella organisations produce a unified byelaw with the MoNE, and this is introduced to and adopted by the Cabinet. If a new Chamber or specialised union is to be established, or an election is to be held for the Board of Directors, the relevant umbrella organisation makes a request to the MoNE which makes the call to initiate the process.

Associations, societies, co-operatives, NGOs, NPOs and other legal structures are mandated to the Ministry of Interior and have their own internal byelaws.

Some byelaws may not be up-to-date vis-à-vis developments that have taken place since their creation, or have been updated and are waiting Cabinet approval.

#### **6.2.3 Adequacy of the Mission Statement**

Most BSOs have good mission statements contained in strategic plans and, in the case of the Chambers, these were developed with the support of Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ). Some of the other BSOs visited have also benefited from donor support when developing these, but where they were devised in a top-down manner, some BSOs suggested that, with hindsight, they could perhaps have benefitted from a greater level of consultation with members.

#### **6.2.4 Appropriateness of the Byelaws**

All Chambers interviewed had generic and detailed byelaws. They are wide in scope and could be considered generic. They deal with membership terms, decision making, elections, the board and

board meetings, finance, employee savings, the commercial arbitration committee and sectorial committees. These byelaws, along with the overarching Chamber laws, are the references for Chamber work, but they sometimes may not have been fully understood by all staff.

Byelaws of cooperatives, specialised unions, societies and associations are normally developed by the founding members, and address the same topics as those of the Chambers.

Byelaws are sometimes compiled in consultation with BSO members.

#### **6.2.5 Adequacy of the Strategic Planning**

Strategic planning is considered an essential part of good business practice.

In the past, a few Chambers had strategic plans, but others either did not have them or had an annual plan based on the vision of executive staff. Now, however, all Chambers have professional strategic plans. These were developed with the support of the FPCCIA and GIZ after several consultations with each Chamber at Board, staff and member level, and were launched by the Chambers themselves at a major launch event. There has also been a follow-up project, again funded by GIZ, whereby all the Chambers were revisited to review progress. This culminated in a 2014-15 implementation plan for each Chamber.

Most other BSOs also had strategic plans. PalTrade developed its strategy with the support of the Canadian International Development Agency (CIDA) and adopted a Results-Based Management (RBM) approach which provided a good framework for monitoring and evaluation. It is thought that the PLIU may not have one as it was unable to share it with the interviewers.

#### **6.2.6 Adequacy of the Code of Ethics**

The FPCCIA was the only BSO interviewed that reported having a formal code of ethics. This has been given to the Chambers, but not all may have implemented it in a similar manner. This suggestion was reinforced by some Chambers saying that they did not have it. In other organisations, codes of ethics were reported to be informal or not to exist.



### **6.2.7 Adequacy of the Governance Model**

Nearly all BSOs interviewed had a best practice governance model (i.e. a General Assembly and a freely and fairly elected Board with elections being held regularly). Only the newly elected Board of Gaza CCIA is not yet recognised by the PNA due to the internal political situation.

According to the FPCCIA, Chamber Board members may not always be fully effective in their roles due to a lack of understanding of what they should do or their knowledge being limited to their own situations and experiences in private enterprise. This is more likely to be the case if their backgrounds are at micro enterprise level, in which case private agendas may subliminally influence decisions in some cases.

The JTC has a different governance model as it a donor funded project. This has established a board which is restricted to a small group of people that represent different parts of the value chain in the tourism cluster.

### **6.2.8 Openness of the Annual General Meeting to All Members**

All members of all BSOs interviewed are invited to the Annual General Assembly Meeting (AGM).

### **6.2.9 Availability of Annual Reports to All Members**

Annual reports are presented at annual AGM and openly discussed. Members are allowed to contribute to the discussions at appropriate times.

### **6.2.10 Appropriateness of the Membership Terms**

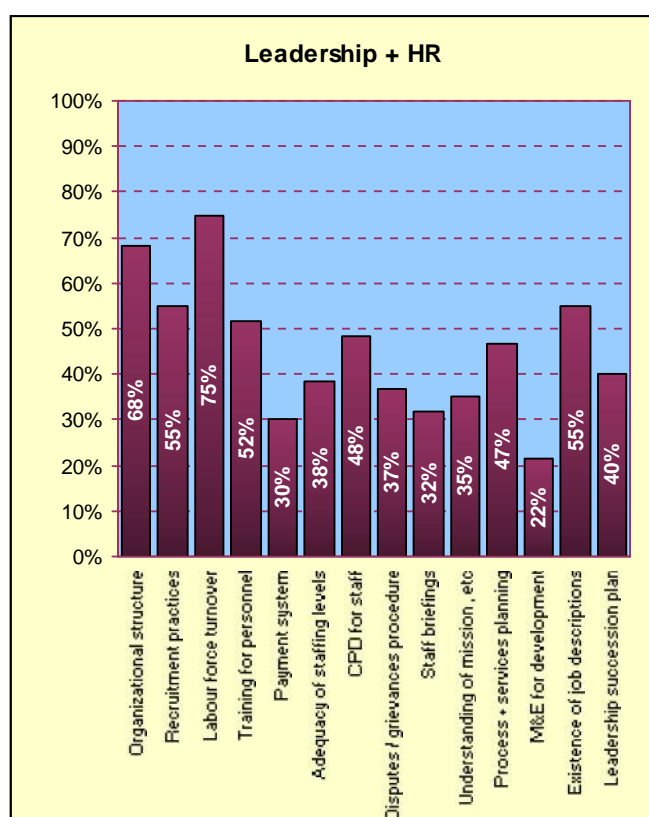
Palestinian law stipulates that all firms must register as Chamber members and pay their dues. However, this is not enforced: not all firms are registered, and not all registered firms pay their subscriptions. Membership terms could therefore be deemed to be semi-voluntary at the present time.

The PLIU, AADPD, HLITOA, PalTrade and JTC all have voluntary membership. The USM has voluntary membership for the majority of its members, but for firms with annual revenue of more than US\$ 100,000 it is mandatory. The AHA has compulsory membership according to Ministry of Tourism regulations, and it is working to enforce this.

## 6.3 Leadership and Human Resources

Figure 6 and the following comments show and discuss the leadership and human resources pillar in detail.

**Fig. 6: Evaluation of BSO Capacity for Leadership and Human Resources Matters**



Source: Authors

### 6.3.1 Adequacy of the Organisational Structure

All Chambers have an organisational structure and chart. They were largely developed based on the vision of the Executive Manager or Chairman, and many do not contain functional separation.

Many have been updated over time, but some are not yet approved by the relevant Chamber Board. With the exception of Hebron CCIA, the charts seen did not include a department for business or SME development, and job descriptions were said to usually exist for senior staff, but not always for those at junior level.

With the support of GIZ, the FPCCIA has recently contracted a specialised company to develop organisational and functional charts for the Chambers which will enable the introduction of new

services. A template incorporating three levels as a best practice example has been designed for adaptation to individual Chamber contexts but, so far, out the five Chambers interviewed, none had been able to get Board approval for the adaptations put forward. The reason given was that implementation of such changes requires resources and Chamber Boards are reluctant to commit monies to them at this stage.

Without approval of these adaptations, some Chambers remain on their previous organisational structure (e.g. Hebron CCIA, North Hebron CCIA and Jerusalem Arab CCIA) and in most cases there continue to be overlaps of work activities and responsibilities and inefficiencies in operations.

Some of the other BSOs interviewed confirmed that they did not have an organisational chart as it was not needed due to having very few staff (e.g. the PLIU, AHA and HILTOA). Larger organisations have them (e.g. PalTrade, USM and AADPD) with functional departments or sections.

### **6.3.2 Adequacy of Recruiting the Right Person for the Right Job**

Many of the BSOs visited had formal recruitment procedures, but in some cases recruitment was said to be based on networks and personal contacts rather than ability to do the job.

In some BSOs, the skill base of staff is centred on a limited number of areas (e.g. information technology) and this could lead to difficulties in adapting to provide services that require different ways of thinking (e.g. numerically orientated staff may experience issues delivering creative thinking based BDS, such as marketing and branding).

In most cases, recruitment plans did not exist.

### **6.3.3 Stability of the Labour Force**

Stability of the labour force is high because good job opportunities are relatively few in Palestine. Chambers also offer secure employment. PalTrade, whose work is largely project based, often hires staff on a temporary basis for this reason.

### **6.3.4 Appropriateness and Regularity of Training Provided for Personnel**

Hebron CCIA has a dedicated training department which is used by members and staff alike. Jerusalem Arab CCIA also does a lot of training.

Training is usually undertaken by BSOs only if financed or provided by donors / other institutions. In these cases, it is by nature ad hoc, and the quality of the training provided is determined by the donors / other institutions. Some is therefore likely not to be as effective as it could be. Also, donors provide training based on the “project document and design”, and what is wanted by the BSOs is not always sufficiently taken into account. The most notable exception to this is the recent Chamber capacity building programme devised by the FPCCIA and GIZ. Here, a training needs analysis was done with full involvement of the Chambers and FPCCIA and the programme is widely regarded as highly successful.

#### **6.3.5 Adequacy of a Structured Payment System**

All BSOs interviewed comply with the prevailing employment laws, and many adapt generic payment structures to their own context. However, payment structures may not always be adhered to as, to get the required person for the job in certain situations, salary may not be consistent with education level, width and depth of experience and number of years of service prescribed on the payment structure. In addition, many employees have donor funded salaries and payment structures may not exist as a result of this.

#### **6.3.6 Adequacy of the Number of Professional Personnel Needed to Run the Organisation**

Professional staffing levels are generally appropriate for the activities currently undertaken or slightly below the ideal. In nearly all cases, they are insufficient if member services are to be increased.

#### **6.3.7 Adequacy of Continuous Professional Development for Staff**

CPD for staff is done in some BSOs, with more being provided in the larger or more progressive ones and the umbrella organisations. In most cases, it is infrequent and ad hoc as it is highly reliant on donor funding.

#### **6.3.8 Adequacy of the Disputes / Grievance Procedure for Personnel**

All BSOs follow employment law, which covers permanent but not temporary staff, but no formal internal grievance procedures were reported to be in place. In the event of a dispute between the employee and employer, matters are settled through informal discussions or by the employee taking the employer to court.

### **6.3.9 Regularity of Staff Briefings with Management**

Staff briefings to discuss progress, problems and activities for the next period are held in some organisations, but not on a regular basis and they are not integrated into the organisational framework.

### **6.3.10 Staff Understanding of the Organisation's Mission Statement and Objectives**

Senior BSO staff members know and understand the mission statement and objectives of their organisation, but junior staff often do not. The situation is better in the umbrella organisations.

### **6.3.11 Adequacy of the Planning of Processes / Services**

Processes and services planning are difficult as their delivery is highly dependent on staff availability and donor funds. Initiatives (e.g. festivals, exhibitions, BDS and technical training) are usually planned if potential funds are identified and / or available, but there is little point in planning activities if they are not. Umbrella organisations source donor projects and it is as a result of these that most BSOs plan activities.

Professional strategic and implementation plans have been developed in many BSOs but, without the necessary resources, their execution is limited.

