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Sida Review

Nicolas Jörgensen Gebara
Martine Van de Velde

Evaluation of the support to NIR for the Palestinian International Business Forum 2008–2010

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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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List of Acronyms

BoD	Board of Directors
CS	Swedish Country Strategy
DFID	Department for International Development
DP	Development Partner
EU	European Union
GoI	Government of Israel
IFC	International Finance Corporation
NIR	International Council of Swedish Industries (Näringslivets Internationella Råd)
oPt	Occupied Palestinian Territories
PA	The Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PIBF	The Palestine International Business Forum
PNPA	Palestinian National Policy Agenda
SG	Secretary General
Sida	Swedish International Development Cooperation Agency
TOR	Terms of Reference
WBG	West Bank and Gaza

1. Executive Summary

The Palestine International Business Forum (PIBF) is a non-profit organisation registered in Sweden. It focuses on enhancing peace-building measures and reducing poverty through leading private sector efforts. Since their creation in 2005 as a network platform supported by the Swedish International Development cooperation Agency (Sida), the organisation has managed to operate in a significantly tense political environment and has maintained a continuous dialogue between Israeli, Palestinian and Swedish businesses.

Sida commissioned this evaluation in May 2010. The Terms of Reference (TOR) asked for an assessment of the support to PIBF in the period 2008–2010, including of how PIBF have contributed to meeting its dual objectives related to peace-building and private sector development. The methodology that the evaluation team have used reflects international best practice for evaluations by drawing from the OECD-DAC evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability). To this, we have added consideration of conflict sensitivity in view of the difficult political context in which PIBF are operating.

The evaluation finds that the strength of PIBF are in the overall relevance of their objectives and activities to the conflict environment. However, the efficiency and effectiveness of PIBF in carrying out these activities and their impact is so far limited. The evaluation finds that the *relevance* of outputs from PIBF to their objectives is strong. PIBF are consistent with the development strategy of Sida and the Palestinian Authority. The PIBF platform is acknowledged by both Palestinian and Israeli institutions as relevant in supporting cross-border co-operation and confidence building.

The evaluation finds that the organizational structure, management and membership platform supports, in principle, a conflict sensitive approach to peace-building. However, we consider that this aspect could be made more explicit in practice. With an expanding membership base, PIBF need to ensure that increased attention is given to power dynamics and perceptions of possible conflicts of interest.

We assess that PIBF's *effectiveness* as limited due to the external prevailing environment, which is politically highly tense. As a result PIBF's activities have provided limited results to the Palestinian private sector in terms of establishing networks, cross-border dialogue, exposure to local and international businesses, and lobbying of government agencies to ease restrictions on local businesses. On the other hand, PIBF have succeeded to maintain a continuous dialogue between Israeli, Palestinian and Swedish businesses. From a peace-building perspective, this is considered to be a useful achievement.

A number of critical aspects for improvement were identified in relation to management processes, including the need to provide more clearly defined roles and responsibilities amongst the bodies managing PIBF. This will support transparency in decision making and help mitigate potential conflicts. In addition, the evaluation team consider it essential that PIBF move away from activity-based monitoring practices to results based monitoring and reporting against PIBF's dual objectives.

In terms of *efficiency*, the team consider that the Secretary General (SG) function needs to be integrated fully in the PIBF organization to ensure efficiency in decision-making, planning, monitoring and implementation of PIBF activities.

The *impact* of PIBF activities in terms of peace-building and development of the private sector is not evident, although the large number of activities undertaken by PIBF provide the beneficiaries with good insights into the Palestinian private sector. PIBF projects could have a positive impact on the business community once they materialize and if implemented successfully.

The *sustainability* of PIBF's activities is varied. PIBF's sustainability risks are associated with activities that require large amounts of external funding. However, activities supporting networking and cross-border understanding are regarded by the team as providing sustainable inputs since they directly enrich people's understanding and support changes in behavior and also support for a common goal.

The evaluation team recommend Sida continue in its support to PIBF

Since its inception, PIBF have demonstrated sufficient flexibility in adjusting to a difficult political, economic and social environment. PIBF remain as a relevant platform to promote cross-border private sector cooperation between Palestinian and Israeli private businesses, and as a strategy to improve trust and confidence between Palestinians and Israelis.

- However, there is a need for a higher degree of involvement in the facilitation of partnerships between Palestinians and Israeli companies. There is also a need to mainstream conflict sensitivity into PIBF processes and activities at the planning, implementation and monitoring stages.
- It is recommended that avenues to attract more mainstream business people on both sides be further explored. PIBF need to develop a wider membership base including large, medium and small mainstream companies and ensure that women and younger entrepreneurs are targeted to join.
- The evaluation team recommend Sida and PIBF to consider a re-allocation of resources within the four main areas of intervention, as the first area of intervention (organization and platform) has largely been developed. Emphasis should be place on activities which enhance the knowledge base of the Palestinian business community, and support trade investment and trade promotion.
- It is highly recommended that NIR and PIBF clarify the roles and responsibilities of each party. The issue of recruiting a Secretary General needs to be resolved and a suitable candidate recruited. This is essential as the function of the Secretary General is central to PIBF, in terms of the execution and leadership of the operations, and in regards to communication with its members and stakeholders.
- It is recommended that PIBF focus on activities that demonstrate the capacity of the organization to provide tangible results. Advocacy initiatives should be supported with a concrete and practical action plan, which is then disseminated through the correct channels.
- For transparency purposes, a clear line should be drawn between the support provided by PIBF to projects being developed and the vested interests of its members in the particular projects. Sida should be assured that the selection process of projects is carried in a correct and transparent manner.

2. Evaluation Purpose and Scope

Since 2001, the Swedish International Development Cooperation Agency (Sida) has supported the International Council of Swedish Industries (NIR) in the development of a dialogue project, the Palestine International Business Forum (PIBF), in the West Bank and Gaza and Israel

The project resulted in the formal creation of the PIBF in 2005, where it was registered as a Swedish non-profit organisation with the NIR as a platform for dialogue between leading enterprises in Israel, Palestine and Sweden.

The long-term objective of PIBF is “to enable local and international private sector efforts towards achieving sustainable economic growth in Palestine as a basis for political and societal long term stability in the Middle East region”. PIBF have two development objectives; to enhance peace-building measures and to reduce poverty. These objectives, expected to be achieved through a number of activities, aimed at strengthening dialogue and increasing the capacity and competitiveness within the Palestinian private sector.

PIBF have gone through two phases, with the first phase taking place from July 2005 to December 2007, and the second phase covering the years 2008 to 2012. Sida has provided continuous support for the period 2005–2006 with the amount of SEK 10M and for the period 2008–2010 with additional SEK 19.5M.

This draft report was prepared under the framework contract on Peace and Security led by COWI, Denmark together with Channel Research, Belgium. As mentioned in the Terms of Reference (ToR), the study is to form the basis for decision on how or whether to continue with the PIBF support. Moreover, it will contribute to Sida’s recently started overview of its peace interventions in relation to the overall objective to promote peace building and the peace process.

The evaluation took place in the period from 3 May to 12 July 2010. The evaluation team comprised Nicolas Jørgensen Gebara (team leader) and Martine Van de Velde. The ToR for the review is found in *Appendix 6*.

2.1 Scope and Purpose

The overall purpose of the evaluation of the support to the International Council of Swedish Industries (NIR) for the Palestinian International Business Forum (PIBF) 2008–2010 is to establish:

- to what extent the PIBF project objectives are achieved; promotion of peace building and improved conditions for private sector, and
- if the project has contributed to the inter-linkages between the two mentioned objectives.

In particular, the evaluation concerns the interaction between strengthening private sector development and understanding to what extent the private sector is a channel for dialogue and trust building, and how it contributes to enhanced peace-building measures.

When it comes to the role of the private sector in peace-building, the evaluation assesses how far there is increased dialogue and trust between the private sector within the Palestinian and Israeli sides. The evaluation also assesses whether the increased cooperation has gone beyond pure economic and wealth creation opportunities:

- Did the increased cooperation within the private sector on both sides facilitate building bridges between two divided communities?
- Did the increased cooperation within the private sectors at both sides and the specific support to the Palestinian private sector have an impact on the poverty and income conditions of Palestinian families?

The evaluation examine the inter-linkages between the dual objectives of PIBF. It also assesses whether the initial focus on peace-building remains the principal driving force for PIBF, or if the support of peace-building efforts has become peripheral over time.

When evaluating PIBF, it is important to keep the principal purpose of the platform in mind. PIBF’s purpose is to support and develop the private sector in Palestine through the facilitation of networks,

knowledge-sharing, strengthening of trade and investment opportunities. This will in turn create an environment whereby the sector can grow and future concrete business opportunities can exist.

The evaluation of PIBF is viewed also from a historical perspective. PIBF were established at a time of political optimism, when the peace process was active and when formal and informal cross-border linkages existed. Today, the political climate is very different and circumstances have changed; recent events¹ have resulted in an increased distrust between both sides.

3. Evaluation Methodology

In order to fulfill the objectives and address the issues stated in the TOR, our approach to the evaluation was:

- *Objective*; we took full account of the activities achieved, what has been done, concentrating on the new directions taken by PIBF over the last years.
- *Participatory*: we involved relevant stakeholders and reflected the viewpoints of beneficiaries as well as donors.
- *Conflict sensitive*: since the project is implemented in a very complex environment, we ensured that all views were reflected and that all stakeholders feel equally represented
- *Build on previous experience*: We drew on the experience drawn from previous studies supported by Sida²

As the overall evaluation approach, the evaluation team have applied the OECD-DAC criteria definitions: relevance, effectiveness, efficiency, impact and sustainability. We have also considered the coverage of the project and its conflict sensitivity.

We have undertaken the evaluation in a number of phases consisting of: the inception phase, Desk study, consultations in Sweden, field mission in oPt/Israel and final reporting.

Inception Phase

Following the submission of a draft inception report a telephone conference with Sida was held to discuss comments and clarify any issues. The updated inception report was submitted to and approved by Sida.

Desk Study

The team collected and reviewed existing documentation in order to get a clear picture of PIBF's activities and progress made during the last years. Preliminary consultations with the staff from NIR, Sida and PIBF were carried out to ensure that all relevant documentation was taken into consideration.

We also organised an on-line survey of PIBF members that served the purpose for the evaluation to build a starting point from which the further analysis and in-depth interviews were carried out during the field visits. The advantage lied in offering the evaluation team a platform and a common basis for developing in-depth interviews. The survey results constituted a point of departure which was acceptable for all parties involved, regardless of the views of the evaluators.

¹ Operation Cast Lead against the Gaza Strip in 2008; Construction of the West Bank Barrier; Blockade on the Gaza Strip; Suicide bombings in Israel; Different attempts to start the peace negotiations stall.

² "Conflict- and poverty analysis in the occupied Palestinian territories (oPt) and its relevance for the Swedish cooperation strategy with oPt", Sida, January 2008

Consultations and interviews in Sweden

Consultations and interviews were carried out in Sweden from (24–28 May), during which the Team Leader presented key findings from the desk research to Sida, and key stakeholders were interviewed (NIR, PIBF and Swedish company representatives).

Field Study in West Bank/Gaza and Israel

A field mission was carried out from 7 to 19 June in West Bank/Gaza and Israel. A broad cross-section of key stakeholders and beneficiaries were interviewed. Although the field mission was planned to include a visit to Gaza, the team were not granted the permission to enter the area. Instead, the team carried out a telephone interview with selected beneficiaries in Gaza.

More than 55 interviews were conducted of which 15 were in Sweden, 25 in oPt and 20 in Israel. The full list of people interviewed is presented in *Appendix 2*. We selected representatives from each category of stakeholders depending on their availability for interviews during our mission.

Efforts were deployed to optimise the time spent in the field by geographical grouping of the interviews and splitting the team whenever relevant and possible. We conducted interviews with a broad cross-section of stakeholders, in Sweden, West Bank/Gaza and Israel including representatives from Sida, NIR and PIBF, selected government authorities, private sector representative, direct beneficiaries and donor agencies engaged in private sector development.

We used semi-structured interviews using checklists as inputs to open-ended explorative interviews and were able to organise a focus group interview in oPt. The agenda included a presentation of the evaluation assignment and purpose followed by a discussion using SWOT³ analysis. Participants were encouraged to provide recommendations and improvements to existing activities, and suggest initiatives relevant to the project objectives.

Report writing and presentation

Following the field mission, a draft report was prepared and presented to Sida. The current report responds to the comments received.

4. Context of the Intervention

4.1 The Palestinian Political Context

Peace Process

The Oslo Accords in 1993 provided the framework for future Israeli-Palestinian relations, with Israel gradually ceding control of the Palestinian territories to the Palestinians in exchange for peace. Since the Oslo Accords, several efforts⁴ have been made to both aid and progress the peace negotiations in search for a permanent solution to the conflict. However, today the peace process has stalled on some of the core issues including, Jerusalem, refugees, settlements, access to natural resources, borders, security and the ongoing occupation of the West Bank.

Second Intifada

The start of the second Intifada in 2000 led to increased restrictions placed on the people of Gaza and the West Bank. The restrictive measures of border closures and the almost complete annulations of

³ Strengths, Weaknesses, Opportunities and Threats

⁴ Camp David Summit (2000); Taba Summit (2001); Road Map for Peace (2002); Arab Peace Initiative (2007).

work permits in Israel severely impacted the living conditions for the majority of Palestinian people in both the West Bank and Gaza Strip.

Political division between West Bank and Gaza

In 2007, the Palestinian Legislative Council election resulted in a victory for the Islamist movement Hamas. Subsequently, Hamas took control of Gaza with the West Bank under the political leadership of the Palestinian Authority (PA) with Salam Fayyad as the Prime Minister and Mahmoud Abbas as the President of the Palestinian Authority. Political leaders from neighbouring Arab countries have continuously supported the reconciliation of the Palestinian leadership in the West Bank and Gaza.

The Hamas takeover of Gaza has resulted in the virtual closure of Gaza. The blockade triggered a protracted humanitarian crisis affecting 1.5 million people. With Hamas in control of Gaza, a complete import-export ban was imposed which resulted in 95% of Gaza's industrial operations being suspended.

The Wall in the West Bank continues to be the greatest obstacle to Palestinian movement within the West Bank, including to and from East Jerusalem. The West Bank Barrier has resulted in improved security for Israel, but decreased the economic activities due to the lack of access to markets.

Israeli disengagement

The political, social and economic conditions in oPt, combined with the Israeli policy to disengage from the West Bank and Gaza, have put a serious strain on Palestinian development. Palestinian society has been structurally linked to the Israeli market for decades resulting in a Palestinian economic dependence on Israel. The current policy by Israel to disengage completely from the Palestinian Territories poses serious challenges to the Palestinian private sector in rebuilding an economy independently viable without having free access to Israeli and international markets. This is crucial in developing a viable Palestinian society.

