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Palestinian Enterprise Development (PED) Project

Quarterly Report (October 1 – December 31, 2007)

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Ninth Quarterly Report

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NINTH QUARTERLY REPORT

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

EXECUTIVE SUMMARY

After PED concluded phase II of the Pharmaceutical Validation Consultancy Program, the Ministry of Health (MoH) with the assistance of PED's experienced STTA Dr. Alan Parks, *GMP Auditor and Inspector*, officially launched the first GMP inspection for the Palestinian pharmaceutical companies in October. Four (4) pharmaceutical manufacturing companies were inspected: AlQuds pharmaceutical company, Beit Jala pharmaceutical company, Birzeit pharmaceutical company, and Pharmacare pharmaceutical company. The inspection process was completed end of November, with inspecting the four companies and finalizing the inspection reports and results. MoH requested PED to sponsor and assist in organizing a ceremony to distribute GMP certificates to the successful pharmaceutical manufacturing companies to be held in January.

Under the auspices of H.E. the Palestinian Prime Minister, Dr. Salam Fayyad, PED's Grand Graduation Ceremony was successfully held on Wednesday, November 21, 2007 at the Ramallah Cultural Palace, to celebrate the graduation of 519 trained apprentices of PED's Employment Generation Program. During the ceremony, speeches were delivered by Dr. Salam Fayyad and Dr. Howard Sumka, *USAID Mission Director*, and two apprentices. Around 450 apprentices, members of the Palestinian Private sector, and members of the International Community in Palestine attended the ceremony.

During this quarter PED established nine new partnerships with clients from the Palestinian private sector. These partnerships were announced at the Grand Graduation Ceremony, and they include; Implementing Phase II of the EGP with the Association of Banks in Palestine (ABP); Palestinian Contractors Union (PCU); Palestinian Federation of Industries (PFI); Palestinian Information Technology Association of Companies (PITA); Palestine Trade Center (PalTrade); Union of Palestinian Pharmaceutical Manufacturers (UPPM); and Union of Stone and Marble (USM); implementing a Services Program with the Bethlehem Chamber of Commerce and Industry (BCCI), and implementing an Institutional Development Program with the Palestinian American Chamber of Commerce (PACC).

The Director of U.S. Foreign Assistance and USAID Administrator, Ms. Henrietta H. Fore, visited the region on Saturday, December 15, 2007. During her visit, USAID and PED organized a meeting for Ms. Fore with a group of around twenty (20) leaders of the Palestinian private sector. The meeting which took place in Jerusalem discussed issues regarding to the business environment in Palestine.

PED organized a rewarding staff retreat in terms of activities, and outcome, between December 11 and December 13, 2007 at the Intercontinental hotel in Jericho. The retreat consisted of team building activities, PED forums, strategy planning sessions, PED debate session, and other workshops. PED staff and members of USAID attended the first part of the retreat. Later, PED clients joined the team and participated in related activities. During this year's retreat, new interactive and innovative activities were introduced to the team and were perceived by all attendees as being extremely successful and useful.

The last quarter was distinguished with getting 52 small businesses approved to be provided firm level technical assistance. These businesses are mainly start-ups in underserved areas in Northern West Bank. PED already contacted 30 of these businesses for rapid needs assessment, and some

were interviewed and have already started obtaining PED assistance under signed LoAs. These include a Bricks Factory, electronics distributor, printing shop, recreational center, and an art gallery café.

A meeting with the USAID health team and other USIAD senior staff was held in November to present the results of the Private Hospital Assessment Study, and the Medicines Consumption Supply Survey, which were conducted by ID Consultant Management, and PED staff respectively.

Finally, a number of STTA's arrived during this quarter to assist PED staff and partners:

- Dr. Arun Walvekar, *Industrial Consultant*, completed his second and third missions under the PFI-IMC grant, which aimed at building the capacity of PFI-IMC to manage the center services program.
- Dr. Alan Parks, *GMP Auditor and Inspector*, provided the Palestinian Ministry of Health (MoH) with the necessary assistance to complete the first official GMP inspection for Palestinian pharmaceutical manufacturing companies, and concluded his mission in West Bank after finalizing the GMP inspection reports with MOH.
- Ms. Karen Campbell, *Senior Grants Consultant*, continued to work with PED on overseeing and reviewing the grant process and the grants manual to ensure compliance with USAID requirements.
- Mr. Alan James, *Communications and Marketing Expert*, arrived in October to support PED staff in developing the project communications and PR tools, and to support PED staff in conducting activities with client institutions including the Union of Palestinian Pharmaceutical Manufactures (UPPM).