### **6.3.12 Use of Staff Monitoring and Evaluation Practices for Organisational Development**

Apart from the larger or more progressive Chambers, staff monitoring and evaluation (i.e. use of appraisals and personal Key Performance Indicators (KPIs) is not believed done for organisational development purposes.

### **6.3.13 Percentage of Staff Members Having Job Descriptions**

Job descriptions have been written as part of the remit of a GIZ project for middle and senior level staff of the Chambers and FPCCIA. However, these do not extend to all levels of the organisation. PalTrade has put job descriptions in place throughout its organisation in the last six months, but the other BSOs interviewed had few, if any.

#### **6.3.14 Adequacy of a Leadership Succession Plan**

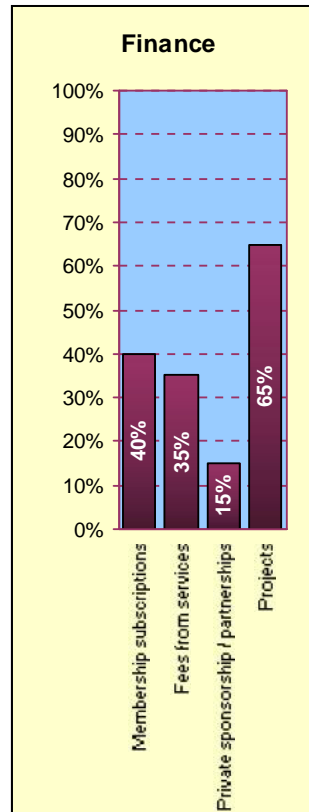
There were no leadership succession plans as such in the Chambers but, as staffing levels are only just adequate for current activities and there is an overlap of work and responsibilities, all senior staff are able to do each other's job and thus take over if the leader is absent, for example, for reasons of ill health.

Leadership succession plans were not seen in the other BSOs visited, but the interviewers were led to believe that PalTrade sometimes appoints existing deputies as Acting Heads of Departments and allows them learn on the job before promoting them to the full role. This suggests an informal plan may exist.

## 6.4 Finance

Figure 7 and the following comments show and discuss the finance pillar in detail.

**Fig. 7: Evaluation of BSO Capacity for Finance Matters**



Source: Authors

### 6.4.1 Level of Membership Subscriptions

All Chambers have a high percentage of registered members who do not pay their subscriptions (i.e. non-active members) and, across the sample interviewed, the average was 54%<sup>11</sup>. For the specialised unions and associations, it was 51%<sup>11</sup>. These figures exclude the Gaza Strip BSOs interviewed as they have an extremely high number of non-active members and this would have distorted the figures.

Considering all firms in the BSO's jurisdiction who *could* pay subscriptions but currently do not (i.e. if non-active members became active and all non-registered firms joined), for the Chambers this would

<sup>11</sup> Estimated using information provided by the BSOs visited

imply that 78%<sup>12</sup> - 84%<sup>13</sup> of available firms do not contribute to their revenue. For the specialised unions this was 76%<sup>13</sup> - 78%<sup>12</sup>. Again, these estimates exclude the Gaza Strip BSOs.

Assuming that all firms in the jurisdiction who *could* pay subscriptions and which currently do not do in fact join the BSOs, and that the fees they pay are annual renewals only (i.e. not including joining fees or those for services), it can be estimated that the potential additional revenue available for the Chambers would be US\$ 147,000<sup>12</sup> from non-active members and US\$ 454,000<sup>12</sup> - US\$ 668,000<sup>13</sup> for all. For the specialised unions and associations, the corresponding figures are US\$ 133,000<sup>12</sup> from non-active members and US\$ 379,000<sup>13</sup> - US\$ 449,000<sup>12</sup> for all. Again, these figures exclude Gaza Strip BSOs.

Non-registered and registered but non-subscription paying members may decide not join the Chambers or pay their dues because:

- a) They do not see the Chambers offering BDS services of value to them,
- b) They supply in the immediate locality and do not export so require few or none of the services offered, or
- c) Are people registered falsely as traders in order to obtain travel permits for personal reasons.

Subscription fees for the Chambers are generally lower than those of other BSOs.

FPCCIA revenue from the Chambers is supplied in full, and financial reports are submitted by all members.

For other BSOs, subscription fees are generally higher than those of the Chambers. However, membership numbers may be low (e.g. AHA) and the total revenue obtained from subscriptions may limit the number and type of activities undertaken.

**NB:** Further information regarding the method of calculation used to obtain the figures used and for individual BSOs interviewed, please see Appendix 8.

#### **6.4.2 Level of Fees from Services (BDS and non-BDS)**

Chambers currently offer a limited number and types of BDS, and focus on trade fairs, exhibitions and donor funded training. They do, however, offer a comprehensive range of non-BDS to meet the Palestinian context which have been devolved from national government to reinforce mandatory

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<sup>12</sup> Estimated using information provided by the BSOs visited

<sup>13</sup> Estimated using information provided by the Palestinian Central Bureau of Statistics and BSOs visited



registration of enterprises. Fees for non-BDS are low as they are needed by members for day-to-day operations of many businesses, but those for BDS, when not donor funded, can be high. A Japan International Cooperation Agency (JICA) project is currently being implemented to help Chambers to deliver BDS to members, and this will train thirty staff by the end of the year.

The other BSOs interviewed offer some non-BDS and occasionally BDS. The latter are usually donor funded. Where they are not, again fees can be high.

#### **6.4.3 Level of Private Sponsorships / Partnerships (excluding NGOs)**

There is a low level of sponsorship / partnership by the private sector to fund BSO activities. Apart from the FPCCIA and PalTrade, who secure it on a low level, none was reported to occur.

#### **6.4.4 Level of Donor Funded Projects**

The FPCCIA negotiates and secures donor funded projects from which the Chambers and their members benefit. Hebron CCIA also works with donors independently and other Chambers are free to do so, but do not due in part to lack of knowledge on proposal writing. Most other BSOs visited have implemented or been involved in the implementation of one or more donor funded projects. PalTrade has implemented many.

It should be noted also that different donors have different requirements for applying bodies to be considered. These must be taken into consideration when devising concept projects and sourcing donor funds.

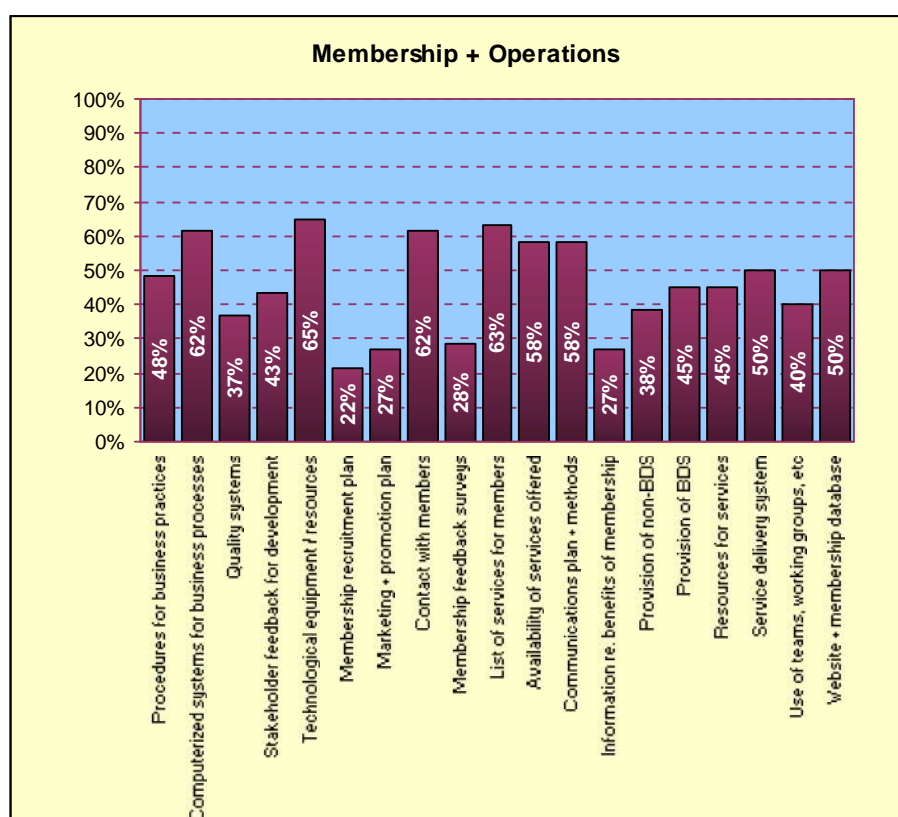
#### **Additional Note:**

NGOs have their own agendas and develop concept projects that fit with these. They then tend to look for an organisation in the beneficiary country to host that project. Initiatives are thus often initiated outside of the country, and be driven top-down rather than bottom-up. The notable exception to this is the recent GIZ project with the FPCCIA to develop Chamber capacities.

## 6.5 Membership and Operations

Figure 8 and the following comments show and discuss the membership and operations pillar in detail.

**Fig. 8: Evaluation of BSO Capacity for Membership and Operations Matters**



Source: Authors

### 6.5.1 Adequacy of Procedures for Business Practices

Several BSOs have developed systems and manuals of procedures (e.g. administration, finance, personnel) but some have not yet been fully applied. A few operate recognised quality procedures (e.g. USM is ISO 9001 certified by the International Organisation for Standardisation (ISO), Jerusalem Arab CCIA advised that it implements ISO 9001 procedures but is not audited on them). All have good financial procedures which are audited by an external company annually.

Where these systems have not yet been created, the essential ones are set down in the laws and byelaws of the organisation. Additional measures can be specified by donor organisations for project activities.

#### **6.5.2 Adequacy of Computerised Systems for Handling Day-to-Day Business Processes**

Several BSOs interviewed had a computerised system for day-to-day processes. In addition, the FPCCIA with the support of GIZ has contracted an information technology company to develop a Unified Management Information System (UMIS) in all Chambers. Currently, the FPCCIA uses this to gather member and other data to implement its activities and source donor projects and funds but, in the future, it is anticipated that the system will be upgraded to enable it to be used to provide member services (e.g. market intelligence). Previously, a separate system existed in each Chamber. All Chambers expect those in Gaza Strip now use the UMIS. Use of computers in Gaza is constrained by the electricity supply which is only available at certain times of the day. If a generator is not used, times of member service availability are limited but, as electricity is provided at regular times each day, Gaza companies know to visit the BSO accordingly. Several Chambers either have or are working to put member applications online (e.g. Certificates of Origin). The larger Chambers already do this. PalTrade has also recently managed to subscribe to some international websites (e.g. International Trade Centre) to provide online information services for its members.

#### **6.5.3 Adequacy of Quality Systems and Checks to Assess Standards of Work Carried Out**

Of the BSOs visited, only Hebron CCIA has an internal audit department. This checks on what it does and how it does it, and some of its systems will therefore be formalised. The USM and Jerusalem Arab CCIA also operate quality systems and checks as part of their ISO procedures. For the remainder of the BSOs interviewed, reliance was often placed on member complaints when something goes wrong in order to initiate a quality review, and this was said to be primarily due to low staffing levels.