4.2 Economic Context of the Private Sector

4.2.1 Economic developments

Economic growth during the recent years

During the last two years, economic growth in 2009 picked up significantly in the West Bank, but conditions in Gaza remain difficult. According to preliminary figures from the Palestinian Central Bureau of Statistics (PCBS), real GDP increased by 10.3% year-on-year in the fourth quarter of 2009. Over 2009 real GDP grew by 6.8% to US\$5.15bn, up from 5.9%, or US\$4.82bn, in 2008. Real GDP growth in the West Bank and Gaza (WBG) is estimated at 6.8% for 2009, consisting of 8.5% growth in the West Bank and 1 percent in Gaza.⁵

Much of the growth in the West Bank is being propelled by donor funding and public spending. Public administration and education provides almost one-third of the growth. As opposed to being driven by sustainable economic growth backed by private sector investment which remains constrained by Israeli restrictions.

The West Bank

In the West Bank, three key factors contributed to continued strong growth. First, private sector confidence has been bolstered by the Palestinian Authority (PA)'s track record in institution-building and reforms. Second, these reforms have been supported by donor budgetary aid, equivalent to about 22%

⁵ The International Monetary Fund; Macroeconomic and Fiscal Framework for the West Bank and Gaza, Madrid, April 13, 2010.

of GDP in 2009. Third, some restrictions on movement and access have been relaxed, especially on movement of goods and people between major urban centres in the West Bank. Despite this growth, real GDP per head was still 15% below its pre-intifada (uprising) level in 1999.⁶

Gaza Strip

The economic situation in Gaza has seriously deteriorated since the closure of its borders restricting completely commercial movement at the crossing points.

This resulted in a negative impact on the local private sector, where 98% of all industrial operation ceased. Since the blockade, more than 3,000 private-sector enterprises, including factories and small businesses, have closed, as businesses were not allowed to import raw materials or export finished goods.⁷

Employment

The unemployment rate in oPt reached 25% in the third quarter of 2009. In the West Bank unemployment in 2009 was 17.8% while in the Gaza Strip it was as high as 42%⁸. The private sector absorbs the majority of all employment.

Foreign Trade

Israel remains overwhelmingly the dominant trade partner⁹, accounting (in 2007) for 88% of total Palestinian exports (USD 455M) and 74% of total imports (USD 2,3M). Approximately 35% of total Palestinian exports are comprised of stone, marble and manufactured goods. Other export markets include Jordan, the Arab countries EU and the US.

Future economic outlook

Looking ahead, the easing of some internal and external closure mechanisms in the West Bank, should it continue (around 550 Israeli obstacles to internal movement still remained in place at end-2009), will permit some growth in 2010–11. Even in an optimistic scenario, however, real GDP per head in the West Bank in 2011 will still be about 10% below its 1999 level.¹⁰ In Gaza the current situation and the outlook are much worse. Real GDP per head is about 40% below what it was in 1999 and about 45% below the current level in the West Bank. Even if the Israeli blockade were to be substantially relaxed, real growth in terms of GDP per head is unlikely to exceed a few percentage points, given the long-term structural damage done to the economy over the past four years.

4.2.2 Constraints to the Palestinian Private Sector

Structure of the private sector

The vast majority of establishments operating in the Palestinian economy in most sectors are SMEs. More than 109,000 SMEs¹¹ operate in the West Bank and Gaza Strip, 71% of which operate in the West Bank and the rest in the Gaza Strip. 99% of these enterprises employ less than 20 workers¹². Most of these enterprises are still traditional family-run businesses, mainly working in light industry and the production of consumer goods – in particular food, beverages, clothing, minerals and furniture, with limited marketing of products in the domestic market and restricted access to foreign markets.

⁶ The Economist Intelligence Unit, Country Report; April 2010

⁷ Report on the “Cost of Conflict in the Middle East” by Strategic Foresight Group, January 2009

⁸ Palestinian Central Bureau of Statistics, Press Release on Labour Force Survey Results (July–September, 2009)

⁹ Palestinian Central Bureau of Statistics, Current Main Indicators 2000–2007, 2010

¹⁰ Macroeconomic and fiscal framework for the West Bank and Gaza, Fifth Review of Progress, IMF, April 13, 2010

¹¹ SMEs have been categorized according to the size of staff. Small enterprises employ up to nine employees. Enterprises employing 10–19 employees are considered medium sized.

¹² Palestine Investment Guide, Palestinian Investment Promotion Agency, June 2010.

Need for Enterprise Capacities

There is an urgent need to revitalize the private sector in the Palestinian economy. Few Palestinian companies are capable of competing on the international market. Palestinian companies have been operation in isolation for many years, and their main contact with export markets has been through Israeli firms. Palestinian enterprises need support to help increase their competitive position.

A number of external factors constitute serious constraints to the economic development potential of the Palestinian private sector.

Restrictions on movement and access

The most serious constrains is the current restrictions on movement and access of goods and individuals. This is tied to Israel's security concerns and has a serious negative impact on the economic performance of the private sector, employment rates, and distorts the pattern of growth in oPt. Israeli restrictions have fragmented the West Bank's Palestinian population into economically isolated pockets, increasing the costs of trading with each other and between Israel and the West Bank and Gaza.¹³

Crossings points have been established using a system of back-to-back¹⁴ cargo transfer for the transfer of commercial goods between West Bank and Israel. These crossings constitute a key factor in trade logistics for West Bank enterprises, and a determinant of the size and competitiveness of Palestinian trade. Serious concerns were expressed by the Palestinian private sector regarding the impact of the delays and additional costs entailed in using these terminals on their continued ability to compete.

The Government of Israel (GoI) relaxed some restrictions on movement and access in the West Bank during 2009 and economic activity in Gaza remains severely limited by the persisting blockade.

Trade restrictions

The WBG's exports to Israel have been restricted in recent years by Gaza's blockade as well as the steady tightening of the separation wall between the West Bank and Israel. Palestinian businesses are unable to achieve sufficient growth rates to permit additional investment, business growth and/or additional entrants into the market. Improvements in trade logistics increase the competitiveness of Palestinian goods, which is needed if the private sector enterprises are to successfully enter potential international markets.¹⁵

The security and movement restrictions dominate all aspects of doing business, and Palestinian businessmen are confronted daily with a myriad of constraints including high cost of imported goods and of input, delays in shipping and delivery, and high costs of logistics. As a consequence, and in light of the uncertainty about movement and access, private enterprises do not invest significantly. Stimulating internal and external trade enhances the potential market size for the Palestinian private sector and thereby increasing productivity and employment.

Structural changes

Another constraint lies in the fact that the Israeli economy is undergoing structural changes, and is moving toward higher value products and services, has reduced its protection, and opened its markets to low cost imports. As a result, the Palestinian enterprises developed to provide low cost, can no longer compete on its traditional low value, labour intensive products.

¹³ According to OCHA, while the Israeli authorities have substantially eased restrictions on movement and access in the West Bank during 2009, there are still 550 remaining obstacles in the West Bank as of end-2009, compared to 630 obstacles at end-September 2008.

¹⁴ All goods, in either direction, are off-loaded and transferred from Israeli to Palestinian trucks (or vice versa) at these terminals, although only goods outgoing to Israel undergo security inspection.

¹⁵ The World Bank; An Analysis of the Economic Restrictions Confronting the West Bank and Gaza, July 2009.

Unpredictable time horizon and risk

The most harmful effect of the economic restrictions imposed on the private sector, lies in the level of unpredictability and high risk for existing and prospective investors. The difficulties in predicting time delivery of inputs, estimating how long it would take to move their goods and committing delivery times makes it difficult for the Palestinian private sectors to assess the time horizon for their investments. A number of Palestinian highly effective and successful companies are able to offer products and services for export markets. However, these only represent a fraction of the Palestinian private sector.

Dispute resolution

Besides the high business risks associated with the abovementioned issues, any Israeli-Palestinian trade or business relation faces a multitude of legal, financial, and regulatory risks. This constitutes an impediment to the creation of business relations across the border. That situation is perceived as having a high element of uncertainty and risk.

4.3 Private Sector Development and Peace Building

Support to Private Sector Development

Private sector development contributes to economic development but there is only one factor that will create economic growth. To be able to achieve sustainable economic growth is needed. While peace is still not reached between both sides, it is essential that the private sector is supported within the constraints of the conflict, since a vibrant private sector is the backbone for future economic growth.

Private sector development in the West Bank and Gaza is severely affected by restrictions imposed by the Israeli authorities like with border closures, back-to-back trucking at checkpoints, and a lack of access to international markets for export or technology transfer.

Private sector development in a conflict area

Research on conflict and private sector indicates that there are four primary needs for a business when operating in an area of conflict namely¹⁶, security; stability; freedom from interference; and the opportunity to do business. In the West Bank and Gaza these needs are severely hampered through border closures, a permit system for people and goods, and the geographical fragmentation of the Palestinian areas (zone A, B and C), with the Palestinian Authority not having full control of these.

Israeli and Palestinian business dealings

Israeli and Palestinian individual businesses are inclined to trade and seek deals. Throughout the conflict period, Palestinians and Israelis have done business and traded with each other. This motivation is not directly affecting peace-building. It fosters good will and the interests of the private sector participants. However, it has the potential to extend beyond pure private sector dealings, if guided strategically as well in supporting peace-building.

Trust and Confidence Building

Under the current climate, the lack of trust on both sides is deep-rooted. This was pointed out by both government institutions and private sector organisations interviewed during the evaluation. Cross-border dialogue, either between civil society or organised by institutes like the Perez Centre, is minimal. In addition to the lack of trust, undertaking cross-border private sector development might be perceived as a false normalisation.

Supporting private sector development will not automatically lead to an increase in trust between the two sides as the lack of trust between the two sides is entrenched. Nevertheless, there are possibilities for the private sector to become involved in supporting a better understanding on both sides through lobbying government institutions to ease restrictions, facilitating knowledge transfer to the Palestinian pri-

¹⁶ Ibidem, p.79.

vate sector and disseminating information on how both economies can benefit from a peace agreement.

Supporting Private Sector Development and Peace Building

Within the current environment, there are possibilities to implement projects that support private sector development and peace building. Examples include:

- Projects with the primary goal of encouraging cooperative working relations: business to business meetings; social business events, etc;
- Projects supporting dialogue between business leaders to discuss both business opportunities and conflict-related issues linked to PSD (access, etc.);
- Projects that will support businesses to become a facilitator or advocate in raising concerns with their respective governments.

5. Evaluation Findings

This chapter presents the evaluation team's finding in relation to the coverage of the project, its relevance, effectiveness, efficiency, impact and sustainability. Consideration of conflict sensitivity is included with the section dealing with relevance.

5.1 Coverage

Coverage concerns the extent to which the intended beneficiaries have had access to the support. The team have examined PIBF's coverage given the conflict context in which the PIBF is located – which suggests that a high degree of coverage would have peace-building benefits.

5.1.1 Assessment

The primary direct beneficiaries of this project are prominent leaders of the Palestinian, Israeli and Swedish private sectors. The team assess that PIBF have, in general, only had limited reach to the wider business community, in particular, SMEs who represent more than 90% of the private sector enterprises.

Interviews with selected enterprise leaders indicate that they have:

- A high level of commitment to the peace-building process and contribution to economic development in Palestine as a basis for political and societal stability
- Financial strength and managerial resources dedicated to participating in PIBF activities
- Good connections to their respective governments and conflict actors and therefore have the potential to positively influence decision-making processes
- The potential to raise concerns and discuss issues on behalf of the sector they represent (many PIBF members are leaders of business associations).

All members have signed a “Declaration of Principles”, which was adopted unanimously by PIBF General Assembly on 15 September 2008 in Stockholm. The Declaration gives the PIBF a clear political

base on which PIBF can further develop and the Israeli, Palestinian and Swedish partners can strengthen their cooperation.¹⁷

PIBF offices have a good track of the members, who are updated regularly on events and activities through the PIBF newsletter. The level of responses to the on-line survey (44%) prepared by the evaluation team and distributed to their members by PIBF, indicates a high level of interest from the members.

PIBF membership

The PIBF have also been able to set strong organisational foundations in oPt, and Israel, increased their *membership base* and its linkages with private sector actors, policy makers and international community (please refer to section 5.3.2.1. for additional details).

In terms of *geographical* coverage, the membership distribution is 22% for Sweden, 36% for Palestinian members and 40% for Israel.

Of the 35 Palestinian members, 33 are based in the WB and two are based in the Gaza Strip. Interviewed business representatives from Gaza have expressed the clear interest of their colleagues to join the PIBF. Key benefits mentioned by interviewees included providing Israeli and Swedish business contacts, a forum for developing and maintaining good relations with Israeli and Palestinian companies, and a forum for pushing decision-makers towards easing constraints to the private sector thus contributing to peace building.

From the list of members, (PIBF geographical list of members provided to the evaluation team), it does not seem that Arab Israelis companies are represented.

As to the *representation* of PIBF members, it appeared through the interviews conducted in Israel and WBG that there is some confusion as to whether members are individually represented or whether they represent the organisations they come from. In terms of coverage, this has implications for the extent to which the PIBF are represented in the business community. PIBF's position, representation and voice would be definitely stronger and official if it was clear that they represented organisations, and their position would not be interpreted as serving the interests of individual members but strong organisation representing a much larger business community.

Gender equality

Regarding *gender equality*, PIBF members are primarily male. While three women are amongst the Palestinian members, no women exist amongst the Israeli members (based on the members list provided by PIBF). This may be a reflection of the prominence of male CEO's amongst medium to larger companies in the region. It may also be the result of the cultural setting of the Middle East.

During the in-country interviews, the representation of professional businesswomen was largely limited to associations (tourism, micro credit, etc.) and small and medium enterprises (SMEs). The PIBF coordinator and assistant in oPt are women, and the BoD is entirely represented by males.

The evaluation team believe that developing and implementing a strategy for more equal participation of women would directly support Sida's country strategy (in which gender equality is highlighted as a goal) and the overall objectives of PIBF. A way of addressing this deficiency would be for members of

¹⁷ The PIBF Declaration of Principles is to: (1) Aspire for the final resolution of this historic conflict through the creation of two independent, democratic States side by side in which people are free, equal and living in security and prosperity. (2) Reiterate that Palestinian private sector growth is one of the core pillars to creating economic stability, increasing employment and standards of living as well as fighting poverty thus contributing to a sustainable solution of the conflict. (3) Preserve the right of private businesses to freedom of trade which inevitably includes free movement of people and goods as well as free flows of investments and financial transactions while at the same time ensuring security and prosperity for all. (4) Enhance principles of equality, a sustainable environment, human rights and corporate social responsibility as additional important factors in taking part in the global economy.