PROGRESS

Cross Border Business-to-Business Activities:

- PED and USAID conducted a successful meeting on December 5, with the Palestinian American Chamber of Commerce, and the Israel America Chamber of Commerce, at the American Colony in Jerusalem. The meeting focused on discussing potential Palestinian-Israeli Business Cooperation, and the two parties agreed to promote Palestinian-Israeli cooperation within their members.
- On December 11, PED organized a meeting for USAID with twenty (20) Palestinian ICT companies, the Palestinian Information Technology Association of Companies (PITA), and the Palestine Information & Communications Technology Incubator (PICTI). At the meeting, PITA and PICTI presented on the status, opportunities, and challenges facing the Palestinian IT sector. PITA and PICTI also discussed with USAID possible support opportunities, as well as potential Business-to-Business opportunities with mainly American businesses operating in Israel.
- PED and USAID conducted a few Business-to-Business meetings with Israeli firms that are looking for Palestinian counterparts.
- A client based in Jordan, Catalyst Private Equity, requested the assistance of PED to study the opportunity of opening a branch in the West Bank for a new solar water heaters system, which could be used to supplement hot water heating, space heating, and even space cooling via the use of an absorption chiller or desiccant cooler technology.

PROGRESS BY COMPONENT

Component 1: Improving the Business Operating Environment

During the period October to December, 2007 the Business Development Services (BDS) Unit was engaged in the following activities.

1. Firm Level Technical Assistance (FLTA), Financial Facilitation and Training

- The BDS unit provided services for a number of clients under LoAs. Two of them have been closed upon submitting the technical studies to the clients; Al Bardouni Restaurant, required a business plan to obtain external investment to convert the restaurant into a shopping center in a prominent area in Ramallah city, a project valued at USD 6,000,000 with USD 3,500,000 external financing. The Cooperative Society for Agricultural Marketing and Manufacturing in Hebron district is the other client which was handed a business plan to study the opportunity of starting up a grape juice factory. Both business plans were conducted in cooperation with PED subcontractor "Management Consulting Services (MCS)"

- BDS also worked with MCS on a feasibility study for Yabous Stone factory, which aims to increase the capacity of the production of the factory including a wide assortment of antique stones for tiling and decoration.
- The BDS unit gave a one-day training course to eleven loan officers from the different branches of Al Rafah Bank in the West Bank. The course focused on developing business plans and helping loan officers make credit decisions. The training was highly rated by the participants, and the bank requested additional training from PED.

2. Institutional Development

- The Institutional Development Program grant with the Association of Banks in Palestine (ABP) was approved and signed with a budget of USD 45,520 for purchasing office equipment and furniture for the association's venue. Bidding was released, and 17 vendors submitted their offers and PED initiated the analysis process.

3. PFI's Industrial Modernization Center (IMC) Services Program:

- The BDS Unit assisted IMC design and plan a comprehensive training program. This developed program aims at building the capacity of individuals working in the private sector in three important areas; Business Performance Improvement, Applied Quality Management, and Quality Certification Readiness. The implementation of the program started in November 2007 by conducting the ISO Readiness Training as one of the modules under the Certification Readiness Program. Advertisements for the training programs which are scheduled for January 2008 were issued.
- PED developed a Technical Operations Manual for the IMC to help specify certain procedures and operations. A draft was submitted during December to PFI-IMC for review.
- The BDS unit assisted IMC in conducting a brainstorming session in November 2007 for Business Service Providers (BSPs). The session focused on opportunities for BSPs to provide services including technical assistance and training workshops to PFI-IMC's member firms. Moreover, the BDS unit drafted the necessary forms to procure BSPs on a competitive basis.