#### **6.5.4 Adequacy of Stakeholder and Member Feedback Obtained to Improve Services Offered and Ways of Working**

The larger and more progressive BSOs are proactive in obtaining stakeholder and member feedback in order to improve their services, but most others reported relying mainly on member comments obtained through personal contact and networking. PalTrade and the USM use focus groups to obtain information to improve services and ways of working.

#### **6.5.5 Adequacy of Technological Equipment / Resources**

The larger BSOs are well equipped with technological resources (e.g. new computers and land / mobile telephones), but in others it may vary. Resources have, in many cases, has been provided by

donor organisations as part of project activities but large organisations are also able to purchase additional items when needed. Smaller BSOs must use personal property until funds can be secured, and reliance is frequently on the use of laptops.

There is an internal computer network for the UMIS in the Chambers, and a Virtual Private Network (VPN) now links all Chambers and the FPCCIA. Chambers are also enabled with Internet Protocol (IP) and video conferencing capability, and these services will be made available to members in the future to help them in their day-to-day business operations.

Internet coverage is good throughout Palestine, although the third generation of mobile communications technology (3G) is prohibited by the Israeli government. Going forward, this may hinder BSOs improving their services delivery as quickly as they might.

#### **6.5.6 Adequacy of the Membership Recruitment Plan**

No formal membership recruitment plans were reported, but some short term activities are undertaken on an ad hoc basis as and when resources permit (e.g. an initiative developed by the FPCCIA and the Business Women's Association (ASALA) was conducted to recruit business women owners in 2013).

A membership recruitment plan is not required by the umbrella organisations.

#### **6.5.7 Adequacy of the Marketing and Promotion Plan**

No formal marketing and promotion plans were reported, but informal short term plans were said to be put in place when promotional activities are required (e.g. for festivals) and the necessary funds become available. Funding is usually reliant on donors.

#### **6.5.8 Frequency of Contact with Members**

In general, the BSOs have good levels of contact with their members, and there is widespread use of bulk Short Message Services (SMS) and Facebook. For face-to-face contact, many BSOs are networking focused, particularly if their members are in a small geographical area, or make visits into the field. Formalised networking is low but informal networks are common. Some use networking more often than others, with the smaller BSOs sometimes struggling due to lack of staff resources. In these cases, contact is left to when members visit the BSO office to, for example, obtain services. Members are also invited to attend an AGM, but it was said that many members choose not to attend.

#### **6.5.9 Frequency of Membership Feedback Surveys on the Services Provided**

In the larger and more progressive BSOs, membership surveys are carried out to obtain feedback on operations and the services provided. In the smaller ones, they were said to occur only when donors plan or initialise projects.

#### **6.5.10 Completeness of the List of Services Provided to Members**

A list of all traditional services offered is available to members in each Chamber. However, it may not always be given to new members and, in these cases, reliance is placed on the member visiting the Chamber website or asking for the list. Some other BSOs visited, particularly the smaller ones, did not have a service list as most services are donor funded and therefore not continuously available.

#### **6.5.11 Availability of the Services Offered**

In the larger BSOs, the services offered are fully available to all members, but in the smaller ones they may not be provided as quickly due to lack of resources. Complications brought about by the Israeli Occupation (particularly in Area C and Gaza Strip) may also affect availability, and many are often only provided when donor funds are available. Particularly in the smaller BSOs, those which are not donor dependent are often low cost in nature (e.g. advocacy and lobbying) and more readily available.

#### **6.5.12 Adequacy of the Communications Plan and Methods of Communicating with Members**

No formal communications plans were reported in the BSOs visited. Instead, communication with members for many BSOs is often done on a need basis (e.g. to inform on planned activities, remind of subscriptions due) and in these cases reliance is often placed on networking and online media. Communication methods for many activities include bulk SMS, Facebook, e-mails, websites and ad hoc field visits to selected members.

Of note is that some BSOs have highly informative websites which can also be used as an information source (e.g. PalTrade and USM). However, this is not the norm and, whilst most BSOs have a website, several of those searched were not fully up to date).

Only the FPPCIA was said to have previously produced news bulletins for its Board members to inform on activities.

### 6.5.13 Adequacy of Information Regarding Benefits of Membership

Information about the benefits of membership and spreading news of BSO success stories is not generally published or promoted, particularly by the smaller BSOs. Where it is, websites are generally used. If the website is not up-to-date, promoting membership benefits often relies on member networking. Also, member successes are often promoted an ad hoc basis rather than in a systemised manner.

### 6.5.14 Diversity and Availability of Non-Business Development Services (Non-BDS)

Non-BDS are mainly provided by the Chambers and focus on Certificates of Origin, licenses, travel permits and advocacy and lobbying. A list of the non-BDS services mandated to them is provided in Figure 9.

**Fig. 9: Non-BDS Provided by Chambers**

Type of Service	Specific Service
Semi-governmental	Issuing of Certificates of Origin for exports to Arab countries
	Issuing of certificates for Palestinian passport applications
	Receipt of applications for Jordanian passports
	Verifying re-export certifications
	Verifying commercial dealerships
	Receipt of applications for permissions for Palestinians to enter Israel
Membership	Registering members
	Renewing membership
	Issuing membership certificates
	Issuing membership cards
	Modifying member profile information in the membership records
	Issuing Businessman's Cards or Certificates
	Issuing recommendation letters
	Issuing other non-standard certificates
	Verifying professional licenses
	Verifying signatures / stamps for members
	Verifying special documents
	Issuing damage estimation certificates
	Providing commercial dispute resolution

Source: FPCCIA

In larger Chambers, these services are readily available, but in the smaller Chambers they may be not be provided as quickly due to limited resources and complications brought about by the Israeli Occupation. Membership services are provided by other BSOs, but semi-governmental ones are not.

### **6.5.15 Diversity and Availability of Business Development Services (BDS)**

Provision of BDS is almost always dependent on donor funding, which tends to focus on training and attendance at national and international exhibitions, and is therefore ad hoc. Currently, BDS in Palestine includes networking (some BSOs only), provision of information, feasibility studies (larger BSOs only), holding and organising Palestinian exhibitions abroad (e.g. Jordan, Kuwait), facilitating festivals and providing basic business practices training when donor funds are available. Occasionally, some BSO members will pay for experts to speak or do group training, but this is an infrequent occurrence and not all BDS provided is market driven. Networking between members and experts from the Netherlands has been done recently through a pool of consultants.

Skills to deliver BDS in the Chambers is low in many cases, but the current JICA project aims to build some capacity by training thirty persons to deliver them by the end of 2014.

Of the interviewed Chambers, only Hebron CCIA works directly with donor agencies to provide BDS, and these are mostly based on training. Other Chambers implement BDS projects set up by the FPCCIA on their collective behalf.

A list of BDS services mandated to the Chambers is provided in Figure 10.

**Fig. 10: BDS Provided by Chambers**

Type of Service	Specific Service
Business development and support	Renting out Chamber halls or meeting rooms
	Facilitating visits to international exhibitions
	Facilitating participation in international exhibitions as an exhibitor
	Providing training courses
	Providing workshops
	Providing vocational guidance and counselling
	Providing general information
	Placing commercial advertising

Source: FPCCIA

### **6.5.16 Adequacy of Resources Available to Provide Non-BDS and BDS**

BSOs rely on membership fees, charges for non-BDS services and donor funding to provide BDS and non-BDS to their members.

It was suggested that Hebron CCIA has high funding levels due to having many subscription paying members, whilst other BSOs stated that they had insufficient funds to carry out their day-to-day

operations. Certainly, BSOs with more than one office are likely to be more financially challenged in this respect.

Of note is that some BSOs said that they preferred to invest their monies in physical assets designed to enhance long term financial sustainability (e.g. erecting buildings for renting out) rather than use them to provide member services. This policy constrains services delivery. Understanding the need for financial stability, most BSOs have many members who do not pay subscriptions and a significant number of potential members too. If the number of subscription paying members could be increased, it could create additional revenue to fund extra services. Furthermore, some BSOs have very limited resources whilst others work extensively with donors (e.g. GIZ, JICA, AFD, United States Agency for International Development (USAid), United Nations Development Programme (UNDP) and United Nations Industrial Development Organisation (UNIDO). Those that do are able to offer better service availability.

Umbrella organisations receive their member revenue in full, and this is used to provide a good level of services. The FPCCIA provides advocacy and lobbying, exhibitions, business delegations, networking between members, training of employees and Boards of Directors and fund raising activities.

Additionally, provision of most BDS is heavily reliant on donor funds and monies available for these are thus sporadic. However, BDS services which are market driven and provide a clear value to members can often be charged out at premium rates. In many cases they can be self financing and, in some, even profitable.

#### **6.5.17 Adequacy of the Service Delivery System and its Control**

Some BSOs have a separate area for non-BDS delivery, but the others do not. This is thought to be due to heavily reliance on donor funds for many aspects of their operations.

Larger BSOs tend to have good service delivery systems, with some offering application processes online. Some smaller BSOs are trying to establish this but, without funding, they are likely to find that they are unable to do so.

#### **6.5.18 Adequacy of Use of Working Groups, Teams and Committees**

Larger and the more progressive BSOs reported using working groups and / or teams, but the smaller ones stated that they were constrained by human resources levels.



However, the law governing Chambers contains a clear article about establishing Sectorial Committees within the Chamber framework, and these are active in some Chambers for certain sectors. None are for the PSDCP cluster sectors.

The USM uses teams when it can, but again is constrained by human resources as to how much it can do this. The other BSOs visited stated that they do not have the necessary staff to implement internal team working.

#### **6.5.19 Adequacy of Website and Membership Database**

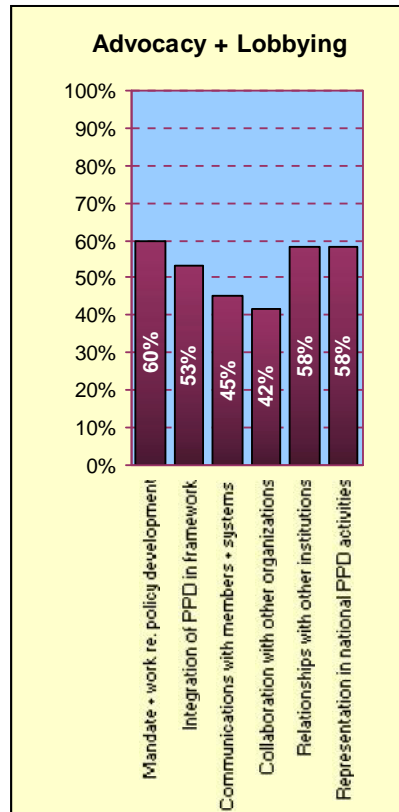
All BSOs visited said they had a website, but some confirmed that they are not always up-to-date and / or contain limited information. PalTrade and the USM have particularly useful websites which can also be used by members as information resources.

All have a membership database with the larger BSOs using complex software. Smaller BSOs sometimes have manual systems.

## 6.6 Advocacy and Lobbying

Figure 8 and the following comments show and discuss the advocacy and lobbying pillar in detail.

**Fig. 11: Evaluation of BSO Capacity for Advocacy and Lobbying Matters**



Source: Authors

### 6.6.1 Adequacy of the Mandate / Scope of Work on Advocacy, Lobbying and Policy Development

All BSOs undertake advocacy, lobbying and policy development to a greater or lesser extent and, whilst the Chambers have a comprehensive formal mandate for it, other BSOs may not always have this. Issues taken up are almost always member driven. Gaza CCIA does not lobby the PNA, but Hamas. This should change with the introduction of the proposed unity government in mid-2014 and all Chambers will lobby the same.