PIBF to discuss the low representation of women and develop a strategy to encourage a higher gender representation. Such a strategy should include both PIBF actively seeking companies headed by female directors to join its ranks, and the encouraging of current members to facilitate female staff to participate in PIBF's activities.

The team suggest that PIBF should also examine, in both Israel and Palestine, which companies have high rates of women in middle and upper management. Women are routinely more active in the soft sectors, such as food processing, marketing and tourism. It is therefore on these industries that PIBF should focus. PIBF should also assess if attracting SME's in both Israel and Palestine would create a platform for greater women participation. This is because women are often found at the head of SME's.

Approaching these small and medium-size businesses should be strongly considered in order to enlarge PIBF's membership base among women. Greater involvement by women within PIBF will provide a larger base among the population to support trust on both sides, recognizing the role of women in peace building in conflict affected environments.

Indirect beneficiaries

Indirect beneficiaries include mainly Palestinian Israeli business communities including importers and exporters (individual and corporate), small and medium sized enterprises (SME's) sharing the same interest of enhancing trade across the borders. Typical targeted sectors include agro processing, tourism, banking, IT and service sectors.

5.2 Relevance/Appropriateness

Relevance assesses the extent to which the objectives and activities of the intervention(s) respond to the needs and priorities of target groups and the policies of recipient countries and donors. PIBF's peace-building objective means that the assessment should also consider whether interventions are on the right track to contribute to peace-building.¹⁸

5.2.1 Assessment

Relevance in relation to Sida's country strategy:

PIBF support Sida's strategy for development cooperation with the West Bank and Gaza (2008–2011) through their contribution to the objective of 'promoting the peace process and peace-building' through 'greater trust and cooperation between Israelis and Palestinians'¹⁹. Sida's strategy calls for supporting peace and reconciliation processes within Palestinian society and establishing greater trust and opportunities for cooperation between Israelis and Palestinians, and between different groups in Palestinian society.

The evaluation team find that PIBF objectives and intervention areas in relation to private sector development and development of international trade²⁰ are also fully in line with the objectives of the Swedish Country Strategy. The development of the private sector and Palestinian participation in international trade lie at the core of PIBF. Furthermore, PIBF also seek to create a forum for dialogue between the Palestinian business community and authorities, which is fully compliant to the Swedish Country Strategy.

¹⁸ Evaluating Conflict Prevention and Peace-building Activities, OECD, 2008, p.39.

¹⁹ Strategy for development cooperation with the West Bank and Gaza, July 2008 – December 2011, MFA, (p.6).

²⁰ Strategy for development cooperation with the West Bank and Gaza, July 2008 – December 2011, MFA, (section 2.1.2.3).

Gender equality

In relation to gender equality, Sida's strategy for development cooperation for the West Bank and Gaza, encourages 'greater participation of women in the peace process,' (2.1.1). The cooperation strategy supports efforts to establish greater trust and opportunities for cooperation between Israelis and Palestinians and between different groups in Palestinian society. The strategy insists that such initiatives should focus in particular on the participation of women. (p.7). The Swedish Country Strategy puts emphasis on women in business and female entrepreneurship (point 2.1.2.3). However, despite this strong policy backing, the PIBF Project Document is gender blind and, in practice, PIBF members are primarily males. As noted previously, there are only three women amongst the Palestinian members and no women amongst the Israeli members.

Relevance in relation to the current PA national development strategy

The evaluation team find that PIBF activities under the mandate carried out between 2008 and 2010 are in line with the guiding principles of the Palestinian National Policy Agenda (PNPA)²¹. The Palestinian private sector is seen as the engine of sustainable economic growth and the PA is committed to creating an enabling environment for private sector growth leading to an increase in employment opportunities.

PIBF intervention areas related to trade, investments and knowledge transfer are in line with the Palestinian Reform Development Plan, which indicate that "the Palestinian economy is open to other markets around the world and strives to produce high value-added, competitive goods and services, and, over the long term, to be a knowledge-based economy".

From the interviews, it was clear that PIBF focus sectors, namely agro processing, tourism, IT and banking sectors correspond to the PA's strategic priorities. These sectors of focus were also emphasised by Development Partners (DP) consulted as of high relevance and offering good potential for growth.

Relevance to the Israeli priorities

Interviews with the Israeli authorities confirm that PIBF's mandate is supported and found relevant as a forum of maintaining dialogue and trust-building. It is seen as a means to promote the enhancement of the Palestinian private sector, thereby building stability in oPt and creating security for Israel. The PIBF sector focus is also in line with the priorities of the Israeli authorities; it is perceived that there is room for creating partnerships between the Israeli and Palestinian business communities, and that Israeli enterprises can contribute with know-how.

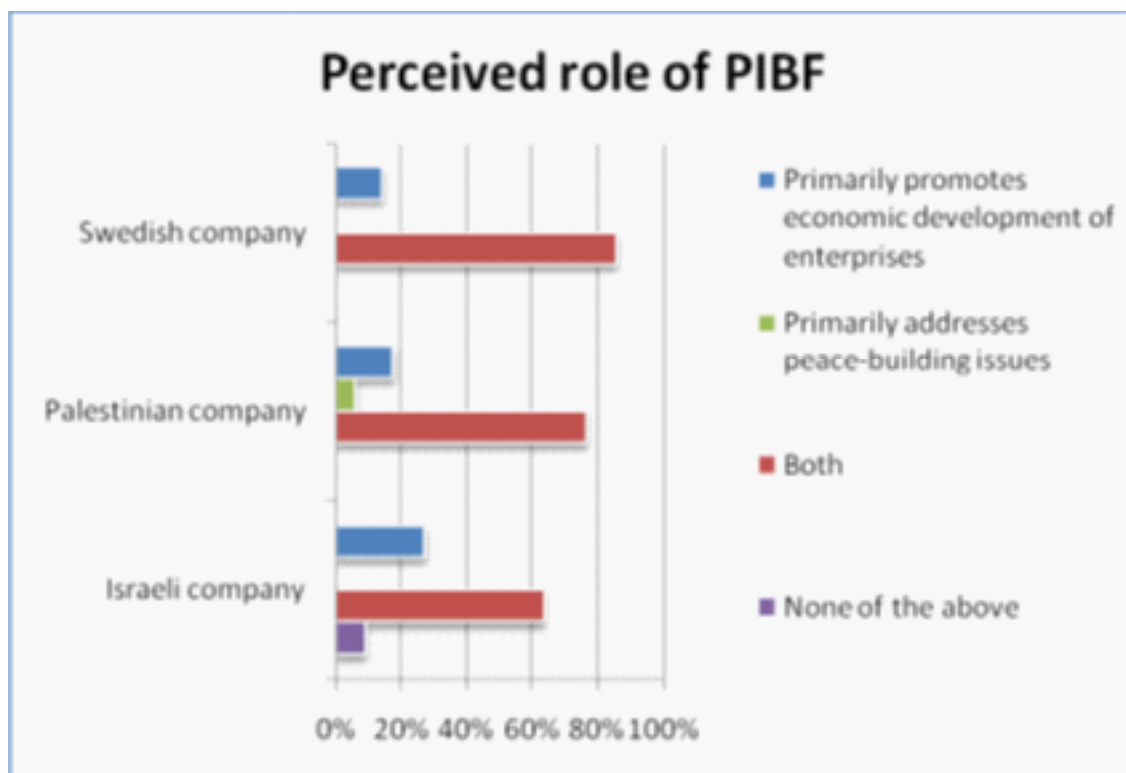
Relevance to beneficiaries

Overall, the stakeholders interviewed by the team acknowledged the role and importance of PIBF in the present context. Throughout the mission, and validated in the on-line survey, stakeholders supported the dual role of PIBF as a platform for both private sector cooperation and cross-border linkages. Members of the PIBF, non-member enterprises, and external observers such as DFID, World Bank, IFC, EU and other bilateral and multilateral agencies also regarded the mandate of PIBF as highly relevant. However, while PIBF have proven their relevance as a platform for bringing together people from the Israeli and Palestinian business sectors, stakeholders also expressed the need for a greater focus by PIBF on supporting private sector cooperation. Most members clearly expressed their expectations about PIBF serving as a platform to support private sector development.

As the results of the on-line survey shows in the figure below, there is a clear understanding from the members about the role and relevance of PIBF activities addressing both the promotion of economic development and peace-building issues.

²¹ Palestinian National Authority, Palestinian Reform and Development Plan, 2008-2010.

Figure 1. On line survey response on the Perception of the role of PIBF



During the field mission, enterprises interviewed all emphasised the relevance of the objectives of PIBF and their contribution to their dual objectives.

Flexibility of PIBF to adjust to changing environment

The mandate and structure of PIBF has proven to be sufficiently flexible to adjust to the current political environment. Currently PIBF are the only functioning platform where cross-border dialogue and networking exists. Other initiatives in support of Palestinian private sector development focus not on cross-border linkages, but rather, on strengthening the Palestinian private sector within the boundaries of Palestine, and supporting linkages with the international private sector. It is the general view of the stakeholders that PIBF have managed to navigate in an extremely volatile and complex political and economic context, to bring Palestinian and Israeli business people together to foster private sector development.

“Any business connections and relationships created are important as they support the peace process”
(PIBF member)

Dual objectives

While that support for PIBF’s dual objective of promoting Palestinian private sector development and peace-building objective was clearly acknowledged among PIBF members, the evaluation team found that they were less clear about the strategies PIBF might be able to develop to have an increased impact on supporting peace-building and increased cross-border trust and confidence.

In the view of the evaluation team, it is essential that PIBF have a clearly defined role within the current environment. It is important for the members to ensure that PIBF’s activities aim to address or mitigate some of the driving factors of the conflict. This will separate it from other similar initiatives in support of private sector development. What appears to be lacking at the moment is a joint understanding of the role that PIBF can play in terms of peace-building and as to how the actions of the PIBF can be best guided. This is despite the strong emphasis in the Project Document on conflict sensitivity.

Conflict sensitivity and peace-building

Conflict sensitivity relates to the processes involved in planning, implementing and monitoring activities in conflict-prone environments so as to avoid negative impacts and maximise positive impacts of the intervention on the (conflict) context. The Project Document provides an analysis of the conflict, together with an examination of the dividers and connectors within Palestinian and Israeli societies. The document follows Step 1 (understanding of the conflict), Step 2 (Analyzing Dividers and Tensions), and Step 3 (Analyzing Connectors and Local Capacities for Peace) of the Do No Harm Framework and thus provides a good basis for strategy development and implementation of key activities in support of the PIBF's dual objective.²²

A key underlying observation highlighted in the Project Document (page 9) is the negative interrelationship between the political and economic context. Here the political context has raised the transaction costs of doing business to such a level that the potential benefits of economic linkages between the Palestinian and Israeli communities cannot be achieved to any meaningful degree and thus serve to contribute further to the negative political climate. A key factor identified is the restrictions resulting from the occupation, which the Project Document notes serve to constrain the movement of people and goods, increase transaction costs, obstruct institution-building within the government, and maintain inter-community tensions and mistrust.

The Project Document notes that potential dividers are to be found within the more extreme members of both Palestinian and Israeli communities, including the diaspora. These dividers operate internally (between different factions) as well as between the communities, with violence (for example resulting from military operations) serving to exacerbate tensions and produce even more polarised positions. Other proximate causes of conflict mentioned include pressures arising from control over natural resources (especially water), restrictions over freedom of movement and import of goods, destruction of infrastructure, and differences in standards of living and opportunity. On the other hand, the single most significant connector is seen as the "shared belief that any peace-building measures will be accompanied by economic development and a reduction in poverty" – a factor that the Project Document assumes to be a "mutual benefit" (page 12). This feeds into the project's rationale and main underlying assumption which is that positive economic interaction provides a "relatively neutral ground" and will "impact political decision making andaffect public attitudes and behaviours positively". In other words, that it will have direct peace-building benefits.

From starting up as a network platform, the team find that PIBF have developed into an organisation, which is acknowledged by the different stakeholders as a forum for Palestinian and Israeli private sector dialogue. The evaluation team found that Palestinian and Israeli members welcome Sweden's involvement as a neutral third party to support this dialogue.

The team confirm that the basic conflict analysis in the Project Document remains relevant. PIBF operate in an environment where distrust between Palestinians and Israelis is high and where radicalization in opinions is evident on both sides. Such a stark reality comes at a time when the economic viability of a future Palestinian state is at stake with Palestinian society facing low levels of investment, increased levels of poverty and high unemployment.

The team see that the highly sensitive operating environment has implications for the way in which PIBF work. The PIBF management needs to ensure conflict sensitivity within both the organisation itself as well as regarding its design and implementation of projects. However, in PIBF's annual plans and annual reports no reference is made to the conflict and societal analysis which is included in the Project Document.

²² The Do No Harm Handbook (2004), Collaborative for Development Action and CDA Collaborative Learning Projects, Cambridge, Mass.

As already noted, a conflict sensitive approach will seek to avoid unintended negative impacts that reduce the chances of peace-building, to ensure fairness and equality in all exchanges. Thus, an organisation like PIBF would need to ensure that activities being implemented will benefit the Palestinian private sector at large and also contribute to peace-building, increased trust and greater confidence on both sides. For example, regarding the activities that PIBF choose to support, the selection and implementation process will be transparent and beneficial to the Palestinian business community as a whole. The process should also contribute to the economic development of Palestinian society and foster improved linkages between both communities. This is particularly important in order to avoid PIBF being perceived as a select 'club' in support of their own members.

At the implementation level, the team found support for PIBF's dual objective promoting Palestinian private sector development and peace-building was acknowledged among their members. However, it seems less clear to the members which activities PIBF might develop in practice in order to achieve a better impact on peace-building and increased cross-border trust and confidence. The latter is not automatically realised as a result of cross-border private sector cooperation. From the interviews held, it is clear that PIBF members have high expectations regarding improved business relations with the other side. If these expectations are not met, the team see a risk that members will be disillusioned and this might lead to further distrust.

From our interviews, it also seems that most members expect that increased private sector cooperation and dialogue around private sector business relations will lead automatically to increased trust and confidence. The latter might be the case in the one-to-one business negotiations, but the actual results appear limited to these one-to-one dialogues.

Overall, the team find that there is a lack of clarity regarding wider effects of PIBF activities and that no link is made to conflict-analysis in either the annual plans or reporting. Given PIBF's peace-building objective, this raises the question of whether the activities and strategies implemented by PIBF are the most strategically relevant. The team recommend, therefore, that the Board and NIR provide strategic direction to PIBF and that linkages between the strategy and activities, outputs and expected results are made more explicit in terms of their expected peace-building impact and, thus, more capable of being satisfactorily implemented and monitored.