4. Employment Generation Programs (EGP)

▪ EGP Phase II:

Due to the success of the EGP, and the increasing demand from the private sector, this quarter PED worked with the new EGP clients to design and prepare for phase II of the program aiming to train around one thousand new apprentices with a variety of academic backgrounds. Phase II of the EGP will be implemented with the Association of Banks in Palestine (ABP); Palestinian Contractors Union (PCU); Palestinian Federation of Industries (PFI); Palestinian Information Technology Association of Companies (PITA); Palestine Trade Center (PalTrade); Union of Palestinian Pharmaceutical Manufacturers (UPPM); and Union of Stone and Marble (USM).

- **EGP Phase I:**

EGP-ABP: During the last quarter three additional apprentices were placed in jobs under this program, raising the total number of apprentices placed to 39.

WIU-EGP: PED worked with WIU to finalize the final evaluation of the program. Moreover, PED issued new modifications on budget re-alignment to the grant.

PCIU-EGP: PED followed up on the third and final evaluation process of the program with the PCIU, which includes evaluation by apprentices, clients and program coordinator.

PFI-EGP: During the last quarter PED launched and concluded the EGP program with PFI-IMC. A total of 93 apprentices were given a one-month general and specialized training under this program, of which 61 apprentices were in the West Bank, and 32 apprentices in Gaza. The training covered several topics including CV Writing, Quality Management, Business Operations, Financial Management, Business Communication, and Good Manufacturing Practices. A graduation ceremony was held for the Sixty-One apprentices participating in PED's Employment Generation Program (EGP) with the Industrial Modernization Center (IMC) of the Palestinian Federation of Industries (PFI) in the West Bank, on October 25, 2007.

5. Small and Underserved Business Support Services (SUBS)

- The last quarter was distinguished with getting 52 small businesses approved to be provided firm level technical assistance. These businesses are mainly start-ups in underserved areas in Northern West Bank. Thirty of these businesses were contacted for rapid needs assessment. Some were interviewed and have already started obtaining PED assistance under signed LoAs. These include Haj Hasan Zeidan Bricks Factory (*Jenin*), Falcon for Communications and Electronics (*Nablus*), Rainbow Printing Services (*Nablus*), Al Sahel Park and Swimming Pool (*Tulkarem*), Mohammed Al Salfiti Start-up of a swimming pool and a club (*Tulkarem*), and Art Gallery and Café start-up for arts student (*Nablus*).

6. Programs with Women Cooperatives:

- No progress during this quarter can be reported on the implementation of the two in-kind grants signed with Women Cooperatives, as the purchase of the equipment for these cooperatives, which includes machinery, and kitchen and office equipment is pending receiving waivers from USAID. The in-kind grants include: A grant for a total of USD 21,247.00 for That Al Nitaqein Women Cooperative of Aseera Al Shamaliyyah; and a grant for a total of USD 24,170.00 for the Hebron Association for Agricultural Products.

Component 2: Supporting the Growth of Competitive Industry Clusters

During the period between October and December 2007, the Clusters Unit was engaged in the following:

- **First Official GMP Inspection**

- With the assistance of PED's experienced STTA Dr. Alan Parks, *GMP Auditor and Inspector*, the Ministry of Health (MoH) launched and concluded the first official Good Manufacturing Practices (GMP) Inspection during this quarter Four Pharmaceutical firms were inspected; Al-Quds Pharmaceutical Company, Beit Jala Pharmaceutical Company, Birzeit Pharmaceutical Company, and Pharmacare PLC. MoH is expected to issue provisional GMP certificates and announce the results during a ceremony in January.

- **Private Hospitals Assessment Study and the Medicines Consumption Survey**

In November, PED presented the results of the Private Hospital Assessment Study, and the Medicines Consumption Supply Survey, which were conducted by ID Consultant Management, and PED staff respectively, to the USAID health team.

- **Firm Level Technical Assistance Program**

- Megapharm Firm Level Technical Assistance Program
 - PED began implementing activities associated with FL-PED-GZ-0044 "*MEGAPHARM Technical Assistance Program - Phase 2*"; including completion of ABC Inventory Analysis, Development of Chart of Accounts, Assessment of IT Infrastructure and Network, and developing marketing material.
- Beit Jala Firm Level Technical Assistance Program
 - PED began implementing activities associated with FL-J-040-M-PED-WB-0031 "*Improving Costing System of Beit Jala Pharmaceutical Company*". Various meetings with Beit Jala Pharmaceutical Company Financial Manger were conducted.