### **6.6.2 Adequacy of Integration of PPD into the Institutional Framework**

Advocacy and lobbying is part of what the Chambers do on an on-going day-to-day basis and part of their byelaws. It is also done by the other BSOs visited and, for some, it is a primary focus. Activities tend to be ad hoc rather than being formalised and structured.

PalTrade is part of the organisation working behind the Private Sector Coordination Council (PSCC) and has good experience in public-private dialogue.

For the Chambers and specialised unions, communicating public-private dialogue issues to their umbrella organisations enables the latter to represent them and their members at the PSCC which meets with government (the last meeting was held 15<sup>th</sup> April 2014). Using the umbrella organisations in this way gives weight to the issues raised with government, and the FPCCIA currently has two contracted expert advisors (one legal and one economic) to assist it with this work.

### **6.6.3 Adequacy of Communications and Communication Systems with Members**

The Chambers post information about their advocacy and lobbying activities on their websites, or communicate to business / community leaders by word of mouth. These leaders are then expected to disseminate it throughout the business community.

Apart from the larger BSOs and umbrella organisations, formal focus groups of members were not reported to be used to gather ideas for advocacy and lobbying, nor to feedback progress.

The FPCCIA holds open meetings for the same, regular meetings with its Board Members and produces printed information to provide updates on its activities and progress. Recipients are expected to transmit the information to their Chambers, but this may not always happen.

Networking between Chambers appears to be low. For other BSOs it is a main form of communication.

### **6.6.4 Level of Collaboration with Other Organisations (Excluding Donors) in Planning, Decision Making and Action Reviews for Mutual Benefit**

There appears to be a low level of joint planning of activities between some BSOs unless there is a donor funded project or they are working in a common sector to provide the common ground. In the absence of either of these, relationships can easily become competitive rather than collaborative and

some BSOs did not know what activities others do well that might be able to support them better. Collaboration was said to be largely constrained by low staff numbers.

The umbrella organisations undertake their activities within the context of the National Economic Development Plan in order to maximise potential for government support. They represent their members in ongoing public-private dialogue and have good relationships with other institutions and government bodies through the PSCC.

#### **6.6.5 Level of Relationships with Other Institutions**

The FPCCIA works closely with the MoNE and currently represents all Chambers excluding those in Gaza to the MoNE. The AADPD works with other institutions in Gaza Strip, the JTC works with the AHA and HLITOA and the USM with the PPU. PalTrade focuses its efforts on government.

Some were said to share information for mutual benefit prior to it being placed in the public domain, others not.

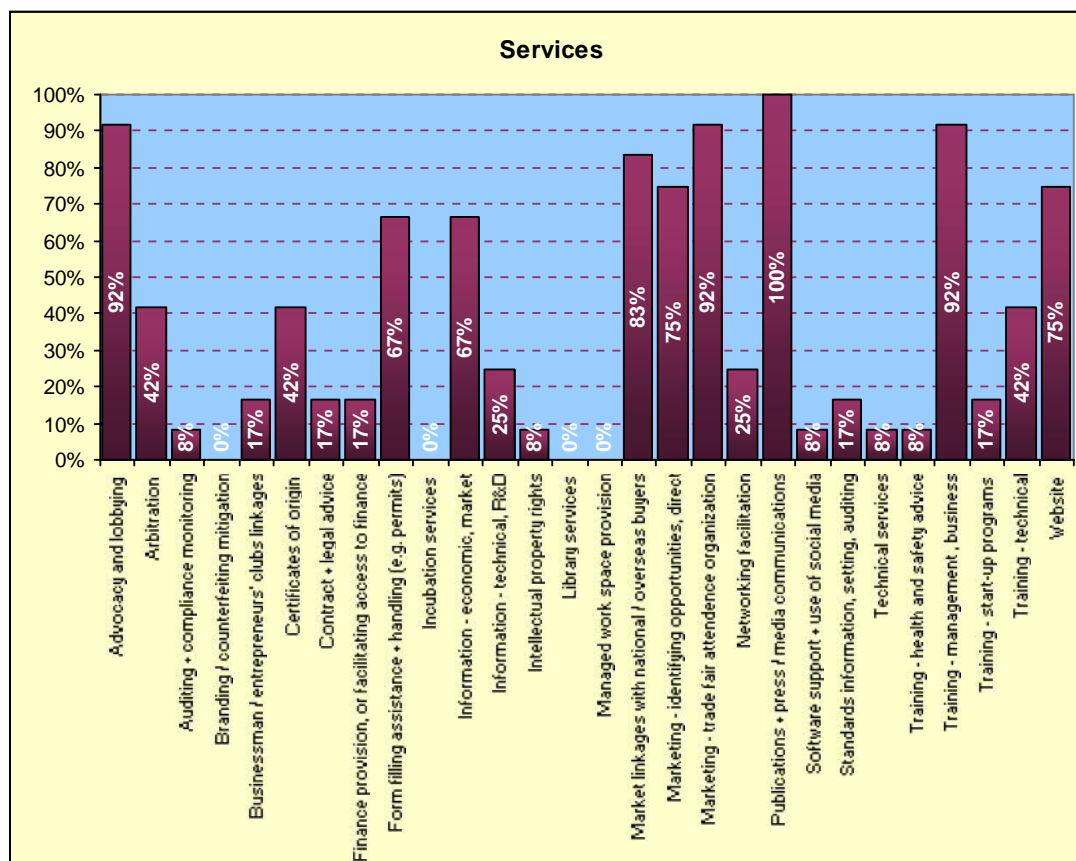
#### **6.6.6 Adequacy of Representation in National PPD Activities**

The BSOs generally do advocacy and lobbying at national level through their umbrella organisations which bring issues to the attention of the Private Sector Committees which exist within the framework of the PSCC. These meet with the MoNE, which then raises the issues with the relevant Ministries. Some BSOs, however, may do advocacy and lobbying directly, and the PLIU is very active in this area (e.g. it has increased awareness on low taxes on footwear imports and low import cost prices declared) as is the USM. PalTrade also has good experience of working at national level.

## 6.7 Services

Figure 12 and the following comments show and discuss member services in detail, and the review considered the number but not the quality of services provided by the BSOs.

**Fig. 12: Evaluation of BSO Capacity for Services**



Source: Authors

The overall score for the types of services offered by the BSOs interviewed, other than the umbrella organisations which were not included as they do not provide them directly to enterprises, was 44%.

An overlap of services offered by Chambers and other BSOs exists in some cases (e.g. advocacy and lobbying, assistance with form filling, provision of information (e.g. economic, market, technical, research and development (R&D)), identification of linkages with buyers and other market opportunities, organisation of attendance at trade fairs, printing publications and information in the media, linkages to businessmen and entrepreneur clubs and provision of management training). However, these are all essential for many businesses, and there is effectively a choice as to where an enterprise can source them from. Some may be more appropriate for one firm's particular circumstances if sourced from a Chamber, but for another firm, using a specialised union or

association may be more fitting. Some of the common services will also doubtless be different in nature and scope between the providers, but others may not and it is on these that there could be a level of competition to supply.

Other services appear to be offered uniquely by either the Chambers or other BSOs. Arbitration, Certificates of Origin, contract and legal advice, finance or access to finance and start-up training programmes are the domain of the Chambers, whilst auditing and compliance monitoring, facilitation of networking between members, software support, standards setting and auditing, technical services, information regarding intellectual property rights, health and safety advice and technical training were said to be provided by non-Chambers. It is anticipated that each BSO uses its unique services to attract subscription paying members.

Some services enquired about were not offered by any of the BSOs (e.g. branding / counterfeiting mitigation, incubation services, library services, managed space provision).

## **7. GAP BETWEEN PILOT CLUSTERS' NEEDS AND THE CAPACITIES OF THEIR BSOS**

In reviewing the pilot clusters' needs which were identified during their strategy workshops and developed thereafter, it is apparent that there is a large demand for skills for technical development, accessing new markets and upgrading production and process delivery. It suggests that some very specialist skills development is required, particularly in the areas of design and manufacturing process improvement and also the use of techniques which are new to Palestine, such as in Lean Manufacturing systems.

Typically, pilot cluster BSO support is currently directed at individual MSMEs and shows an absence of specialist services needed and indicated in most of the pilot cluster strategies. For enterprises operating in a cluster environment, similar services are required to those that are not, but cluster services are delivered to a collective audience instead of individual enterprises. Where there are gaps in individual MSME services, there will also logically be, therefore, gaps for clusters.

Potential pilot cluster demand, as suggested by comparing the pilot clusters' requirements with current cluster-centric support and services provided by the interviewed BSOS indicates the gaps shown in Figure 13.

**Fig. 13: Gap Analysis**

Cluster	Pilot Cluster Needs	BSO Capacity Required	Current BSO Capacity
Furniture	<p><b>Clustering:</b> Improved cluster awareness of cluster members Networking skills (between cluster members and between the cluster and other local, national and international institutions)</p> <p><b>Planning:</b> Planning, framework development and management skills (including cluster-centric marketing)</p> <p><b>Business Management:</b> Risk evaluation and management skills (collaborative and individual)</p> <p><b>Operations:</b> Collaborative purchasing skills Costing and pricing knowledge and skills Lean Manufacturing knowledge and implementation skills (including cluster centric activities such as joint vendor managed inventories) Technical training (e.g. product / packaging design, finishing, painting, upholstery)</p> <p><b>Quality:</b> Quality systems / standards knowledge and implementation skills (including cluster-centric quality monitoring and quality marks) Customer satisfaction measurement knowledge, tools and skills</p> <p><b>Marketing (for domestic and international markets):</b> Access or skills to compile market research information / studies Development of cluster access to new market(s) Marketing and selling skills (including cluster-centric branding and promotion)</p> <p><b>Other:</b> Cluster-centric contract management skills Cluster-centric lobbying skills Cluster access to experts</p>	<p>Cluster awareness raising Planning, frameworks and management skills training Business management guidance and training Operation skills training Quality and compliance training Marketing and branding training Economic and market intelligence provision Business opportunity identification Market linkages provision Contract management training Advocacy and lobbying training Signposting to experts</p>	<p><b>Planning and delivery</b> of services is limited and highly dependent on staff availability and donor funds. A list of all traditional services offered is available to members in each Chamber. Some other BSOs visited, particularly the smaller ones, did not have a service list as most services are donor funded and therefore not continuously available. Non-BDS provided by the Chambers focus on Certificates of Origin, licenses, travel permits and advocacy and lobbying. Provision of BDS is almost always dependent on donor funding, which tends to focus on training and attendance at</p>