5.3 Effectiveness

Effectiveness concerns whether an intervention has reached its intended objectives in a timely fashion. To consider this aspect, the evaluation team have considered the PIBF's results in the period 2008–2012 according to the four main areas of intervention²³. These are:

1. Organisation and platform development,
2. Knowledge transfer
3. Investment promotion and
4. Trade promotion.

5.3.1 Assessment

5.3.2.1. Organisation and platform development

Organisation and platform development has constituted 80% of the use of the resources allocated during the period. The area consists of strengthening the organisation of PIBF and their membership, as well as seeking recognition among other stakeholders who are seen as fundamental for the performance of PIBF and their expected results.

²³ PIBF project document, 2008–2012, NIR

Organisational structure

The *General Assembly* is the highest decision-making body and consists of all members of PIBF. The members elect the *Board of Directors* (BoD)²⁴, which act on the mission of the members. The Chairman of the Board is always a Palestinian while the two Vice Chairmen are Israeli and Swedish. The International Council of Swedish Industry (NIR – Nätingslivets Internationella Råd) is the legal signatory of the PIBF and administrative issues relating to PIBF are managed by NIR. A Secretariat is located at the NIR office in Stockholm.

The Board mandates the *Secretariat* to manage and execute all PIBF activities. The Secretariat monitors activities through detailed reports sent by the respective PIBF coordinators. Yearly plans and reports are prepared and submitted to the Board. NIR is responsible to the Board to nominate a *Secretary General* (SG). The SG is fully accountable to the Board.

There are three *Country Coordinators* operating in Israel, Palestine, and Sweden, respectively. The Coordinators meet regularly and are responsible for contacts with the members in each country.

During the last couple of years, the PIBF have developed an operational framework to guide in planning and decision-making, with active engagement from the Board and PIBF members. The framework consists of Articles of Association, the establishment of an organisational structure with a managerial body (GA and BoD) and a formalised reporting system.

The evaluation team have identified some critical aspects related to the organizational set up. Two cases can be mentioned; the recruitment of the new PIBF country coordinator in Tel Aviv²⁵, and the management of PIBF offices.²⁶ The evaluation team found the decision-making for those issues unclear and that roles and responsibilities within PIBF and NIR are not clearly defined. In a conflict environment, a higher degree of conflict sensitive planning and intervention is otherwise required, decision-making should be carried out in a transparent and open way. The team suggest that the gaps in the managerial processes can be resolved through better defined roles and responsibilities of the bodies managing the PIBF.

Membership base

During the last two years, PIBF have experienced a clear increase in their membership base. The total number of registered members rose from 44 members in 2007 to 96 members in 2010, as shown in table 1 below:

Table 1. PIBF membership base 2005–6/2010²⁷

	2005	2006	2007	2008	2009	2010	Total
Sweden	8	1	1	6	3	2	21
Israel	6	0	10	3	20	0	39
WBG	7	7	3	8	10	0	35
other			1				1
Total	21	8	15	17	33	2	96

In 2009, two thirds of the new members who joined PIBF were Israeli companies. Interviews with selected representatives indicate that this high number is linked to the desire from Israeli PIBF board

²⁴ PIBF; Articles of Association for the non profit organisation PIBF, General Assembly decision 2008,09-15

²⁵ The process of recruitment of the Israeli Country Coordinator was considered by the BoD as insufficient as the BoD members were not sufficiently consulted, in particular the Israeli Vice Chairman. (BoD meeting Feb. 1, 2010).

²⁶ The evaluation team was informed that the PIBF office in Tel Aviv will be closed and that the PIBF assistant coordinator function removed without major considerations of the consequences of such an intervention.

²⁷ Source: List of PIBF members by year of admittance, PIBF June 2010

members to expand the membership base and to increase the potential for creating partnerships with Palestinian and Swedish companies.

The PIBF Network

The evaluation team held meetings with relevant Palestinian and Israeli ministries, private sector actors, development partners and a number of institutions involved in private sector development and peace building. The interviews indicate a high level of awareness of PIBF as an organisation facilitating contacts between Palestinian and Israeli private sectors, despite the difficult political situation, and increased engagement. Stakeholders consider PIBF to be involved in projects supportive to the development of the Palestinian private sector.

PIBF are unique in their platform and organisational structure. There are no other organisations or initiatives having both the development of Palestinian-Israeli private sector partnerships and peace building dialogue as a dual objective. While there have been attempts to create forums similar to PIBF, such initiatives have thus proven far unsuccessful. The evaluation team did not obtain sufficient information on why other cross-border private sector initiatives have not succeeded. However, initiatives such as the Fund for New Market Development (FNMD) and the Portland Trust focus solely on private sector development within Palestine through providing loans or technical assistance to Palestinian private sector. These initiatives do not actively promote cross-border private sector linkages. PIBF is thus assessed by the team to have been effective in establishing itself as an actor in linking the private sector in the two countries.

This success is also reflected in the interest from other development partners (including DFID and IFC) to coordinate more closely with PIBF and be informed about PIBF's results and on-going activities. The uniqueness of PIBF is illustrated when the activities of other actors are considered, as shown in the table below:

Organisation	Activity in oPt
World Bank	Plays an advocacy role in oPt, in trade facilitation and is primarily involved in skills development. Is highly interested in coordinating activities and sharing information with PIBF on identified sectors of focus, and initiatives enhancing private sector development.
IFC	Promotes large scale investment financing. Is highly interested in sector studies prepared by PIBF on business opportunities
DFID (FNMD)	Focuses on enhancing the Palestinian private sector through cost sharing schemes. FNMD is sector focused and has supported app. 50 Palestinian projects.
Office of the Quartet – OQR	The Office of the Quartet Representative (OQR) works with the Palestinian Authority, the Government of Israel and the international community to help build the institutions and economy for a future Palestinian state. The OQR sees the PIBF as the only working body that tables key issues for the Israeli and Palestinian business communities and is involved in different sectors.
Portland Trust	Is privately financed with offices in London, Tel Aviv and Ramallah, and focuses on promoting peace and stability between Palestinians and Israelis through economic development. Is involved in a number of initiatives, including the development of financial and economic infrastructure, housing, trade, investment, training and entrepreneurship.
AIX	The group includes Israeli, Palestinian and International economic experts, academics, members of economic organisations, and officials from international institutions that research, produce and disseminate position papers which seek to identify economic scenarios and propose economic recommendations, in order to promote results for Palestinians and Israelis.
Pal Trade	Is involved in trade promotion, development of trade capacities, trade information, and trade facilitation and monitoring of trade flow. Is interested in coordinating activities with PIBF in trade promotion
Israeli-Palestinian Chamber of Commerce and Industry – IPCC	Established in 2008, supported by Portland Trust, Located in Tel Aviv. The IPCC seeks to enhance bilateral trade and investment between Israelis, and Palestinians to promote business opportunities and commerce. Is interested in networking with PIBF.

Comparative advantages

From the various interviews with stakeholders, the team assess that the comparative advantages of PIBF lie in the following:

1. *Convening power* – PIBF's ability to gather representatives from prominent Swedish, Israeli and Palestinian business communities, and have the ability to create linkages between Israelis and Palestinian prominent businesses and promote insights in the key issues affecting their businesses and trade opportunities/constraints.
2. *Advocacy* – PIBF are able to table the most important issues that safeguard business relations in Israel and oPt. PIBF are able to raise a common voice for the Israeli and Palestinian business communities.
3. *Information* – PIBF are an eye opener for the Palestinian business community on international markets. PIBF support Palestinian community in providing linkages that facilitate trade flow on the international markets, particularly the Swedish.
4. *Focus* – the dual objective of enhancing the private sector and contributing to peace building is unique to PIBF but also challenging (as described in the context section of this report).
5. *The involvement of Sweden* – as a third international party having a neutral role, Sweden is widely accepted as a positive bridge to the peace dialogue. The commitment from the Swedish side to peace building and development of economic relationship is very often emphasized by the stakeholders interviewed and regarded positively by the Palestinian business community.

Partnership Forum

A concrete example of a PIBF activity with potentially positive peace building effects is the *Partnership Platform*. The purpose of the Partnership Platform is to initiate an exclusive, informal, discussion on the strategic level on how private sector actors can coordinate their efforts in the strive for a strengthened Palestinian economy, as a foundation for future sustainable relations within a two-state solution framework. It has provided a focused discussion exploring the relation between economic growth, trade and peace building.

Two Partnership Platform meetings were organised in 2009 and 2010 and gathered prominent personalities and representatives of initiatives that in different ways put forward economic arguments that illustrate the link between economic growth, trade and peace building. Participants included the AIX Group, IPCRI, UN Global Compact, the Swedish MFA, the Office of the Quartet Representative, the European Commission, the Geneva Initiative, Portland Trust and NIR.

- The first Partnership Platform Meeting was held in Stockholm on 13/14 October 2009 (Conference on trade, Private Sector, Development and Peace) as part of the PIBF annual conference.
- The Second Partnership Platform Meeting took place on 1 February 2010 in Jerusalem. This invitation was sent by NIR but on letterhead of PIBF. Purpose of the meeting was to discuss follow-up after the October 2009 meeting.

The PIBF Board has decided that NIR will take over the responsibility for the Partnership Platform and for organising meetings and related activities from now on. PIBF would take part as participant rather than as the summoning and inviting party of the Partnership Platform initiative.

An example of an issue taken up by the Partnership Platform is arbitration. PIBF's Arbitration project responds to the lack of clear arbitration procedures between Palestinian and Israeli companies and proposes that a new joint institution or increased cooperation between existing institutions therefore may be developed. This is further covered in section 5.3.2.2 below.

Declaration of Principles

Another example of a constructive initiative from PIBF is the “*Declaration of Principles*” that was approved first by the Board of Directors on 15 June 2008, then by the General Assembly on 15 September 2008. The Declaration of Principles serves as a base for giving PIBF a strong political base from where the involved partners can further develop and strengthen their cooperation.

The evaluation team consider the introduction of the Declaration of Principles (DoP) as an important achievement. Despite the political instability, the DoP has renewed the commitment amongst Swedish, Palestinian and Israeli members toward PIBF's dual objectives. It is an important advocacy tool for both the Palestinian and Israeli private sectors when encouraging others to join PIBF and give PIBF a strong base from where the partners can further develop and strengthen their cooperation.

5.3.2.2. Knowledge transfer

The second area of intervention is knowledge transfer through the enhancement of the capacity and competitiveness of the Palestinian private sector to contribute positive effects in conducting business and contribution to peace building. The Project document budget for the first year allocates 10% of the resources to this intervention area.

Strategic sub-sectors

Output in this area have included assessments of strategic sub-sectors within the Palestinian private sector. Examples include studies carried out in:

- The agriculture sector by drafting a concept note for a national school milk feeding programme. A second initiative was in support of an agricultural insurance scheme with a key agricultural Palestinian NGO PARC.
- Opportunity studies for tourism project, and limited training of Palestinians selected from the hotel sector.
- Market demand study for e-banking services in the Palestinian Banking sector.
- A series of meetings in Sweden, oPt and Israel aimed at enhancing the development of business opportunities related to the milk and tourism sectors.

In-depth feasibility studies

A review of the sectors, as well as interviews conducted with stakeholders, indicate that PIBF were able to facilitate cooperation from PA ministries including the Ministry of Education, Health and Agriculture. The coordination in the development of the school milk feeding project was consolidated through a Memorandum of Understanding between PIBF and Tetra Pak Food for Development Office.

From the review of documents and interviews with key stakeholders, the evaluation team conclude that transfer of knowledge within the project is mainly presented in the form of study reports, awareness-raising meetings with key stakeholders on the opportunities presented in the studies, and advocacy measures to enhance the development of projects in the respective sectors mentioned above.

Both the school milk feeding project and the tourism initiatives are based on the development of the Palestinian and Swedish co-operation. The role and possible involvement of the Israeli private sector, however, is less clear. Moreover, whilst the choice of the sectors is highly relevant, and the tourism and school milk feeding project have clear developmental effects, there is no clear assessment of the financial feasibility of the projects, and therefore no clear conclusions can be derived regarding the overall feasibility of these projects ideas.

Mediation and arbitration

A further example is provided by the Mediation and Arbitration project. The origins of this lie in the recognition that an obstacle for cooperation between Israeli and Palestinian companies is the lack of clear arbitration procedures between Palestinian and Israeli companies. This led to the proposal that a new joint institution or increased cooperation between existing institutions should be developed. The initiative is in the final stages of preparation, with the PIBF chairman and the Israeli Deputy Chairman presenting the project to the International Chamber of Commerce.

The evaluation team conclude that the Commercial Mediation and arbitration presents interesting perspectives that can offer Palestinian and Israeli business people the opportunity to settle their disputes to an independent court recognized by both sides. This is a concrete example on how the project is supporting non-violent forms of conflict resolution and power management. If successful, the arbitration court will address some of the imbalances that currently exist on both sides and create ground for narrowing the gap in the interaction between Palestinian and Israeli enterprises.

Transparency issue

The team conclude that transparency in relation to project development is an issue that requires further attention. As mentioned above, PIBF select projects to promote and provide support. Project ideas presented by members to the board are appraised and selected. The team conclude that there is a potential for conflict of interest where project ideas have a direct vested interest for members of the PIBF. This could be seen by non members as supporting the individual interest and benefit of PIBF members. The team recommend that the nature of support to individual project ideas should contribute to the benefit of the business community, members and non members.

Advocacy

In terms of advocacy, the team would like to highlight that one of the main activities was the publication of the research paper on future economic relations between the Palestinian and Israeli economies²⁸. Quality research papers like this are strong advocacy tools with the potential to increase understanding among a wider audience.

5.3.2.3. Promotion of new foreign Investment

The third area of intervention consists of building a platform to promote investment between Israelis and Palestinians as well as Swedish and international private sector actors. Approximately 5% of the resources are allocated to this area.

Investment promotion

PIBF were identified by Swedfund as an instrumental partner to facilitate potential partnerships through generating proposals from Palestinian companies. PIBF promoted Swedfund to their members, which lead to eleven draft investment proposals from six Palestinian companies. None of these have so far led to tangible results. According to PIBF, no feedback was provided on the proposals and therefore it was not possible to provide the Palestinian companies with feedback. The Team conclude that investment promotion should be carefully handled in order to avoid too high expectations which would lead to frustrations within the Palestinian business community.

5.3.2.4. Increase in Trade Promotion

The fourth area of intervention is trade promotion where PIBF are to contribute to increasing trade between Palestine and the rest of the world. 5% of the resources are allocated to activities in this area.

Training in export management

The evaluation team did not come across examples of training Palestinian professionals in export management or activities on quality control systems.