- **Institutional Capacity Building Program with the UPPM**

- PED worked with Al Nasher Advertising & PR Agency and V & V Marketing Communication Co. Ltd to complete the design and production of a UPPM booth and marketing material.
- Grant modifications for the "Institutional Capacity Building of the UPPM" were issued and signed by the grantee.
- The clusters unit initiated a new procurement process via the home office for the following key references and subscriptions for the benefit of the Palestinian Pharmaceutical Industry: World Generic Markets, The Journal of GXP Compliance, and Journal of Validation Technology.

- **Programs with the Palestinian Federation of Industries (PFI)**

- **PFI - ID Grant:**
 - As part of building capacity at PFI, two major activities were conducted for PFI new employees (seven EGP apprentices that were hired by IMC);

- A training program that covered the following topics: Introduction to Association Management, Governance and Organization Structure, Membership Development and Association Staff Operations, Public Policy Management, Strategic Planning, Case studies, and team-building exercises.
 - Field visits to two local manufacturers operating in Hebron and Bethlehem to build their capacity in conducting technical assistance assessments for their future clients.
 - Grant modifications for the “Institutional Capacity Building of the PFI” were issued and signed by the grantee.
- ***PFI IMC Grant:***
- Dr. Arun Walvekar, *Industrial Expert*, completed his second and third missions under the PFI-IMC grant, which aimed at building the capacity of PFI-IMC to manage the center services program.
 - Training sessions were delivered to individuals from various industries during this quarter under PFI-IMC activities, they include; ISO/Readiness program, ISO 9001, topics on Continuing Documentation Systems, Management Responsibility, Resources Management, and Process Management.

Component 3: Energy Sector Policy Reform

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

Component 4: Design and Manage a PED Grant Fund

The Grants Management Unit (GMU) was engaged in the following activities this quarter:

- Reimbursed a total of USD 317,460.98 to different grantees this quarter, bringing up the total reimbursements to USD 877,683.00, and the grants burn rate to 34.45 percent.
- Issued a new Institutional Development Grant that was signed with the Association of Banks in Palestine (ABP). The total grant budget is USD 47,730.00 and is committed for procurement of office equipment for the ABP venue.
- Drafted three action memos for: the Bethlehem Chamber of Commerce and Industry (BCCI), the Palestinian Contractors Union (PCU), and the Union of Stone and Marble (USM).
- Developed a projected fund portfolio for Year 3 of the contract, illustrating allocated funds by program and by recipient.
- Developed a new version of the Request for Application (RFA) for the Phase II EGP.
- Prepared and signed grant amendments for PalTrade, PITA, and UPPM.
- Prepared and signed grant closeout reports for Al-Majd and PCIU.

Other: Institutional Clients

Engagement with the Palestinian American Chamber of Commerce (PACC)

- USAID conducted during the month of December two successful meetings, one with the Palestinian ICT companies in the presence of the Palestinian American Chamber of Commerce, PITA, and PICTI; another one with the Israeli ICT companies in the presence of the Israel America Chamber of Commerce, to seek potential cooperation and to promote Business-to-Business opportunities with American companies mainly operating in Israel.
- PED and PACC finalized the list of Palestinian firms interested in businesses cooperation with the Israeli firms, and sent letters to Israeli firms to inform them about potential counterparts.
- PED supported PACC in recruiting an Executive Director and Program Coordinator.

Other PED activities:

- PED completed the design and production of the project's Brochure and pocket folder.
- The PED Information Officer worked on October 16, at the Israel-America Chamber of Commerce, to follow-up with Business Institutions in Israel regarding a survey that was sent to them by the Israel-America Chamber of Commerce, by the request of USAID. The aim for the survey is to identify potential Israeli Palestinian Business Cooperation.
- DAI/PED staff reviewed the beneficiary definition and update definitions to reflect the agreed upon action in light of the circulated and approved memo "PED GIS Indicators" to USAID.
- DAI/PED staff developed an Action Plan for data re-entry assigning tasks, HR for data entry, HR for QAQC, guiding steps for the process, frequent Q&A, and deadlines. The plan was circulated to PED staff to proceed with the implementation.
- During the month of December PED designed and produced a holiday card promoting the graduates of the Employment Generation Program (EGP). The card was sent to members of the Palestinian Private Sector.