<p><b>Stone and Marble</b></p>	<p><b>Clustering:</b> Improved cluster awareness of cluster members Networking skills (between cluster members and between the cluster and other local, national and international institutions)</p> <p><b>Planning:</b> Planning, framework development and management skills (including cluster-centric financing, marketing, project and operations)</p> <p><b>Business Management:</b> Codes of ethics development skills</p> <p><b>Operations:</b> Access to sector specific information (e.g. waste recycling) Collaborative purchasing skills Lean Manufacturing knowledge and implementation skills (including cluster centric activities such as joint vendor managed inventories)</p> <p><b>Quality:</b> Quality systems / standards knowledge and implementation skills (including cluster-centric quality monitoring and quality marks)</p> <p><b>Finance:</b> Cluster-centric financial resourcing knowledge and skills</p> <p><b>Marketing (for domestic and international markets):</b> Access to or skills in compiling market research information Development of cluster access to new market(s) Marketing / selling skills (including cluster-centric branding, promotion, export consortia)</p> <p><b>Other:</b> Cluster-centric contract management skills Cluster-centric lobbying skills</p>	<p>Cluster awareness raising Planning, frameworks and management skills training Business management guidance and training Operation skills training Quality and compliance training Marketing and branding training Economic and market intelligence provision Business opportunity identification Market linkages provision Contract management training Advocacy and lobbying training</p>	<p>national and international exhibitions, and is therefore ad hoc. They include networking (some BSOs only), provision of information, feasibility studies (larger BSOs only), holding and organising attendance at international exhibitions (e.g. Jordan, Kuwait), facilitating festivals and providing basic business practices training when donor funds permit</p> <p><b>Skills</b> to deliver services in the BSOs are low in many cases</p> <p><b>Funding</b> to deliver services is limited. There is also limited capacity in proposal writing and fund raising</p> <p><b>Human resources</b> levels and staff capacities to provide services are</p>
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<p><b>Shoe and Leather</b></p>	<p><b>Clustering:</b> Improved cluster awareness of cluster members Networking skills (between cluster members and between the cluster and other local, national and international institutions)</p> <p><b>Planning:</b> Planning, framework development and management skills (including business, feasibility, marketing and project)</p> <p><b>Business Management:</b> Business management knowledge and skills (e.g. costing and pricing, financial, HR leadership and management, running a family business, raw materials importing, supply chain management and use of information technology)</p> <p><b>Operations:</b> Access to sector specific information (e.g. technology developments) Health and safety practices and improvement knowledge Lean Manufacturing knowledge and implementation skills (including cluster centric activities such as joint vendor managed inventories) Technical training (e.g. development of new vocational programmes, finishing, last manufacturing, product design and modelling, tanning)</p> <p><b>Quality:</b> Quality improvement knowledge and skills (including cluster-centric quality systems, international standards, testing requirements and cluster quality marks)</p> <p><b>Marketing (for domestic and international markets):</b> Access to or skills in compiling market research information Development of cluster access to new market(s) Marketing / selling skills (including cluster-centric branding, marketing and promotion)</p> <p><b>Other:</b> Cluster-centric contract management skills</p>	<p>Cluster awareness raising Planning, frameworks and management skills training Business management guidance and training Operation skills training Quality and compliance training Marketing and branding training Economic and market intelligence provision Business opportunity identification Market linkages provision Contract management training</p>	<p>constrained by financial resources, and many focus on the traditional services</p> <p><b>Cluster awareness</b> is limited or basic</p> <p>Institutional arrangements to support the introduction of BDS are weak</p>
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<b>Tourism and Creative Arts</b>	<p><b>Clustering:</b> Improved cluster awareness of cluster members Networking skills (between cluster members and between the cluster and other local, national and international institutions)</p> <p><b>Planning:</b> Planning, framework development and management skills (including business, feasibility, marketing and sector)</p> <p><b>Business Management:</b> Business management knowledge and skills (e.g. costing and pricing)</p> <p><b>Operations:</b> Technical training (e.g. design and development of tourism packages, product design and development for textiles, leather, ceramics, silver and gold, services and culinary arts)</p> <p><b>Quality:</b> Quality improvement knowledge and skills (including cluster understanding of international standards and customer expectations, certifications and cluster quality marks)</p> <p><b>Marketing (for domestic and international markets):</b> Access to or skills in compiling market research information Development of cluster access to new market(s) Marketing / selling skills (including cluster-centric branding, communications, marketing, merchandising, promotion and presentation)</p> <p><b>Other:</b> Cluster-centric contract management skills Access to experts</p>	<p>Cluster awareness raising Planning, frameworks and management skills training Business management guidance and training Operation skills training Quality and compliance training Marketing and branding training Economic and market intelligence provision Business opportunity identification Market linkages provision Contract management training Signposting to experts</p>	
<b>Palm Trees</b>	<p>Capacity building Production techniques Quality management Market access and branding</p>	<p>Capacity building Production techniques Quality management Market access and branding</p>	

Source: Authors

## 8. CONCLUSIONS

In reviewing the interviewed BSOs capacity to provide services to the PSDCP pilot clusters, it seems that many have significant development needs if they are to reach best practice and be able to offer services to an increasingly demanding membership base. As the PSDCP pilot clusters wish to develop their intellectual and technical capability, their BSOs need to keep pace with them and, ideally, be ahead of them in developments. Whilst the BSOs reviewed were diverse and service very different clusters (furniture, stone and marble, tourism and creative arts, shoe and leather and palm trees), they face common problems in upgrading and developing their services to be better able to service the clusters. They need to:

- Improve technical and management skills of staff,
- Improve processes within the organisation,
- Increase technical understanding of their clusters' needs,
- Improve marketing and promotion, and extend it to the potential membership base,
- Increase the number of members paying subscriptions and purchasing services,
- Increase awareness of cluster development techniques and provide more cluster-centric services, and
- Focus on member driven services to increase revenue, enhance sustainability and thus reduce the need for donor aid.

In general, the BSOs in the PSDCP clusters need to improve their performance if they want to deliver value adding services to them. Being market driven, and providing services demanded by the clusters is likely to increase revenue from membership fees.

It is recognised that the BSOs interviewed need to take opportunities offered to them by donor initiatives to help them make adjustments to improve their organisations, but they could also be more selective regarding their uptake of donor initiatives to ensure that they improve or increase the most value adding services required by their members.

The BSOs can play an important role in helping their cluster and non-cluster members by increasing their awareness of changes and trends in member services demand. This will also help them to increase their competitiveness in a worldwide market.

BSOs should play a key part in helping clusters to develop their competitiveness and access markets. Their aim should not be to link the poorest enterprises to the most challenging markets, but to invest in helping them to move up the value chain, build their capacity and make markets more accessible. This requires technical and market knowledge and BSOs will need to ensure that they can deliver cluster services by upgrading their own skills and capacity.

## 9. RECOMMENDATIONS

Below are general recommendations for BSO development based on the findings of the field review. Some may be applicable to all BSOs interviewed and others not. These ***recommendations should therefore be considered by each BSO in their own context when deciding if they might benefit from their implementation or not.***

Whilst this assignment has reviewed selected BSOs directly related to the pilot clusters to evaluate their capacity for delivering services to clusters, a number of other key process and operational areas have been identified for potential improvement which, if improved will better enable BSOs to service their clusters, both now and in the future. The recommendations that might receive assistance from the PSDCP are focussed on cluster development but, for completeness, all recommendations are made.

Non-cluster based activities should also be considered by appropriate BSOs in light of available finance and their ability to implement them.

### 9.1 Cluster Awareness

- Establishment of a national “Knowledge Centre for Clusters and Cluster Development”, where newly formalising clusters can go for information (e.g. this technical best practice centre could be established in the FPCCIA)
- Training in what clusters are, the cluster development process, how clusters are activated, the benefits to the cluster and the economy, and the timescales involved
- Training in what BSOs can do to help clusters and how (e.g. types of services which can be delivered, how they can be financed and their implementation)
- Training in how to be cluster practitioners for a number of staff in each BSO, so that clusters are more widely understood throughout their organisations
- Training in how to manage and serve clusters for BSO senior and junior staff (e.g. this type of certified training is available in / from Denmark, Germany and New Zealand)
- Learning from successful clusters (e.g. international speakers, such as Cluster Animators / Managers, to visit Palestine and talk about what they do, how they do it, what services are provided to them by their BSOs, how their cluster developed and what they personally did to help the process; study tours to successful clusters for BSOs and cluster representatives)
- Learning from best practice BSOs servicing successful clusters (e.g. international speakers, such as from the United Kingdom (UK) Chambers of Commerce, to visit Palestine and talk about what they did to help their cluster(s) develop successfully and

how, what they do now and the services that they provide; study tours to cluster-centric BSOs and staff exchanges with them for BSO senior staff)

- Facilitation of confidence building for cluster members in collaboration (e.g. networking, social events, trust building exercises)
- Discussion seminar on individualism versus collectivism / collaboration
- Twinning of Palestinian clusters with other like successful clusters outside of Palestine (e.g. the Stone and Marble Cluster of North Hebron and Bethlehem with Cluster del Granito of Northern Spain)
- Twinning of Palestinian BSOs with other BSOs outside of Palestine which service successful similar clusters (e.g. North Hebron CCIA with the Chamber of Commerce in the region where Cluster del Granito is located)
- Establishment of committees to work on developing a plan for each of the BSO's clusters
- Motivational "Yes We Can" training to develop the proactive approach to cluster development

## **9.2 Governance and Legal**

- Strengthening of governance and legal structures to enhance delivery of services to the BSOs' existing membership bases, which will further enable cluster-centric activities to be developed (e.g. updating byelaws which are non-current due to developments since their conception, development of codes of ethics, training for newly elected board members on their role and remit)
- Development of the governance and legal structures to be inclusive of clusters and cluster development methodologies
- Discussion seminar on the benefits of mandatory versus voluntary BSO membership in the Palestinian context

## **9.3 Leadership and Human Resources**

The review of the cluster BSOs identified some areas which, although some are not directly linked to cluster development, could be strengthened to enable more effective cluster-centric activities in the future. These included:

### **Procedures:**

- Recruitment of additional professional personnel to deliver new cluster based services

- Refinement of organisational business procedures related to human resource development and management (e.g. organisational charts for all levels of the organisation, job descriptions throughout all levels of the organisation, staff recruitment plans, formal recruitment procedures, orientation courses which include information on the contents of last information event, staff appraisal systems, CPD plans, leadership succession plans, integration of regular staff briefings into the organisational framework and development of disputes / grievances procedures)
- Development of mission statements and professional strategic plans which include a component for monitoring and evaluation of progress
- In-house information events to brief staff on activities and progress (staff are also a BSOs greatest ambassadors) and reconfirm the mission statement and objectives each time to maintain a high level of focus on organisational goals

#### Skills:

- Training for leaders of large BSOs and umbrella organisations in very high level strategic planning for the long term, sourced from business schools where world class business and other planning is developed (e.g. Harvard and other American “ivy league” business schools)
- Training in how to identify appropriate donor agencies and apply for projects
- Motivational “Yes We Can” training to develop the proactive approach to cluster development
- Training on how to use focus groups

## 9.4 Finance

- Training in how to write a good proposal
- Training in how to identify appropriate donor agencies and apply for projects
- Training in the need for and how to identify member driven services to increase revenue and enhance sustainability
- Encouragement of strategy refinements to include provision of more demand driven services
- Networking with and lobbying of donors to which proposals have been submitted
- Driving of membership recruitment to increase revenue (e.g. membership campaigns)
- Development of private sponsorships / partnerships