²⁸ Future Economic Relations between the Palestinian and Israeli Economies, PIBF, 2008

Participation in international exhibitions

The PIBF annual reports, however, list a large number of activities related to seminars, workshops, roundtable meetings, and outgoing delegations. Examples cited include:

- Two annual conferences with 200+ participants on public private partnerships, and sustainable urban development
- Cross country Group meetings, seminars, workshops, roundtables
- 3 specialised seminars on e-banking and reconstruction of Gaza.

According to individual interviews with member companies efforts to lobby Israeli government institutions in order to ease restrictions have yielded some results. For example in the tourism sector where PIBF are active.

“Throughout the year, several semi-unplanned activities were implemented. These activities were closely related to the existing strategies and the planned activities. Some of these additional activities contributed to strengthening the effects, but some contributed to weaken the implementation of other planned activities within the 2009 Annual Plan and thereby hampered the effects.... A common denominator for all unplanned and semi-unplanned activities was that they all required more resources than pre-planned activities, especially more human resources and time. Additionally, a relatively large share of the unplanned and semi-unplanned activities were implemented with limited advance planning”.

5.4 Efficiency

By efficiency, we mean the ability to achieve maximum output with a given input of resources. This makes it possible to assess how economically resources/inputs (funds, expertise, time, etc.) are converted to results.

5.4.1 Assessment

Efficiency in implementing activities

Overall, the implementation level of PIBF planned activities has shown to increased over the last years. For example, 2009 shows a higher level of implementation (80%) of activities than in 2008(66%). The strengthening (Area 1 – capacity building) of PIBF’s organisation appears to have contributed to this.

Examination of the financial analysis section of the annual reports for 2008 and 2009, however, indicates that a substantial share of the resources allocated are for office costs and internal capacity building compared to actual deliverables (result areas 2,3, and 4). For 2008, about 80% of the funding was utilised in this way.

It is the evaluation team’s view, that it is not possible to draw a firm conclusion on cost efficiency due to the budget structure used by PIBF. This is because the project management, and office costs shown in the financial analysis, are allocated to area 1, In fact some of these resources should be allocated to areas 2, 3 and 4 in order to provide a true picture of the resources used in each specific area.

There are also indications of inefficiency, caused by shortcomings in the lack of systematic planning. An extract, from PIBF’s annual report for 2009, quoted here, indicates that PIBF carry out a mixture of planned and ad hoc activities in a manner which does not contribute to the efficient use of available resources.

Efficiency of PIBF organisation

PIBF’s efficiency also depend on how the organisation is functioning, their leadership and work patterns. During the interview round in Stockholm, the evaluation team were informed that the position of the Secretary General was vacant and there were ongoing discussions among the members of the BoD and NIR on the profile, job profile and availability of such a person to PIBF. The issue of the SG was

also emphasized in the meeting minutes of the BoD in 2009 and 2010^{29 & 30}. Meanwhile, the team were informed that the SG tasks are partly carried out by NIR staff and BoD members, and that lately, the position of SG is filled temporarily by the NIR Acting PIBF Programme Director. Concerns were also raised about unplanned ad hoc activities and changes in priorities that challenge the daily work in the PIBF organisation.³¹

Based on the review of the organisational structure and interviews carried out, the evaluation team believe that the SG function should play an important role in the efficient implementation of activities including:

- Planning, management and coordination of PIBF offices and activities
- Providing an overview and reporting to BoD/NIR on implementation of activities
- Ensuring efficient use of internal resources in setting priorities for planned and ad hoc activities and monitoring the progress in resource consumption
- Holding a position as a neutral party, capable of making decisions, and maintaining a balance between Israeli and Palestinian business views and priorities.

The team believe it is important that the position of Secretary General be filled with a suitable qualified person as soon as possible.

M&E

Efficiency also reflects the organisation's ability to monitor and adjust its performance. PIBF use the logframe approach for the monitoring of their activities. The principal M&E instruments are the annual work plan, the annual report, reporting to the Board and the coordination efforts between the 3 coordinators. The team note that monitoring to a great extent is output and activity based - which is an important daily function but is insufficient to provide guidance as to whether the overall project is on track or not. To make sure that the project is kept on track, outcome or results based management is required.

PIBF Annual reports show detailed status on implementation of the activities and focus highly on the number of activities achieved. Outputs are described in details, however, there also is the need for a discussion on the outcomes, and impact of the project. How these outputs contribute to the overall objective is not dealt with. An overview on the key results presented in the annual reports for 2008–09 for each PIBF area of intervention is presented in *Appendix 4*.

The team consider that PIBF offices need to receive guidance on how to deal with results based on monitoring and reporting to evaluate PIBF's performance against their dual objectives.

It is recommended to build simple mechanisms for Monitoring and Evaluation and use the system as a management function to guide PIBF in the intended direction and to check performance against pre-determined plans. Such an M&E system should include:

- A base line with tangible indicators and defined targets in the annual plans in terms of quantity and quality to allow assessment of the achievement of such targets on regular basis.
- Periodic checking of progress (for example quarterly) or works against the targets laid down in order to ensure timely completion of the work

²⁹ PIBF Annual implementation Report of the project Action plan for the year 2009

³⁰ Meeting minutes from the PIBF board of Director's meeting, February 26th 2009 and February 1, 2010

³¹ This concern was also raised during the last BoD meeting February 1, 2010.

- Help providing constructive suggestions such as rescheduling, budgeting, and assigning resources to the various areas of activities being implemented.
- Incorporate discussions in the annual reports on the outcomes and impact by the activities being implemented.
- Identify and document the experience learnt that help PIBF organization can reflect on in their future planning
- Systematically gather information that demonstrate examples which can support the achievement of results, especially in terms of PIBF's contribution to peace building.

5.5 Impact

This section examines the positive and negative, primary and secondary long term effects produced by an intervention, directly or indirectly, intended or unintended. In the conflict prevention and peace-building context, the criteria are used in order to identify and evaluate the effects that a policy or programme has had on peace building and the conflict environment. Impacts can be relatively immediate or long term based.

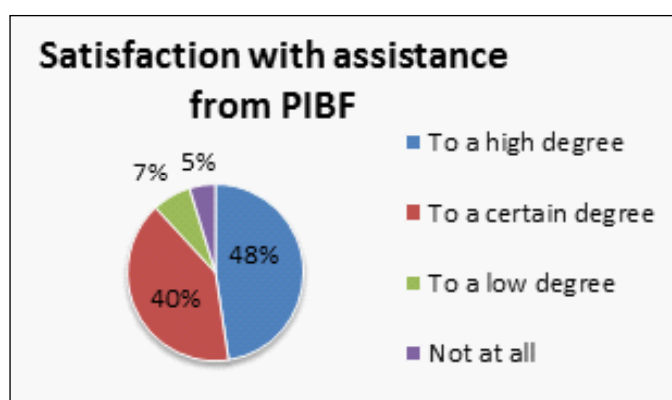
5.5.1 Assessment

In general, PIBF activities have focused on internal capacity building, awareness raising and promoting dialogue among their members. A major part of the interviewed members supported the relevance and the need for a forum like PIBF. The team assess that PIBF projects supported in the other intervention areas have a potential for contributing to a positive impact on the Palestinian business community, provided that they materialize and are implemented. However, greater attention needs to be paid to these – which implies that a re-allocation of resources between the four intervention areas is considered (with a relative increase in provision for areas 2, 3, and 4).

Given the project results reported in the annual reports, PIBF's activities have provided results in strengthening the Palestinian private sector, mainly in the field of knowledge transfer. Examples and illustrations of projects and activities in each PIBF area of intervention are shown in *Appendix 3*. The evaluation team were not able to access any documentation relating to an assessment of programme outcomes by PIBF.

Stakeholders consulted also have a mixed view of PIBF's actual results. From our survey, 31% of the respondents do not believe that PIBF activities have led to concrete results while 52% believe that PIBF activities led to some extent to results.

Figure 2: Member satisfaction with PIBF assistance



Individual interviewed Palestinian and Israeli PIBF members expressed their concern about the lack of

concrete results in the form of increased business to business co-operations and tangible projects being implemented. They also expressed the need for PIBF to advocate more on key issues restricting the development of partnerships and development of Palestinian businesses. Participating in large conferences creates awareness, but there is a clear preference to participate in smaller workshops that provide participants the opportunity to develop networks and explore more tangible opportunities for cooperation.

Within the four intervention areas, the evaluation team have the following observations relating to outputs/outcomes:

Area 1: Organisation development. Major outputs include the strengthening of PIBF organisation, The Declaration of Principles, and increase of member base. These outputs enhance the capacity of PIBF to:

- Generate ideas raised by members.
- Create awareness raising among strategic actors through advocacy measures.
- Offer members participating in field visits in Israel and Sweden opportunities for trade.
- Strengthen its representation and enhancing its capacity to advocate.

As to *Area 2: Knowledge transfer*, PIBF has proven their ability to organise meetings and advocate for issues in identifying opportunities. PIBF are capable of initiating and strengthening relations with strategic actors and tabling issues that should enhance dialogue on private development and support peace building.

In *areas 3 trade development* and *area 4 increase of foreign investment*, the impact of PIBF activities is not yet evident because tourism, agriculture and e-banking projects identified have still not reached the implementation stage.

While the actual impact in these areas is difficult to identify, the team conclude that the organisation and network development have contributed to the recognition by the stakeholders of the need to have a forum maintaining dialogue and trust building between the Palestinians and the Israelis. PIBF thus represent an important peace building opportunity which, in the view of the evaluation team, could be further enhanced through more focused strategies and achievement of tangible results in the short and long term.

The team's opinion is that PIBF's peace building effects are not negligible, despite the political and security constraints and the difficulty of measuring and attributing an impact. PIBF contribute to maintaining the dialogue between the Israeli and Palestinian business communities and thereby can be seen as contributing to reducing gaps between them. The development of the Declaration of Principles, for example, has brought PIBF members to move towards a common goal and a more unified understanding and approach.

5.6 Sustainability Issues

Sustainability is defined as continuation of benefits from a development intervention after the assistance has been completed. It includes the probability of continued long term benefits and resilience to risk over time and includes financial, institutional, human resource, management and other elements. The sustainability of PIBF can be evaluated at two levels: sustainability of PIBF organisation and platform, and sustainability of PIBF activities.³²

³² in line with the PIBF project document 2008–2012

5.6.1 Assessment

Technical sustainability

PIBF have developed from a network platform to a formal organisation. The commitment of the PIBF founding members and members is strong, and contributes to the generation of capacity resources, ideas and initiatives and development networks essential for the sustainability of the PIBF platform. With the efforts of the members, the PIBF have gained recognition as a unique platform for private sector cooperation contributing to the peace building dialogue. The evaluation team conclude that the commitment of PIBF members is an important contribution to the technical sustainability of the organisation.

PIBF are conscious of the importance of improving their financial sustainability. Financial sustainability of PIBF is a major concern of the BoD who are working on the development of a sustainability strategy. Some options envisaged include the introduction of membership fees payment and consider alternative fund raising from Development Partners from other countries such as Scandinavia or the EU.

Membership of PIBF is currently free. The team learnt that payment of membership fees is seen by some as an important step in supporting sustainability of the PIBF and can demonstrate the commitment of its members. Payment of membership fees will also support accountability of the PIBF to its members. Some PIBF board members expressed the view that asking for membership fees might give the perception to outsiders that the PIBF only services its members but this is not in line with the desire of PIBF to serve the whole business community. The team see that while membership contributions would be a worthwhile goal on a medium to long term basis, PIBF are likely to remain dependent on donor funding on a short term basis. This issue is being discussed at length by the PIBF BoD who are also considering alternative sources of financing.

Sustainability of activities

Properly identified partnerships are sustainable but are highly subject to the development of the political Palestinian Israeli context. Ultimately, a conducive political environment and a constructive peace process will enhance the sustainability of PIBF activities. In the absence of this, PIBF's activities will be affected by the unpredictable and highly volatile conflict situation.

6. Conclusions

The following conclusions can be drawn from the main findings and evaluation of PIBF:

Relevance

The vision, objectives and activities of PIBF are in line with the development strategy of Sida and the Palestinian Authority, and the PIBF platform is acknowledged by both Palestinian and Israeli institutions as highly relevant in supporting cross-border co-operations and trust building. In comparison with other initiatives supporting the Palestinian private sector PIBF are unique, since they actively engage both Palestinian and Israeli private sector representatives, that can meet to discuss trade and investment opportunities.

For PIBF members, supporting the private sector is a more concrete objective for which activities and strategies are more easily developed. Supporting peace building and achieving increased trust and confidence through private sector cooperation is more challenging. Sida's support to PIBF is a relevant way of addressing an existing gap in the local peace building process, recognizing the potential role of the private sector on both sides.

Coverage

PIBF have doubled their membership base over the last 2 years. The organizational structure, management and membership platform based on the Declaration of Principles can support a conflict sensitive approach. However, the team do not see evidence that conflict sensitivity has been mainstreamed into PIBF decision-making. With an expanding membership base, PIBF need to ensure increased attention is given to power dynamics and perceptions of possible conflict of interest.

Effectiveness

The PIBF are operating in a significantly tense political environment. Despite this, they manage to maintain continuous dialogue between Israeli, Palestinian and Swedish businesses. PIBF's activities have provided results to the Palestinian private sector in terms of establishing networks, cross-border dialogue, exposure to local and international businesses, lobbying of government agencies to ease restrictions on local businesses. Whilst the choice of the sectors is highly relevant, with clear potential to achieve developmental effects, the outcome of the projects under development is not certain, since most of these initiatives will require the identification of external funding.

The team consider that the achievements of PIBF are mixed in relation to their four areas of intervention. Whilst the PIBF organisation have built their capacity the evaluation team identified critical aspects that limit the effectiveness of PIBF. There are some gaps in the managerial processes that can be resolved through better defined roles and responsibilities of the bodies managing the PIBF. The issue of the SG is crucial, not only so that the position contributes to enhancement of the effectiveness of the PIBF organisation. It can also play an important role in maintaining the Israeli and Palestinian balance.

Although the membership base has increased considerably, a larger platform of PIBF networks and members could still enhance the outcome and positive impact of their activities. Knowledge transfer is in the form of business opportunity studies that have not materialised.

Investment promotion was carried out but has not lead to results, mainly due to a discouraging investment climate. In the field of trade promotion, it can be concluded that the PIBF activities consisted of numerous awareness raising and networking activities, which have led to very limited tangible partnerships.

Performance measurement against the dual objectives needs to be strengthened. Presently, monitoring is very activity focused without room for self-evaluation. Being able to demonstrate results in a systematic manner will support PIBF in attracting more memberships and outside support.

Efficiency

The SG function needs to be fully integrated in the PIBF organisation to ensure efficiency in the decision-making, planning, monitoring and implementation of PIBF activities.