## 9.5 Membership and Operations

As with Leadership and Human Resources, the review identified some areas which are not uniquely linked to cluster development, but which could be strengthened to enable more effective cluster-centric activities going forward. These included:

### Administration and Processes:

- Establishment of systems for cluster member (and other stakeholder) feedback on the services offered to identify improvements in ways of working
- Establishment of marketing and promotion plans for cluster services and activities provided
- Awareness campaigns and publication of cluster services provided to cluster and non-cluster members to encourage their use and other clusters to develop
- Establishment of a schedule for updating websites with cluster information so they are kept fresh, interesting and informative
- Promotion of the benefits of BSO membership to members and non-members
- Provision of information about what umbrella organisations do for BSOs supporting clusters and promotion thereof
- Establishment of formal BSO-member communications plans
- Targeting of faster communications between umbrella organisations and BSOs, which is necessary in an ever-faster moving world, to enhance relationships with the clusters
- Establishment of computerised systems for day-to-day business processes to speed up operations
- Establishment / improvement and formalisation of operational systems and procedures (e.g. administration, personnel, financial), and standardisation thereof in multi-branch BSOs. A cluster focus should be included in each, as appropriate
- Obtaining accreditation for operational quality to improve internal operations in general and build confidence of cluster members in services provided (this could be donor funded)

### Skills Development:

- Training in critical observation and analysis and brainstorming to identify areas for improvement and / or innovative business practices and ways of doing things (e.g. to increase resources, a person could be recruited to drive subscriptions and be paid 10% of what he collects instead of a salary)



- Training on the need for and developing membership recruitment plans
- Training in how to provide cluster BDS in a structured manner
- Training in how to use information technology and systems to increase efficiency
- Training in women's entrepreneurship and women's affairs, particularly to support clusters where women are involved, such as the Gaza handicrafts and Jerusalem catering and souvenirs ladies (this could potentially be provided by the FPCCIA Gender Unit)
- Training in NGO project management, which has a business emphasis
- Training in quality control and performance monitoring and evaluation
- Training in how to deal with customer complaints
- Training and / or encouragement in the use of team working and working groups

### 9.5.1 Marketing

- Training in developing "Export Points" (sometimes known as "X-Points" or "Expo-Links") to enable cluster members to have quick and easy access to all export related information
- Training in gathering market intelligence (e.g. developing utilisation of UMIS to facilitate market research studies for clusters to assess new market potential)
- Development / improvement of good relations with commercial attaches in different countries to facilitate cluster members doing business in those countries

### 9.5.2 Networking

This is an integral part of the "soul" of clusters, and is critical to their success.

- Development of networking between cluster members
- Development of wider and deeper networking between cluster members and their BSOs
- Development of wider and deeper networking between the BSOs, so each can know what others do and what each is particularly good at so that they can harness each other's skills
- Development of wider and deeper networking between BSOs and their umbrella organisations
- Development of wider and deeper networking between government ministries and BSOs / umbrella organisations
- Development of networking between BSOs / umbrella organisations and international BSOs

## 9.6 Advocacy and Lobbying

- Development of a structured PPD format for better and faster representation of cluster member interests at BSO, umbrella organisation and government levels (this will be addressed within the PSDCP)
- Provision of super-fast feedback between BSOs / umbrella organisations and cluster members on progress regarding issues taken up, and for this to be made publically available on a regular basis
- International speakers to visit Palestine to talk about how policies to support clusters were collaboratively developed through PPD, and to show / coach selected BSO staff in the practical aspects of this (e.g. PPD coordinators or government persons from Italy)

## 9.7 Services

### Business Development Services:

- Provision of information for members on the latest trends in BDS and cutting edge business practices to keep them up to speed in a globalised market
- Development of new BDS, all of which could be cluster-centric (e.g. marketing, international marketing, market research for local, national and international markets, online marketing, production planning, quality improvement, language capability, access to finance, legal advice). Some of these (i.e. marketing, production planning and quality improvement) are being addressed by the JICA project, which is training selected BSO staff to deliver them but not with a cluster bias
- Wider facilitation of practical / vocational training for cluster members (including literacy skills where required)
- Training in how to run a family business
- Signposting cluster members to national and international experts
- Provision of women's entrepreneurship programmes
- Facilitation of registration of clusters with Cluster Observatories (e.g. the European Union (EU) Cluster Observatory)
- Obtaining BDS provider accreditation to enhance cluster confidence in cluster services delivered (this is commonly done in the UK and Germany, and is a prerequisite when providing services to government, and oftentimes private, clients)

#### Knowledge Development:

- Training for cluster members on the benefits of collaborative projects (e.g. purchasing, marketing, newsletters, attendance at trade fairs, tool libraries, centres of excellence, training)
- Training in risk evaluation and management for cluster members
- Confidence building for cluster members in risk taking (e.g. publishing success stories, meetings for social events, networking)
- Training in how to organise attendance for cluster members at a trade fairs / exhibitions

### **9.8 Other**

It is recommended that the findings of this review and recommendations made in this report are presented at a Validation Workshop to which representatives of the BSOs interviewed and clusters are invited, and an open discussion be held. Validation obtained in this way should add strength to the recommendations made and encourage buy-in from the BSOs so that they can plan to implement appropriate activities when financial and other resources permit. A time based action plan can be developed after the recommendations have been validated.

# **APPENDICES**

## **APPENDIX 1 - TERMS OF REFERENCE**

To develop a support strategy to assist FPCCIA, CCIAs and sectorial BSOs to reinforce their capacities for cluster development, and to specifically to accomplish the following amongst others:

- Kick off meeting with the PSDCP management and project stakeholders
- Review of related project documents
- Review of institutional capabilities and needs of BSOs active in cluster development re. the five pilot clusters
- Review and assess the technical assistance needs of the BSOs active in the cluster development re. the five pilot clusters
- Review and assess service provision by the BSOs to their members in the five pilot clusters
- Review of BSO capacities that will support cluster development re. the five pilot clusters, particularly with respect to public-private dialogue and advocacy on behalf of MSMEs
- Review and assess the five pilot clusters' needs for BSO services
- Scope out a support strategy for the PSDCP to reinforce the FPCCIA, identified CCIAs and BSOs related to the five pilot clusters, to participate in promoting, identifying and developing the cluster initiatives in their localities. The support strategy for FPCCIA and the BSOs will be based, amongst others, on: service provision, institutional development, strategic planning, accountable governance practices, improving institutional and financial viability, and on-the-job and formal training sessions for BSO leaders and members

## **APPENDIX 2 - SUMMARY OF SELECTED ARTICLES IN LAW**

### **Concerning Charities and Community Organisations, Year 2000**

This covers the AHA, JTC, HLITOA, PalTrade and AADPD.

#### **Article 4 - Registration of an Association / Organisation**

The founders of an association / organisation must submit a written request meeting the requirements to the relevant department in the Ministry of Interior. This request must be signed by at least three of the founders which are registered to sign on behalf of that association / organisation. Three copies of the statute signed by members of the founding committee are to be attached.

The Minister of Interior will announce the decision within two months of the date of the request. In the case of a need for additional data or to complete missing information, this period starts two months from the date of submission of such data. If the two month period has passed without a decision being made, then the association / organisation is considered registered by law. If the request for registration is denied, it must be justified. Applicants are entitled to appeal to a competent court within thirty days of being notified of rejection.

#### **Article 5 - Statute**

Taking into account provisions of the law, the statute for the association / organisation should include:

- Name of the association / organisation, its address, purpose and location of headquarters.
- Its resources and how they are to be used
- Membership conditions, types, reasons for termination and subscription levels.
- Organisational structure
- How it gets incorporated and united
- How it will modify its statute
- How often the general assembly will be held and its format
- The financial control methods which will be used
- Rules for dissolution of the association / organisation and how funds and property will be disposed of when dissolved

### **Article 7 - Legal Identity**

Associations / organisations registered have legal status and enjoy independent financial disclosure as soon as they are registered. They may not exercise activities prior to registration.

### **Concerning Chambers, Year 2011**

**NB:** There is a separate law for specialised unions (e.g. PLIU, USM), but this is very similar to that for Chambers.

### **Article 3 - Legal Identity**

A Chamber is considered the official representative of all its members in the area of specialty. It has legal status and enjoys independent financial and managerial disclosure. The Chamber thus has the right of ownership over movable and immovable funds, and the right to carry out all necessary legal actions to achieve its goals.

### **Article 4 - Establishment**

A Chamber is created to cover a specific area, and its functions will include commercial and industrial activities therein. A written request to establish a Chamber, signed by at least 300 people involved in those industrial or commercial activities in that area, must be made to the Council of the Federation. The Council then recommends the request to the minister, who makes the decision.

### **Article 11 - Founding Committee**

When establishing a new chamber, and based on the recommendation of the Council of the Federation, the Minister forms a founding committee. Law specifies the conditions to be met by the founding committee members, and how they must manage the Chamber's affairs a Board can be elected.

### **Article 12 - Accepting / Rejecting Membership Applications**

To join a newly established Chamber which has not yet elected a Board, a potential member must submit an application to the founding committee. The founding committee accepts or rejects the

application, and accepts the enrolment fees and subscribing as laid down in the byelaws. An objection to the founding committee's decisions concerning acceptance or denial of applications may be submitted to the Council of the Federation, which studies it and raises it with the minister to take the appropriate action.

#### **Article 16 - Term of Office for Board Members**

The minister sets the date for Board member elections. This will be not more than thirty days from the expiry of the existing Board term, or six months from the date of establishment in the case of a newly established Chamber.

#### **Article 17 - Duration of the Board**

The Board's term of office is four years, starting from the day of its election. A representative of the Minister and also the Council of the Federation attends its first meeting. At this meeting, these representatives and members use a secret ballot to elect a chairman, vice chairman, treasurer, cashier and deputy for each of these roles. The Minister is notified of the results.

#### **Article 31 - Central Committee for Managing Board Elections**

The Minister appoints a central committee to manage and supervise Board elections, and to decide on any appeals filed thereafter. The central committee may appoint sub-committees to assist in performing its duties. Law sets out central committee duties and mechanisms.