Impact

The impact of activities on investment and trade is not evident, but the large number of knowledge and networking activities do make information available to the Palestinian private sector on international business opportunities and this is seen as an important enabling factor. PIBF sector related projects in the dairy sector, tourism, and banking as well as the mediation and arbitration project could have a positive impact on the business community in the event that they materialise and are implemented successfully.

Seen from the peace building angle, the impact of PIBF is not negligible. At a time where the political tensions are at the highest, and trust is at the lowest level, there are positive signs of continuous dialogue: bridges are being built between Israelis and Palestinian companies, and businessmen from both sides meet, and identify possibilities for cooperation thus reducing the gaps between the two business communities. PIBF are at present the only platform which has the ability to table issues that are crucial

to the Palestinian and Israeli business communities, and safeguarding their business relations during the prevailing political stream.

Sustainability

Sustainability risks are associated with activities that require large amount of external funding sources. However, activities supporting networking and cross border understanding are sustainable, since they will impact directly on people's understanding and, hopefully, result in changed behaviour and support for a common agenda.

7. Recommendations and Lessons Learnt

The team have developed a set of recommendations to both PIBF and Sida, based on the findings, discussions and interviews undertaken in this assignment. They are set out below:

- Sida should continue their support to PIBF. PIBF remain a relevant platform to promote cross-border private sector cooperation between Palestinian and Israeli private businesses, and as a strategy to improve trust and confidence between Palestinians and Israelis. Since their inception, PIBF have demonstrated sufficient flexibility to adjust to the current political environment.
- However, there is a need for a higher degree of involvement in the facilitation of partnerships between Palestinians and Israeli companies, and to integrate conflict sensitivity into activities at planning, implementation and monitoring stages. Dialogue needs to be well managed and facilitation steps need to be further carried out to minimize negative impacts and maximize positive results. Establishing links with international conflict resolution agencies that are working on matters concerning the role of the private sector in conflict resolution could be useful.
- It is recommended that avenues to attract more mainstream business people on both sides be further explored. PIBF need to develop a wider membership base including large, medium and small mainstream companies and ensure that women and younger entrepreneurs are targeted to join.
- As part of cross-border relations, we recommend that PIBF explore possibilities in developing networks with the Arab-Israeli business community. The Arab-Israeli business community could play a bridging role between Palestinian private sector and mainstream Israeli companies. In addition, the Arab-Israeli business sector could play a supportive role in advocacy and awareness raising.
- As the first area of intervention, organisation and platform has been largely developed, it is considered that PIBF should increase their focus on activities within the areas of intervention related to knowledge transfer and investment and trade promotion. Therefore, in view of future planning and allocation of resources, it is recommended that Sida and PIBF reconsider the existing prioritisation of resources among the areas of intervention, and place their emphasis on activities that enhance the knowledge base of Palestinian business community and support trade investment and trade promotion.
- It is strongly recommended that NIR and PIBF clarify the roles and responsibilities of each party. The issue of recruiting a SG needs to be resolved and a suitable candidate recruited. This is essential as the function of the SG is central to PIBF, in term of the execution and leadership of the operations, and in regards to communication with their members and stakeholders.
- It is recommended that PIBF focus on activities that demonstrate the capacity of the organisation to provide tangible results. Advocacy initiatives should be supported with a concrete and practical action plan that is then disseminated through the correct channels. It is recommended not only to

work on the facilitation of activities and dialogue but to play more public advocacy role towards the respective authorities, feeding the agenda to what is going on the ground. The success of PIBF lies in tabling the most important issues that safeguard and enhance business relations between the Palestinian and Israeli partners involved.

- PIBF need to ensure that selected activities provide support and results to the Palestinian private sector as a whole, such as knowledge transfer, sharing of technology and lobbying to ease restrictions. Furthermore, PIBF need to take steps to ensure the availability of funding when initiating project activities.
- PIBF should ensure that a clear strategy and corresponding activities are developed in support of the dual objectives of PIBF. Support to the private sector is more tangible than peace-building. The challenge of regularly assessing the effectiveness of activities in contributing to peace-building should not be avoided. The purpose of the PIBF must be clear to both their members and outsiders. This will ensure that members in particular do not form unrealistic expectations that are outside the mandate of the PIBF, such as movement restrictions and the delay of goods at checkpoints.
- To ensure transparency, a clear line needs to be drawn between the support provided by PIBF to projects being developed, and to the vested interest of its members in the particular projects. Sida should be assured that the selection process of projects is carried out in a correct and transparent manner. The evaluation team recommend that NIR and PIBF develop, with regard to support to projects, a set of criteria that assists decision-making, and that these criteria are published on the website.
- To increase the impact of its activities, we recommend PIBF further expand their membership base and linkages with national and international networks. The needs and interests of SME companies who constitute the vast majority of the business community should also be included in the PIBF platform of companies.

7.1 Lessons learnt

There are many lessons learnt to be drawn from the evaluation of the support to PIBF. These include:

Considering options: The most important contribution of the private sector may be its capacity to highlight various options for development. One of the greatest difficulties in the peace process is to persuade those who gain from conflict, that they have even more to gain from peace. Therefore, by providing repeated examples of how this can be achieved, the benefits of this approach will be more widely perceived and offer prospect of more sustainable relations and a viable way to peace-building.

Conducive enabling environment: Policy-makers need to understand that business people will not invest unless they see a viable commercial opportunity. Engaging the private sector is based on the expectations of a positive and long-term recovery of the economy, as well as the willingness and commitment of policy-makers to improve the enabling environment. The lack of trust amongst policy-makers decreases the willingness of the private sector to take risks in the prevailing volatile business environment and as a result, investors shy away. After a certain threshold of private sector peace-building activism has been reached, efforts to further engage the private sector stall.

Programme development: Experience from PIBF show that their development and credibility have been achieved largely due to the flexible framework provided in their design and implementation. This flexibility allowed the organisation to: (i) respond relatively quickly to changing situations; (ii) adapt to the environment; and (iii) produce alternative options.

Conflict sensitivity and analysis needs to be an integral part of projects planning and implementation. It should be systematically used in identifying opportunities where the private sector can contribute to peace-building. Activities that on the surface may seem benign, can unintentionally contribute to factors that fuel deep rooted conflicts. It is therefore essential to adopt and utilise a conflict-sensitive approach that involves scrutinising the potential positive and negative impacts of PIBF's work on the conflict context and vice-versa.

Maintaining *transparency in decision-making*, and in distribution of roles of the different parties involved in the programme, is extremely important in reducing speculations and unintended negative impacts.

Role of third parties: the involvement of a third party – Sweden in the context of PIBF - is considered not only favourable but is necessary in developing a sound and constructive platform for dialogue.

Appendix 1. List of Key Documents

Strategy for development cooperation with the West Bank and Gaza July 2008–December 2011

Regional Strategy for Middle East and North Africa January 2006–December 2008

PIBF Project Document 2008–2010

PIBF Annual Plan 2008

PIBF Annual Plan 2009

PIBF Annual Report 2008

PIBF Annual Plan 2010

Evaluation Report, Sida Evaluation 2007/14

Various PIBF Studies and reports

Agreement Sida/NIR for the period 2008–2010

OECD/DAC Evaluation Quality Standards

Conflict- and poverty analysis in the occupied Palestinian territories (oPt) and its relevance for the Swedish cooperation strategy with oPt”, Sida, January 2008

The International Monetary Fund; Macroeconomic and Fiscal Framework for the West Bank and Gaza, Madrid, April 13, 2010.

The Economist Intelligence Unit, Country Report; April 2010

Report on the “Cost of Conflict in the Middle East” by Strategic Foresight Group, January 2009

Palestinian Central Bureau of Statistics, Press Release on Labour Force Survey Results (July–September, 2009)

Palestinian Central Bureau of Statistics, Current Main Indicators 2000–2007, 2010

Macroeconomic and fiscal framework for the West Bank and Gaza, Fifth Review of Progress, IMF, April 13, 2010

Palestine Investment Guide, Palestinian Investment Promotion Agency, June 2010.

The World Bank; An Analysis of the Economic Restrictions Confronting the West Bank and Gaza, July 2009.

Evaluating Conflict Prevention and Peace-building Activities, OECD, 2008, p.39.

Strategy for development cooperation with the West Bank and Gaza, July 2008–December 2011, Sida, (p.6).

Palestinian National Authority, Palestinian Reform and Development Plan, 2008 2010.

Evaluating Conflict Prevention and Peace-building Activities, OECD, 2008, p.39

PIBF project document, 2008–2012, NIR

PIBF; Articles of Association for the non profit organisation PIBF, General Assembly decision 2008,09–15

Future Economic Relations between the Palestinian and Israeli Economies, PIBF, 2008

Meeting minutes from the PIBF board of Director's meeting, February 26th 2009 and February 1, 2010

Appendix 2. List of Persons Consulted

International Organization:

Mr. Youssef Habesh, Country Officer, Middles East & North Africa, IFC

Ms. Monia Eldjendoubi, Trade Policy Officer, European Union

Mr. Nassim Nour, Deputy Program Manager, DFID

Ms. Ranan Al Muthaffar, Operations Officer, World Bank–West Bank & Gaza Country Office

Ms. Nisreen Shahin, Executive Manager, Portland Trust

Mr. Stephan Szepesi, Private Sector Advisor, The Quartet

Swedish Organisations

Swedish General Consulate in Jerusalem

Mr. Rolf Carlman, Consul, Consulate General of Sweden

Ms. Fadya Salfiti, Program Officer, Consulate General of Sweden, Jerusalem

NIR

Ms. Susanna Björk, PIBF Country Coordinator Sweden

Ms Erica Molin, CEO, NIR

Mr. Johan Genneby, Director Market Development, NIR

Mr. Göran Norén, Head of Industrial policy, NIR

Representative/s of the Board of NIR including the Chairman;

Ms. Erica Molin, CEO and Mr. Erik Belfrage, Chairman, NIR, (also Swedish PIBF Vice Chairman)

Swedish PIBF members

Mr. Erik Belfrage, Senior VP, NIR Chairman & Swedish PIBF Vice Chairman and member of PIBF Board of Directors

Mr. Ulf Pehrsson, Vice President Government & Industry Relations, Ericsson, Member of the PIBF Board of Directors

Mrs. Ulla Holm, Tetra, Global Director, Laval Group: Tetra Pak – Food For Development Office. Member of PIBF Board of Directors

Mrs. Katarina M Eriksson, Senior Analyst

Mr Magnus Frisk, Associate, Springtime AB

PIBF Consultant

Ms. Maria Holmqvist, SEBAS HB, Owner (Contracted to assist PIBF during 2008–2010)

Swedish International Development and Cooperation Agency (Sida)

Mr. Jan Grafström, Senior Programme Manager, Private Sector Development in Conflict-Affected Environments Team Market with the Economic Opportunities Department

Ms. Elisabet Hedin, Policy Specialist, Human Security Department,

Mr. Frederik Westerholm, Team oPt with the Department for Conflict and Post-Conflict Cooperation

Swedish Ministry of Foreign Affairs

Ms. Maria Velasco, MENA department,

Palestinian Organisations

PLO office in Stockholm;

Mr. Salah Abdel Shafi, Ambassador

Palestine PIBF:

Mr. Samir Hulileh, Chairman of BoD PIBF BoD, Chief Executive Officer, PADICO

Mr. Iyad Joudeh, Managing Director, Solutions for Development Consulting Co. PIBF Board Member

Ms. Arda Mardorissain, Country Coordinator; Palestine PIBF

Ms. Joumana Khoury, Assistant Country Director, Palestine PIBF

Palestinian Authorities:

Mr. Eng. Ziad Toame, Director General Industry Trade and Consumer Services, Ministry of National Economy

Mr. Izzdin Abu Arqoub, Minister Technical Advisor, Ministry of Agriculture

Palestinian Associations and Federations:

Mr. Maher Hamdan, Chief Executive officer, Paltrade

Mr. Jamal Jawabreh, Director General, Federation of Palestinian Chamber of Industry & Agriculture

Ms. Laila Sha'ar, Palestinian Federation of Industry

Ms. Reem Abbushi, Palestinian Business Women's Association (Asala); Executive Director

Mr. Samah Qumsieh, Executive Director, Arab Hotels Association

Palestinian Private Sector Enterprises:

Mr. Jamal Daraghmeh, General Manager/PIBF member, Palesinian Plastic Industry

Mr. Said Abu Hijleh, Managing Director, DAI Palestine

Mr. Elias Al Arja, Chief Executive Officer/BoD member, Bethlehem Hotels

Mr. Ismail Jibrini, Chairman, PIBF member Al Jebrini Dairy

Mr. Jihad Jibrini, General Manager, PIBF member Al Jebrini Dairy

Mr. Nafiz Hirbawi, Chairman/General Manager, Paper Industries Co., PIBF member

Mr. Hazem Al-Aghber General Manager, National Carton Industry Co. Ltd., PIBF member

Ms. Christina Samara, Holy Land Incoming Tour Operators, PIBF member

Mr. Ritchard Elias, Holy Land Incoming Tour Operators, PIBF member

Mr. Basil Elewa, Director, Cactus for Development and Investment, PIBF member

Mr. Ali Abu Shahla, Director General, Abu Shahla General Trading & Contracting Company

Israeli Organisations

Israel PIBF:

Mr. Amiram Shore, PIBF vice Chairman and founding member, Chariman of the Board, ENT

Mr. Joav Levsky, Country coordinator Israel, PIBF

Israeli Enterprises:

Mr. Yosi Beilin, President, Beilink, PIBF member

Mr. Yehuda Alhadeef, Schmucl Press Ltd., PIBF member, CEO, Association of Craft and Industry in Israel

Mr. Yehuda Kahane, Professor, Tel Aviv University, PIBF member

Mr. Eli Streit, Director SmartLink

Mr. Ezra Sadan, Sadan Lowenthal,, PIBF member

Mr. Doron Weissbrod, Senior Vice President, Economics Department, Bank Hapoalim

Mr. Hillel Adiri, Consultant, Agriculture Training, Development and Marketing,, PIBF member

Mr. Avraham Hemmo, Director, PIBF member

Israeli Associations:

Mr. Danny Katarivas, Director Division of Foreign Trade & International Relations, The Manufacturers' Association of Israel

Mr. Amos Rabin, CEO, Kibbutz Industries Association

Mr. Moti Shapira, Director General, Lahav, Israeli Federation of Independent's Organisations

Mr. Avi Nudelman, CEO, the Israeli-Palestinian Chamber of Commerce and Industry

Mr. Eli Gonen, President, Israeli Hotel Association

Mr. Oren Shachor. President & Chairman of the Board, Israel National Committee, Member of the ICC Executive Committee, Member of PIBF Board of Directors

Israeli Authorities:

Mr. Rafi ben Hur, Senior Deputy-Director General, Israeli Ministry of Tourism

Mr. Gabi Bar, Senior Regional Director, Middles East & North Africa, Division Foreign Trade Administration, Israeli Ministry of Industry Trade and Labor

Mr. Irit ben Abba, Deputy Director General, Economic Affairs Division

Representative/s of the Israeli embassy in Stockholm;

Mr. Benny Dagan, Ambassador

Mr. Joseph Akerman, Counsellor Economic Affairs

Appendix 3. Illustrations and Examples of Projects and Activities Studied and Covered During the Field Mission

Area 1: Organisation development

Outputs	Outcomes	Assessment
• Strengthening PIBF BoD • To get recognition by other actors • Internal & external strategies Successful implementation • of these communications strategies • At least 15 new corporate members have been recruited annually	• Capacity of an established and functioning management structure • Capacity of the organisation to identify key issues and opportunities • Capacity to network with similar organizations and donors • Capacity to advocate on issues enhancing peace building and economic development • Capacity to create goodwill within the Israeli and Palestinian communities and commitment from members	• Members have generated ideas enhancing private sector development. Transactions have not yet developed as a result. • Awareness of private sector's potential contribution to peace building has been raised amongst of Palestinian authorities and policy makers • Field visits in Israel and Sweden have raised awareness of private sector potential of PIBF members. However, little evidence of tangible transactions presented • Increased member base has enhanced the capacity of PIBF to advocate and represent. However, representation could be much stronger and effective with a broader base.

Area 2: Knowledge transfer

PIBF activity	Promoting Spiritual, Authentic, and Responsible Tours to Palestine and the wider Holy Land
Objectives	to develop swedish market channels for spiritual tourism to Palestine, initiated by 2 PIBF Palestinian tourism SMEs
Beneficiary group	Relevant Palestinian NGOs partners, their interest, ownership and roles: • Diyar Consortium • Arab Hotel Association • Holy Land Incoming tour operators association
Coverage	Tourism sector
Budget estimate	USD app. 78,000
Financing	Part of the financing (USD 43,000) is provided by the beneficiary group. Alternative sources of financing are being sought to cover the additional financing needed
Results	• 2009 Business opportunity confirmed: Swedish audience confirmed support and need for a "different, spiritual learning experience to Palestine and wider Holy Land" • 2009 identified target group, Jointly defined and investigated market potential Jointly developed Pilot travel experience Proposal, Value proposition, Plan, Budget • 2010: Gained official endorsement from Minister of Tourism & Antiquities for pilot project, acknowledging PIBF valuable contribution and partners (Diyar, AHA, HILTOA) capacities, and contribution of Swedish counterparts
Impact	• Increased awareness of policy makers through advocacy measures on potential for business development of Palestinian private sector • Project still under preparation, and project proposal highly donor driven • If implemented the project could have a strong impact on the development of the tourism sector and generate employment

Area 3: Promotion of foreign Investment in Palestine

Following are examples which have been examined by the evaluators during the field mission

PIBF activity	National School Milk Programme
Objectives	Feeding programs for school children in Palestine
Beneficiary group	600,000 Palestinian school children
Coverage	Coordination with Ministry of Education and Ministry of Agriculture
Budget estimate	5 year programme: Y 1: 2 mill USD Y 5: 23 mill USD
Financing	Ministry of Education and Ministry of Agriculture; Donor agencies to be identified
Results	• 2008 PIBF advocated for the development of a school milk feeding programme, and organised several meetings with Palestinian government officials Business idea: to implement Tetra Pak's Food for Development Office strategy in Palestine • 2009 opportunities investigated and defined and a proposal for National School Milk Program prepared. Endorsement of Proposal by Relevant public institutions. Ministry of Education and Higher Education: MoEHE (department of School Nutrition), Ministry of Agriculture (MoA): Cattle farming sector and Ministry of National Economy (MNE): Dairy processing sector
Impact	Project still under preparation, and project proposal highly donor driven No impact so far

Area 4: Trade promotion

PIBF activity	Cross border business networks
Objectives	To promote economic development of Palestinian private sector through cross border partnerships
Beneficiary group	PIBF members and Private sector companies in Israel, Sweden and oPt
Results	Two main indicators linked to wider audience: • 321 cross country introductory & follow-up meetings from 2008–2010 • 917 individual interactions in above cross country meetings for different purposes from 2008–2010 Examples of cross border initiatives provided by PIBF • Initiated contacts/relations between Rama Clothing (Pal. Co) & Unidress (Isr. Co) • Result: several meetings, familiarization in business interest, failed due to limited production capacity in Palestinian company. • Initiated contacts/ relations between Palestinian tourism stakeholders (AHA, HILTOA, Guides Union) and Israeli tourism stakeholders (IHA, Is. Ministry of Tourism) toward developing a joint promotion program: Result: several meetings, draft concept note, failed due to two parties differences on what comes first, removal of restrictions and joint promotion • Initiated contacts/relations between Palestinian banking representatives and representatives from the Israeli banks/bank of Israeli to bridge the gap in correspondence relations between the two counterparts: Result: The need for bridge the gap was confirmed, requiring more resources for targeted follow-up
Impact	No documentation available as to the extent of achievement reached by PIBF Very limited impact achieved

Appendix 4. Summary of Results Reported in PIBF Annual Reports

Log frame	Expected effects	Annual Report 2008	Annual Report 2009
Result 1: Organisation Organisation and membership of PIBF strengthened and developed	• To get recognition by other actors • Internal & external strategies Successful implementation • of these communications strategies • At least 15 new corporate members have been recruited annually • At least 50 new international associates (non-members) have been recruited annually	↑ TORs secretary general developed ↑ Organisational structure developed ↑ Management procedures developed ↑ 4 internal coordination meetings held ↑ LFA methodology adapted ↑ Internal and external communication – contract with Swedish PR company “Spring Time” ↑ Declaration of Principles finalised ↑ 17 New members (7 P, 4 I, 6 S) ↑ PIBF study “Future economic relations...” ↓ Additional funding planned, no results achieved	↓ Guidelines to implement DOP not produced ↓ 2009 had strong focus on planning ↑ Involvement of members with school milk initiative, e-banking, tourism ↑ 3 meetings of coordination team ↑ 2-day meeting in Stockholm ↑ BOD meeting and GA in Stockholm ↑ Swedish visit to Gaza ↑ 30 New members: 8 P, 19 I, 3 Sw ↑ Discussion on FT need of SG continued ↓ External communication strategy – different opinions – back to the Swedish PR company – nothing materialized yet ↑ Join workshop on annual plan based on LFA ↑ School – milk feeding program ↑ Agricultural National insurance initiative with PARC
Result 2: Knowledge Transfer Effective and relevant knowledge have been transferred to the private sector in Palestine	• To have strengthened the knowledge base of Palestinian businesses in different sectors (by achieving this) • At least 3 sector assessment reports (on knowledge gaps and needs) are produced annually • Implementation of the selected recommendations of the assessment reports (in terms of knowledge transfer) • At least 3 commercial feasibility studies on the selected investment or trade opportunities are produced annually • Distribution of these investment and trade opportunities to local and international actors	↓ Transfer of knowledge not fully achieved during the year. ↑ 3 sectors of focus identified Agricultural, Banking and Tourism sectors ↑ Training of Arab Hotel Association BOD and Executive staff (27 members) (strategic retreat) ↑ Facilitation of assessment studies/feasibility studies with delays ↓ Awareness raising activities achieved; no details provided	↓ Same sectors of focus as in 2008 ↑ Capacity building mostly in the form of meetings organised by PIBF ↑ Reporting on activities implemented during the year (meetings, handouts, TOR signed and draft concept papers)

Log frame		Expected effects	Annual Report 2008	Annual Report 2009
Result 3: Investment Promotion Promotion of new foreign investment in Palestine have been increased	Increased recognition of Palestine as a viable investment opportunity	- At least 5 investment opportunity assessment reports are produced annually - Development of a promotional plan for those investment opportunities - Improved general business image of Palestine; - Implementation of the promotional plan/ Present the investment opportunities to local and international actors - Implementation of lobbying activities toward policy makers to advocate to ensure attractive incentives for foreign investors	↗ Awareness raising activities on investment opportunities in oPt ↗ Participation in Investment conferences ↗ BiB meetings in Sweden and Israel ↗ Swedfund includes Palestine ↓ Potential investment opportunities communicated to business community (no defined)	↗ Awareness raising activities on investment opportunities in oPt on ↗ Focus on developing a functional relationship with Swedfund ↗ 11 investment opportunities from 6 Pal. companies drafted ↓ No tangible results from Swedfund ↓ Image improved through contacts with Israeli and Swedish companies (no further details)
	Increased recognition of Palestine as a viable trading partner;	- At least 5 trade opportunity assessment reports are produced annually - Development of a promotional plan for those trade opportunities - Improved general business image of Palestine; - Implementation of the promotional plan/ Present the trade opportunities to members and other potential investors - Implementation of lobbying activities toward policy makers to advocate to ensure attractive incentives for foreign trade opportunities	↗ Trade delegation in oPt and Israel (participation or organization?) ↗ Familiarization event Tourism ↓ No details provided in the report	↗ Awareness raising activities on trade opportunities in Palestine ↗ Specific activities under PIBF annual Business Conference ↗ Trade promotion as part of on going daily activities of PIBF offices ↓ No details provided in the report
Result 4: Trade Promotion Promotion of and development of Palestinian trade, especially export have been increased				

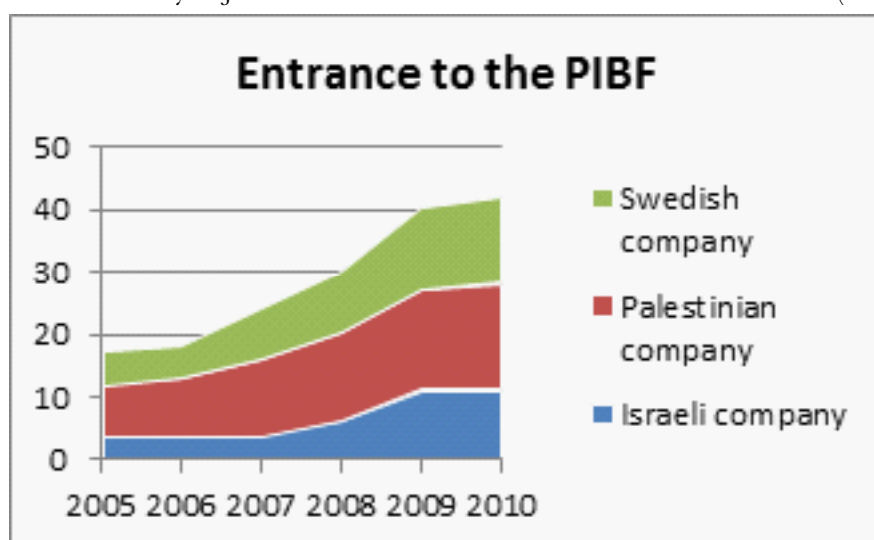
Appendix 5. Results of the on-line Survey

1. Your company is registered as:

Israeli company Palestinian company Swedish company

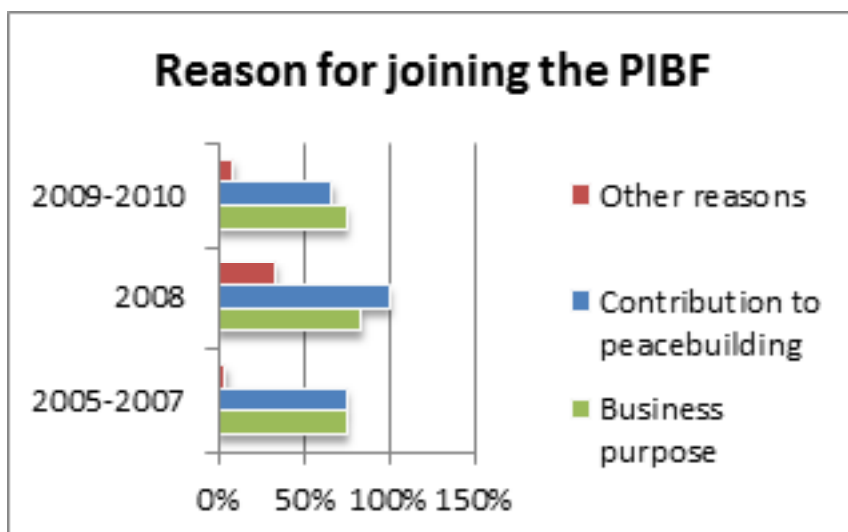
Respondent origin	n#	%
Palestinian company	17	40%
Israeli company	11	26%
Swedish company	14	33%
Total	42	100%

2. When have you joined the Palestinian International Business Forum (PIBF)?

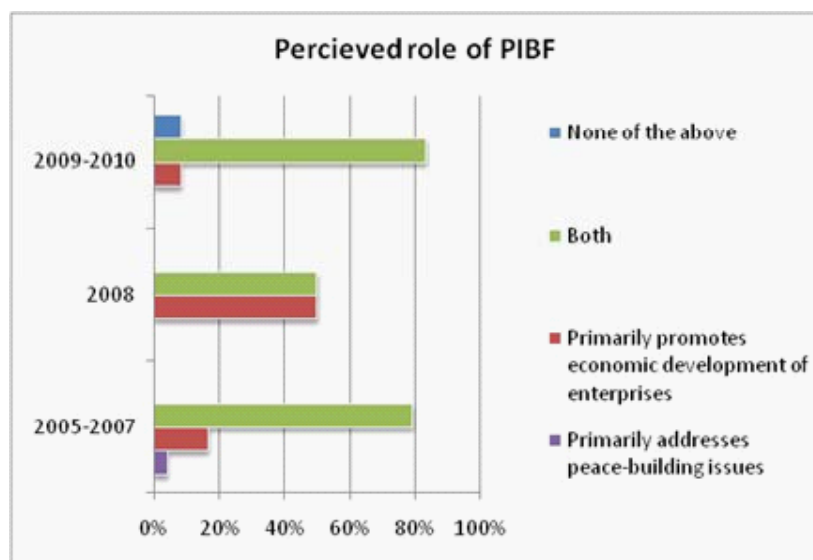


3. What is your main reason for joining PIBF? You can tick more than one box if necessary?

Business purpose/Contribution to peace building/Other reason

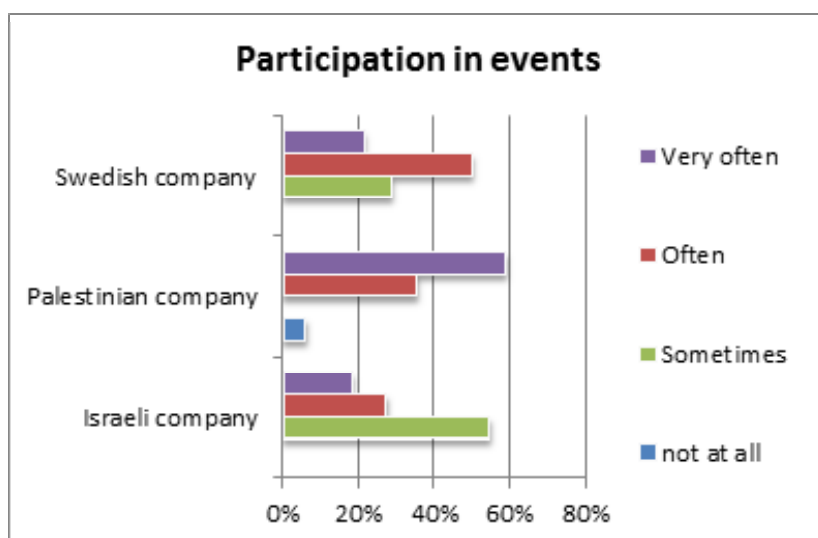


4. Do you see PIBF as an organisation that
- a) Primarily promotes economic development of enterprises
 - b) Addresses peace-building issues
 - c) Both
 - d) None of the above