### APPENDIX 3 - LEGAL ARRANGEMENTS FOR BSOs

Type of BSO	General Law	Mandated To	Byelaws
Chamber	Presidential Decree with Law No. 9 for the year 2011 on the Palestinian Chambers of Commerce	Ministry of National Economy	Developed by the Chambers / FPCCIA in line with the general law and approved by government
FPCCIA			
Specialised Union	Presidential Decree with Law No. 11 for the year 2011 on the amendment of the Law of the Federation of Palestinian Industries and Specialised Associations No. 2 for the year 2006	Ministry of National Economy	Developed by the specialised unions in line with the general law, and approved by government
PFI			
Association	Law No. 1 for the year 2000 on Charities and Community Organisations	Ministry of Interior	Developed by the founding members in line with the general law, and considered as part of the application requirements for registration
Society			
NGO			

## APPENDIX 4 - CLUSTER BSO WEBSITES

BSO Name	Website
AADPD	<a href="http://www.nakhel.org/">http://www.nakhel.org/</a>
Agricultural Development Association (Gaza)	<a href="http://www.pal-arc.org">http://www.pal-arc.org</a>
AHA	<a href="http://www.palestinehotels.com/">http://www.palestinehotels.com/</a>
Alazhar University	<a href="http://www.alazhar.edu.ps">http://www.alazhar.edu.ps</a>
Al-Nakhel Association	-
Al-Quds Open University	<a href="http://www.qou.edu">http://www.qou.edu</a>
Al-Quds University Research Centre	<a href="http://www.alquds.edu">http://www.alquds.edu</a>
Al-Yatem Alarabi School	<a href="http://www.tvet.ps">http://www.tvet.ps</a>
An-Najah National University (Nablus)	<a href="http://www.najah.edu">http://www.najah.edu</a>
Applied Research Institute of Jerusalem	<a href="http://www.arij.org">http://www.arij.org</a>
Arab Centre for Agricultural Development (Gaza)	<a href="http://www.acad.ps">http://www.acad.ps</a>
Bethlehem University	<a href="http://www.bethlehem.edu">http://www.bethlehem.edu</a>
Business Women's Association	<a href="http://www.asala-pal.com/">http://www.asala-pal.com/</a>
Business Women Forum	<a href="http://www.bwf.ps">http://www.bwf.ps</a>
Food Industries Union	<a href="http://www.pfiu.org">http://www.pfiu.org</a>
FPCCIA	<a href="http://www.pal-chambers.org/ar-sa/">http://www.pal-chambers.org/ar-sa/</a>
Gaza CCIA	-
Hebron CCIA	<a href="http://www.hebroncci.org/en/">http://www.hebroncci.org/en/</a>
HLITOA	<a href="http://www.holylandoperators.com/en/">http://www.holylandoperators.com/en/</a>
Institute of Hotel Management and Tourism (Bethlehem)	<a href="http://www.bethlehem.edu">http://www.bethlehem.edu</a>
Islamic University	<a href="http://www.iugaza.edu.ps">http://www.iugaza.edu.ps</a>
Jerusalem Arab CCIA	<a href="http://www.jacci.org/english/">http://www.jacci.org/english/</a>
JTC	<a href="http://www.jerusalem2b.org/index.php?lang=2">http://www.jerusalem2b.org/index.php?lang=2</a>
North Hebron CCIA	<a href="http://www.nhcci.ps/">http://www.nhcci.ps/</a>
MA'AN Development Centre	<a href="http://www.maan-ctr.org">http://www.maan-ctr.org</a>
Palestine for Credit and Development (FATEN)	<a href="http://www.faten.org">http://www.faten.org</a>
Palestinian Businessmen Association	<a href="http://www.pba.ps">http://www.pba.ps</a>
PalTrade	<a href="http://www.paltrade.org/en/index.php">http://www.paltrade.org/en/index.php</a>
PCBS	<a href="http://www.pcbs.gov.ps">http://www.pcbs.gov.ps</a>
PFI	<a href="http://www.pfi.ps">http://www.pfi.ps</a>
PLIU	-
PPU	<a href="http://www.ppu.edu">http://www.ppu.edu</a>
PSI	<a href="http://www.psi.pna.ps">http://www.psi.pna.ps</a>
Salfit CCIA	<a href="http://www.salfeetcci.ps/">http://www.salfeetcci.ps/</a>
Small Enterprises Centre	<a href="http://www.sec-pal.org">http://www.sec-pal.org</a>
Stone and Marble Centre	<a href="http://www.ppu.edu">http://www.ppu.edu</a>
USM	<a href="http://www.usm-pal.ps/en-all/index.php">http://www.usm-pal.ps/en-all/index.php</a>
Wood Industries Union (Gaza)	<a href="http://www.palfurniture.ps">http://www.palfurniture.ps</a>

## APPENDIX 5 - INTERVIEWEE DETAILS

Governorate / Area	Entity Type	Entity Name	Person Interviewed	Position	Telephone	E-Mail
Hebron	BSO	Hebron CCIA	Mr. Jawad al Sayd	Chamber Manager	0597 770099	hebron@pal-chambers.org info@hebroncci.org
	BSO	PLIU	Mr. Tareq Abu Al Fealat	Chairman	0599 490799	tareq@pfi.ps
			Mr. Rafiq Abu Daoud	Secretary	0597 900006	rafiq@pfi.ps
Salfit	BSO	Salfit CCIA	Mr. Ahmad Odeh	Chamber Manager	0599 439222	ahmad82.daoud@yahoo.com
			Mr. Ahmad Shtayah	Deputy Chamber Manager	0599 337844	Ahmad.Ahmad@pal-chambers.org
	Cluster Representative	Cluster	Mr. Khalid Mahbobah	Cluster Manager	0598 822244	khalidboba@gmail.com
			Mr. Ahmed Amer	Cluster Representative	0598 048300	lee_ameer@yahoo.com
			Mr. Jasser Bani Nimrah	Cluster Member	0599 756626	151966j@gmail.com
			Mr. Haytham Al Amour	Cluster Member	0599 258332	h.alamour@gmail.com
Gaza Strip	BSO	Gaza CCIA	Mr. Maher Tabaa	Public Relations Manager	0599 407518	mtabbaa@hotmail.com
			Mr. Basam Murtaja	Chamber Manager	02 821172 to 8	gaza@pal-chambers.org gazacham@palnet.com
	BSO	AADPD	Mr. Islam Abu Shuiab	Manager	0595 594470	islam1977is@yahoo.com
East Jerusalem	BSO	Jerusalem Arab CCIA	Mr. Fadi Hidmi	Chamber Manager	0505 443788	arabjerusalemchamber@gmail.com Jerusalem@pal-chambers.org
	BSO	JTC	Mr. Anan Ghaith	Executive Director	0543 486620	anan@jerusalemte.org
	BSO	AHA	Mr. Raed Khatib	Executive Director	0548 128380	edirector@palestinehotels.com
	BSO	HLITOA	Mr. Raed Khatib	Executive Director	0548 128380	edirector@palestinehotels.com
North Hebron	BSO	USM	Mr. Maher Hushaysh	Executive Director	0599 676001	maher@usm-pal.ps
	BSO	North Hebron CCIA	Mr. Nouraldeen Jaradat	Chairman	0599 675768	nourzlf@gmail.com
			Mr. Ahmad Manasrah	Chamber Manager	022 299377	North.hebron@pal-chambers.org shamalalkhaleelch@yahoo.com
	Cluster Representative	Cluster	Mr. Said Silmi	Cluster Member	05999 555678	Vgs.saidsilmi@hotmail.com
Ramallah	Federation	PalTrade	Ms. Hanan Taha	Director	022 408383	htaha@paltrade.org
	Federation	FPCCIA	Mr. Jamal Jawabreh	Secretary General	0592 099001	Jamal.Jawabreh@pal-chambers.org
			Mr. Akram Hijazi	Public Relations Manager	0598 600001	Akram.Hijazi@pal-chambers.org

## APPENDIX 6 - SCHEDULE OF VISITS

Date	Location	BSO	Time
24.04.14	Ramallah	PalTrade	13:30 - 15:00
27.04.14	Ramallah	Hebron CCIA	13:30 - 15:00
		PLIU	15:00 - 16:00
28.04.14	Salfit	Salfit CCIA	09:00 - 12:00
		Furniture Cluster	12:00 - 14:00
29.04.14	Gaza (by video conference)	Gaza CCIA	10:00 - 11:00
		AADPD	11:00 - 12:00
30.04.14	East Jerusalem	Jerusalem Arab CCIA	09:00 - 11:00
		JTC	11:00 - 13:00
		AHA + HOLITA	13:00 - 15:00
04.05.14	North Hebron	North Hebron CCIA	10:00 - 12:00
		USM	12:00 - 14:00
07.04.14	Ramallah	FPCCIA	10:00 - 11:30

## APPENDIX 7 - QUESTIONNAIRE TEMPLATES

CLUSTER:									
LOCATION:									
COMPANY:									
PILLAR	NO.	ASSESSMENT CRITERIA	SCORE					Notes	
			0	1	2	3	4		5
		The interviewer should score the adequacy / level of each assessment criterion based on interviewee replies and / or interviewer observations on a scale of 0-5 and answer by putting an x in the relevant box.	(none)	(low)	(low-medium)	(medium)	(medium-high)	(high)	
Governance + Legal	1.1	Adequacy of the physical <b>infrastructure</b> (e.g. offices, meeting rooms, training rooms)							!!
	1.2	Adequacy of the institutional <b>legal arrangement</b> (e.g. byelaws for federations, specialized unions, associations, co-operatives)							!!
	1.3	Adequacy of the <b>mission statement</b>							!!
	1.4	Appropriateness of the <b>bye laws</b>							!!
	1.5	Adequacy of strategic planning (i.e. is there a <b>strategic plan</b> ?)							!!
	1.6	Adequacy of the <b>code of ethics</b>							!!
	1.7	Adequacy of the <b>governance model</b> (i.e. General Assembly and freely elected board members)							!!
	1.8	Openness of the annual general meeting ( <b>AGM</b> ) to all members							!!
	1.9	Availability of <b>annual reports</b> to all members							!!
	1.10	Appropriateness of the <b>membership terms</b> (compulsory, voluntary, etc)							!!
Leadership + HR Management	2.1	Adequacy of the <b>organizational structure</b> (is there an organisation chart?)							!!
	2.2	Adequacy of <b>recruiting the right person</b> for the right job							!!
	2.3	<b>Stability of the labour</b> force (high turnover = 0; low turnover = 5)							!!
	2.4	Appropriateness and regularity of <b>training</b> provided for personnel							!!
	2.5	Adequacy of a structured <b>payment system</b>							!!
	2.6	Adequacy of <b>number of professional personnel</b> needed to run the organisation							!!
	2.7	Adequacy of Continuing Professional Development ( <b>CPD</b> ) for staff							!!
	2.8	Adequacy of the disputes or <b>grievance procedure</b> for personnel							!!
	2.9	Regularity of <b>staff briefings</b> with management (e.g. monthly meetings)							!!
	2.10	Understanding of the organisation's <b>mission statement</b> and objectives by all staff							!!
	2.11	Adequacy of <b>planning of processes and services</b>							!!
	2.12	Use of <b>staff monitoring and evaluation</b> practices for organisational development (e.g. appraisals, KPIs)							!!
	2.13	Percentage of staff members having <b>job descriptions</b>							!!
	2.14	Adequacy of a <b>leadership succession plan</b>							!!
Finance	3.1	Level of <b>membership subscriptions</b>							!!
	3.2	Level of <b>fees from services</b> (BDS and non-BDS)							!!
	3.3	Level of <b>private sponsorships / partnerships</b> (e.g. for exhibitions) (exc. NGOs)							!!
	3.4	Level of donor funded <b>projects</b>							!!
Membership + Operations	4.1	Adequacy of <b>procedures</b> for business practices (i.e. formalised manuals (e.g. finance, administration, personnel), ISO certifications, quality standards requirements and auditing?)							!!
	4.2	Adequacy of <b>computerized systems</b> for handling day-to-day business processes							!!
	4.3	Adequacy of <b>quality systems</b> and checks to assess the standard of work carried out							!!
	4.4	Adequacy of <b>stakeholder and member feedback obtained to improve</b> services offered and ways of working							!!
	4.5	Adequacy of <b>technological equipment / resources</b>							!!
	4.6	Adequacy of the <b>membership recruitment plan</b>							!!
	4.7	Adequacy of the <b>marketing and promotion plan</b>							!!
	4.8	Frequency of <b>contact with members</b>							!!
	4.9	Frequency of <b>membership feedback surveys</b> on services provided							!!
	4.10	Completeness of the <b>list of services</b> that you provide to your members							!!
	4.11	<b>Availability of the services</b> actually offered							!!
	4.12	Adequacy of the communications plan / methods of <b>communicating with members</b>							!!
	4.13	Adequacy of <b>information regarding the benefits of membership</b> (i.e. are they clearness, availability to members and non-members, publically shown?)							!!
	4.14	Diversity and availability of non-Business Development Services ( <b>non-BDS</b> )							!!
	4.15	Diversity and availability of Business Development Services ( <b>BDS</b> )							!!
	4.16	Adequacy of <b>resources available to provide non-BDS and BDS</b>							!!
4.17	Adequacy of the <b>service delivery system</b> and its control							!!	
4.18	Adequacy of use of working groups, <b>teams</b> and committees							!!	
4.19	Adequacy of <b>website and membership data base</b>							!!	
Advocacy + Lobbying	5.1	Adequacy of the <b>mandate / scope of work</b> on advocacy, lobbying and policy development							!!
	5.2	Adequacy of <b>integration of PPD into the institutional framework</b>							!!
	5.3	Adequacy of <b>communications</b> and communication systems with its members							!!
	5.4	Level of <b>collaboration with other organizations</b> (exc. donors) in planning, decision making, action and reviews for mutual benefit							!!
	5.5	Level of <b>relationships with other institutions</b> (e.g. governmental, private sector)							!!
	5.6	Adequacy of representation in <b>national PPD activities</b>							!!
Date:									

<b>Organisation</b>	Name of organisation			Date of visit	
	Scope				
	Type (e.g. association, federation, cooperative, other) (copy of the law / byelaw needed)				
	Location (main)		Locations (other)		
	Sector coverage (please circle)	Industrial / Agricultural / Services / Other			
	Member classification and numbers (attach a copy of official numbers)	Micro	Small	Medium	Large
	Information made available to non-members (if any)				
	Are your members increasing or decreasing?				
Organisational structure (board, executive body, hierarchy, staff capacities, training, number of staff, others (attach a copy of any related information))					
<b>Services (attach a list)</b>	Member services				
	Unique services				
	BDS services				
	Other services / facilities for members				
	Main problems, if any, with services delivery				
<b>Sector + Cluster Approach</b>	What problems do your members face?				
	What are their strengths and competitive advantages from your perspective?				
	What is your understanding of the cluster approach?				
<b>Cluster Cooperation</b>	Is your institution willing to cooperate with the members involved in a cluster?				
	What kind of support are you willing to provide?				

<b>Organisation</b>		
<b>Name of person interviewed</b>		
<b>Date of visit</b>		
<b>Name of interviewer</b>		
<b>Service</b>		<b>Availability</b>
1	Advocacy and lobbying	
2	Arbitration	
3	Auditing and compliance monitoring	
4	Branding / counterfeiting mitigation	
5	Businessman / entrepreneur club linkages	
6	Certificates of origin	
7	Contract and legal advice	
8	Finance provision, or facilitating access to finance	
9	Form filling assistance and handling (e.g. permits)	
10	Incubation services	
11	Information - economic, market	
12	Information - technical, R&D	
13	Intellectual property rights	
14	Library services	
15	Managed work space provision	
16	Market linkages with national / overseas buyers	
17	Marketing - identifying opportunities, direct	
18	Marketing - trade fair attendance organisation	
19	Networking facilitation	
20	Publications and press / media communications	
21	Software support and use of social media	
22	Standards information, setting, auditing	
23	Technical services	
24	Training - health and safety advice	
25	Training - management , business	
26	Training - start-up programs	
27	Training - technical	
28	Website	

## APPENDIX 8 - CALCULATIONS

		HCCIA	SCCIA	GCCIA	JACCIA	NHCCIA	PLIU	AADPD	AHA	HLITOA	USM	Total
Total in jurisdiction (PCBS, 2012)		13,290	2,277	16,710	4,486	6,385	434	5,500	117	102	993	27,982
Total in jurisdiction (according to the BSOs)		7,000	2,623	12,000	6,680	3,000	400	5,500	113	100	1,214	21,030
Registered members	(number)	2,828	1,843	6,000	2,626	1,772	150	68	70	45	544	9,833
	(% in jurisdiction)	40%	70%	50%	39%	59%	38%	1%	62%	45%	45%	47%
Active members (i.e. pay annual subscriptions)	(number)	1,546	550	700	960	1,100	100	30	56	43	200	4,512
	(% of reg. members)	55%	30%	12%	37%	62%	67%	44%	80%	96%	37%	46%
	(% of those in jurisdiction acc. to BSOs)	22%	21%	6%	14%	37%	25%	1%	50%	43%	16%	21%
	(% of those in jurisdiction acc. to PCBS)	12%	24%	4%	21%	17%	23%	1%	48%	42%	20%	16%
Non-active members (i.e. registered but do not pay annual subscriptions)	(number)	1,282	1,293	5,300	1,666	672	50	38	14	2	344	5,321
	(% of reg. members)	45%	70%	88%	63%	38%	33%	56%	20%	4%	63%	54%
	(% of those in jurisdiction acc. to BSOs)	18%	49%	44%	25%	22%	13%	1%	12%	2%	28%	25%
	(% of those in jurisdiction acc. to PCBS)	10%	57%	32%	37%	11%	12%	1%	12%	2%	35%	19%
Unregistered members	(number)	4,172	780	6,000	4,054	1,228	250	5,432	43	55	670	11,197
	(% of those in jurisdiction acc. to BSOs)	60%	30%	50%	61%	41%	63%	99%	38%	55%	55%	53%
	(% of those in jurisdiction acc. to PCBS)	31%	34%	36%	90%	19%	58%	99%	37%	54%	67%	40%
Firms in jurisdiction not paying subscriptions	(number in jurisdiction acc. to BSOs)	5,454	2,073	11,300	5,720	1,900	300	5,470	57	57	1,014	16,518
	(% of those in jurisdiction acc. to BSOs)	78%	79%	94%	86%	63%	75%	99%	50%	57%	84%	79%
	(number in jurisdiction acc. to PCBS)	11,744	1,727	16,010	3,526	5,285	334	5,470	61	59	793	23,470
	(% of those in jurisdiction acc. to PCBS)	88%	76%	96%	79%	83%	77%	99%	52%	58%	80%	84%



		Gaza CCIA		Hebron CCIA		Jerusalem Arab CCIA		Salfit CCIA		North Hebron CCIA		Total (exc. Gaza)	
BSO Figures	No. registered firms in the BSO	6,000		2,828		2,626		1,843		1,772		9,069	
	No. active members in the BSO	700	12%	1,546	55%	960	37%	550	30%	1,100	62%	4,156	46%
	Thus, no. of non-active members who could pay annual subscription fees	5,300	88%	1,282	45%	1,666	63%	1,293	70%	672	38%	4,913	54%
	Assumption: Firms pay annual subscription fees at (\$)	30		30		30		30		30			
	Thus, <b>potential additional revenue from non-active members who could pay annual subscription fees</b>	<b>\$159,000</b>		<b>\$38,460</b>		<b>\$49,980</b>		<b>\$38,790</b>		<b>\$20,160</b>		<b>\$147,390</b>	
PCBS Figures	Total no. firms in the sector in Palestine	16,710		13,290		4,486		2,277		6,385		26,438	
	No. active members in the BSO	700	4%	1,546	12%	960	21%	550	24%	1,100	17%	4,156	16%
	Thus, no. firms in the sector who could pay subscription fees but currently do not	16,010	96%	11,744	88%	3,526	79%	1,727	76%	5,285	83%	22,282	84%
	Assumption: Firms pay annual subscription fees at (\$)	30		30		30		30		30			
	Thus, <b>total potential additional revenue from firms in the sector who could pay subscription fees but currently do not</b>	<b>\$480,300</b>		<b>\$352,320</b>		<b>\$105,780</b>		<b>\$51,810</b>		<b>\$158,550</b>		<b>\$668,460</b>	
BSO Figures	Total no. firms in the sector in Palestine	12,000		7,000		6,680		2,623		3,000		19,303	
	No. active members in the BSO	700	6%	1,546	22%	960	14%	550	21%	1,100	37%	4,156	22%
	Thus, no. firms in the sector who could pay subscription fees but currently do not	11,300	94%	5,454	78%	5,720	86%	2,073	79%	1,900	63%	15,147	78%
	Assumption: Firms pay annual subscription fees at (\$)	30		30		30		30		30			
	Thus, <b>total potential additional revenue from firms in the sector who could pay subscription fees but currently do not</b>	<b>\$339,000</b>		<b>\$163,620</b>		<b>\$171,600</b>		<b>\$62,190</b>		<b>\$57,000</b>		<b>\$454,410</b>	

		AADPD (Gaza)		PLIU		AHA		HLITOA		USM		Total (exc. Gaza)	
BSO Figures	No. registered firms in the BSO	68		150		70		45		544		809	
	No. active members in the BSO	30	44%	100	67%	56	80%	43	96%	200	37%	399	49%
	Thus, no. of non-active members who could pay annual subscription fees	38	56%	50	33%	14	20%	2	4%	344	63%	410	51%
	Assumption: Firms pay annual subscription fees at (\$)	9		87		682		600		345			
	Thus, <b>potential additional revenue from non-active members who could pay annual subscription fees</b>	<b>\$342</b>		<b>\$4,350</b>		<b>\$9,548</b>		<b>\$1,200</b>		<b>\$118,680</b>		<b>\$133,778</b>	
PCBS Figures	Total no. firms in the sector in Palestine	5,500		434		117		102		993		1,646	
	No. active members in the BSO	30	1%	100	23%	56	48%	43	42%	200	20%	399	24%
	Thus, no. firms in the sector who could pay subscription fees but currently do not	5,470	99%	334	77%	61	52%	59	58%	793	80%	1,247	76%
	Assumption: Firms pay annual subscription fees at (\$)	9		87		682		600		345			
	Thus, <b>total potential additional revenue from firms in the sector who could pay subscription fees but currently do not</b>	<b>\$49,230</b>		<b>\$29,058</b>		<b>\$41,602</b>		<b>\$35,400</b>		<b>\$273,585</b>		<b>\$379,645</b>	
BSO Figures	Total no. firms in the sector in Palestine	5,500		400		113		100		1,214		1,827	
	No. active members in the BSO	30	1%	100	25%	56	50%	43	43%	200	16%	399	22%
	Thus, no. firms in the sector who could pay subscription fees but currently do not	5,470	99%	300	75%	57	50%	57	57%	1,014	84%	1,428	78%
	Assumption: Firms pay annual subscription fees at (\$)	9		87		682		600		345			
	Thus, <b>total potential additional revenue from firms in the sector who could pay subscription fees but currently do not</b>	<b>\$49,230</b>		<b>\$26,100</b>		<b>\$38,874</b>		<b>\$34,200</b>		<b>\$349,830</b>		<b>\$449,004</b>	