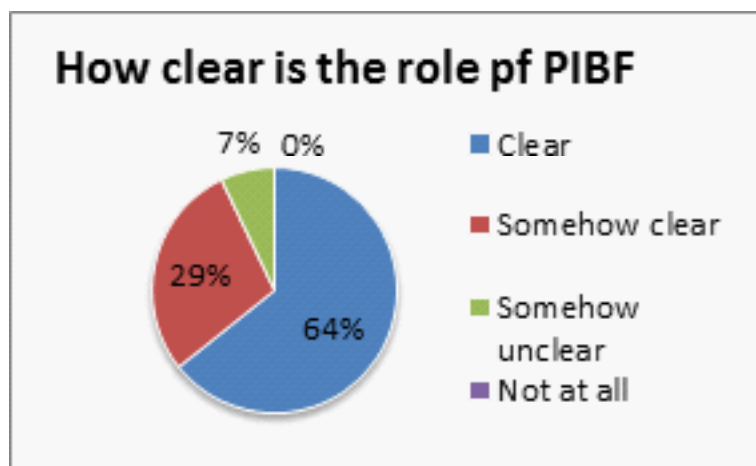
5. How often do you participate on events organised by PIBF?

Very often Often Sometimes not at all



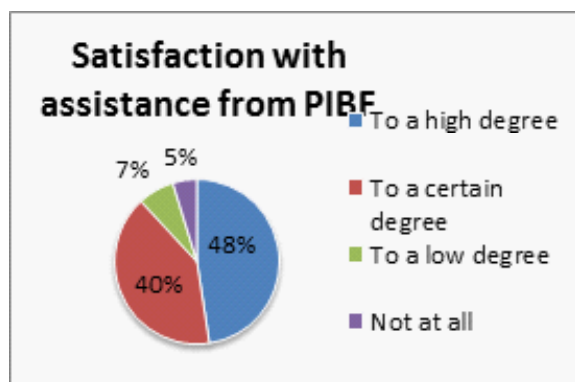
6. How clear is the role of PIBF to you?

Very clear Somehow clear Somehow unclear Unclear



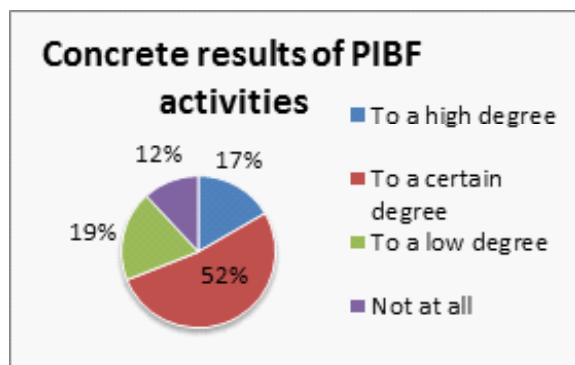
7. To what degree are you satisfied with the assistance provided by PIBF?

To a high degree/to a certain degree/to a low degree /not at all



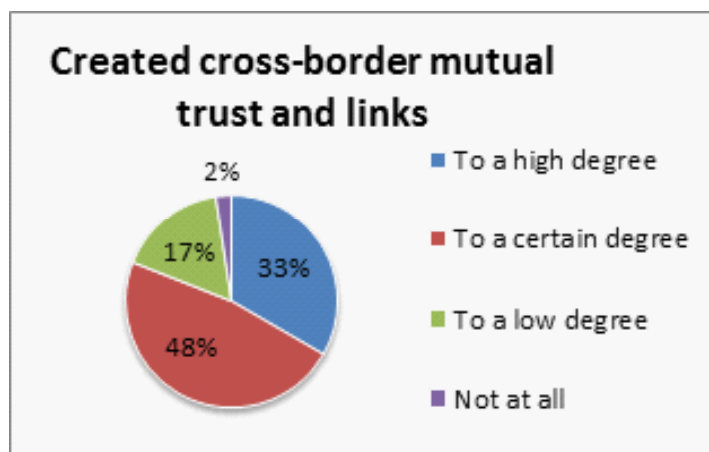
8. Has PIBF activities led to concrete results

To a high degree to a certain degree to a low degree not at all



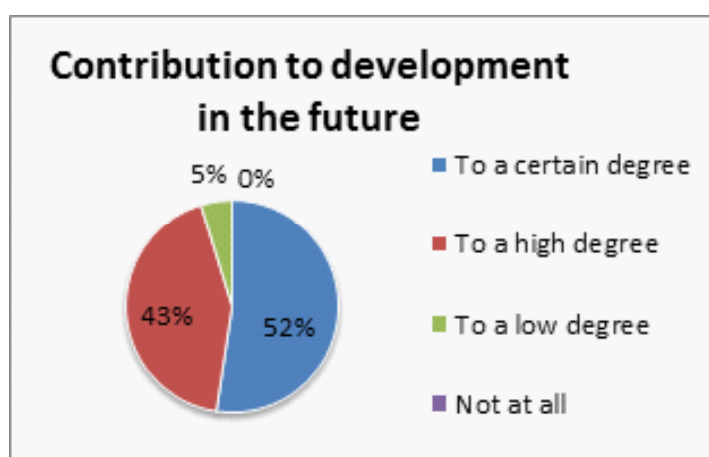
9. To what degree has PIBF created cross-border mutual trust and linkages among the members:

To a high degree/to a certain degree/to a low degree/not at all



10. To what degree do you think PIBF will contribute to the development of economic and cross border links to its members in the future?

To a high degree/to a certain degree/to a low degree/not at all



11. If you have any additional comments or recommendations to PIBF please feel free to add below:

- To encourage Swedish industrialists to be more active in joining forces with Israelis and Palestinians to promote and establish new businesses and investments in Palestine.
- try to support educational projects
- in my opinion, rather than pay for trips activists, it will be better to do a real project in favor of the Israeli – Plstinian economy. For example, to build rooms for business meetings at the border or in areas where there is the possibility to meet in area C.
- PIBF should concentrate more on sectors meetings like banking and finance, food manufacturers, tourism. agriculture
- very important initiative. should be strengthen. oded Sagee

- All of us that want peace and collaborations between the two nations must continue with all the forums and organizations that support peace process
- I believe PIBF can play a major role in strengthening B2B relations among Palestinian and Swedish Industries,; while it can help Palestinian enterprises advocate for better facilitation of business, trade and investment in Palestine through the Israeli members' efforts with their government.
- The mission of PIBF is very difficult, others have failed before, I think they are making a good contribution.
- PIBF should reach all members every now and then and inform/involve them in its activities
- I hope to concentrate on bi-monthly meetings in our area either in the PA territories or in Israel, to densify and restore the economic relations between Palestinians and Israeli businessmen and with Swedish ones who are friends for both. I believe that mutual economic relations are good support for peace
- I would like to thank all the team in PIBF and ill be more than happy to assisst in any PR issues.
NAJLA SHAHWAN
- I would personally like to see more interaction from swedish firms and maybe arrange for visits of swedish firm that have knowledge in sectors that we lack information on i.e solid waste management, renewable energy, banking sector. I thank you for all your efforts and I hope your continue in supporting this cause.
- Too much spending on overhead and non-core activities. i.e. salaries, offices, etc
- The recently launched PIBF members update is ver helpful in involving members in PIBF activities
- The only way to achieve peace in the region is by economic interaction. PIBF have over and over again proved that they can contribute to that. The role of the private sector to push for change is key.
- Palestine society need other business partners to help build total independence from Israel. We must do this in a spirit of business between equals. PIBF shall show – black-on-white - what the obstacles are for developing the business and make this clear to our Swedish politicians and put pressure on Israel to drastically change their policies against the occupied territories.
- The platform for cooperation has been created, with a large number of members. A number of projects/project ideas have been initiated, that will probably lead to concrete business results, that will also strengthen the peace process. It is important that PIBF can continue to drive development of this type of cooperation.
- Excellent leadership/secretariat function under the auspices of NIR and its CEO; highly efficient and impeccable execution of events, international delegations and conferences with the professional touch of internationally experienced public and industrial affairs diplomacy

Appendix 6. Terms of References

Evaluation of the support to NIR for the Palestinian International Business Forum 2008–2010

Background

Sida has supported the Swedish organisation NIR (Näringslivets Internationella Råd, “International Council of Swedish Industries”), for its dialogue project, Palestine International Business Forum (PIBF), in the West Bank and Gaza and Israel since 2001.

The development objectives of the project are *“to enhance peace building measures through trust building and dialogue”*, and *“to reduce poverty through leading private sector efforts to improve the conditions for sustainable economic and societal development in Palestine”*. This will be achieved through creation of meetings, platforms and other occasions with the aim of facilitating a dialogue for business and building trust. The thesis is that peace stimulates economic growth as well as a vibrant economy has an impact on peace.

The project resulted 2005 in the formal creation of the Palestinian International Business Forum, a platform for dialogue between major companies of importance in Israel and Palestine as well as companies from surrounding countries and Sweden.

Sida decided on continuous support for 2005 and 2006 in which Sida financed the platform with the amount of SEK 10 million and during 2008–2010 with another SEK 19,5 million.

Purpose

The purpose is threefold:

5. To evaluate the support for the Palestinian International Business Forum 2008–2010 through NIR. The main objective is to establish and analyse the results, outcomes and impacts in relation to project objectives as evident from the Project Document dated 2007-11-26.
6. To discuss/analyse how PIBF contributes to meet the objectives of the Swedish Country Strategy, especially in relation to the objectives *“promoting peace and peace building”* and *“private sector development and development of international trade”*, and how PIBF fits into the overall development cooperation landscape in oPt considering its possible unique/complementary or overlapping operations,
7. To contribute to Sida’s learning and thematic development in relation to Sida’s thematic issue on “Economic Opportunities in Conflict-Affected Environments.

Use and users

The intended use of the evaluation will be forming the basis for decision on how or whether to continue with the support. Moreover, it will contribute to Sida’s recently started overview of its peace interventions in relation to the overall objective to promote peace building and the peace process. This overview will serve as input and background to Sida’s upcoming mid-term review of the country strategy, which in turn will serve as input to the development of the next country strategy for the period 2012 and onwards.

The primary intended users of the evaluation will be decision makers, operational and policy staff at Sida departments.

Scope and focus

The evaluation shall look into issues in relation to the relevance of PIBF to Sida's development cooperation priorities and needs; the effectiveness and efficiency and adequacy of its implementation and strategy(s); quality, clarity and adequacy of the Forum's work plan and strategies including: clarity and logical consistency between inputs, activities, outputs, outcomes and progress towards the achievement of objectives (quality, quantity and time-frame); realism and clarity in the specification of prior obligations and prerequisites (assumptions and risks); realism and clarity of the external institutional relationships, and in the managerial and institutional framework for the implementation and the work plan(s); the cost-effectiveness of the programme; and planned results and impacts, including a full and systematic assessment of outputs and outcomes.

As is pointed above, the project aims at both promotion of peace building and improved conditions for private sector. These two objectives are interlinked. One important purpose of the evaluation is to establish to what extent these two objectives are achieved. Has it – over the period possible to study – mainly contributed to the one of them while achievements on the other are more questionable? Moreover, although a difficult question to answer given different time lags for different results, the evaluation should strive to establish whether the project has contributed to interlinked achievements. The evaluators should throughout the evaluation aim at looking explicitly at these two objectives and aspects of interlinkages.

The evaluation shall focus on the period of the support 2008 – 2010, but could as deemed relevant look into previous periods

Intervention background

The four main areas for intervention within the program have been identified to be:

1. Organisation and membership
2. Knowledge transfer
3. Investment promotion
4. Trade promotion

Strategies, activities, risks and assumptions as well as expected results are developed for each of the four areas of intervention. All well developed in the PIBF's project Document and Annual Plans.

Methodology

The evaluation will be based on desk study of key documentation and on a number of in-depth interviews with stakeholders and in this way involve concerned groups/individuals of the project. Further definition of the methods for conducting the evaluation shall be left to the evaluator and presented in the bidding document and further fine tuned in the Inception Report. The Inception Report should include elaboration on the scope of the evaluation, evaluability issues, evaluation questions, application of evaluation criteria, approach, methodology for data collection and analysis and the evaluation work plan.

In Sweden approximately 10 interviews should take place with:

- responsible person(s) at NIR of the project
- representative of the board of NIR including the Chairman

- representative of the PLO office in Stockholm
- Sida, Human Security Department, Team Market with the Economic Opportunities Department, and Team oPt with the Department for Conflict and Post-Conflict Cooperation
- Foreign Ministry/MENA department
- Swedfund
- Swedish members of the Palestinian International Business Forum; such as Tetra Pak, SEB, Volvo AB, Ericsson, OMX
- Swedish members of PIBF Board

In the West Bank/Gaza and Israel approximately 30 interviews with:

- representatives of the PA, foremost the Ministry of Economy
- the Swedish Consulate General, Mr. Rolf Carlman, Ms. Fadya Salfiti
- representatives of the private sector technical committee of the Ministry of Economy
- Palestinian Negotiations Affairs Department (NAD), PLO
- Mr. Mustafa Bargutti, President Palestinian Medical Relief Services
- relevant Palestinian NGOsrepresentatives of the Israeli government
- Head of the local Palestinian and Israeli PIBF offices
- Federation of Palestinian Chamber of Commerce, Industry and Agriculture (FPCCIA)
- one or two member Sector chambers of FPCCIA,
- relevant Chamber of Commerce in Israel
- other relevant business organisation in Israel
- representatives of PalTrade and the Technical Unit (hosted by PalTrade) of the Palestinian Private Sector Coordination Council
- members of the Board of Palestinian Private Sector Coordination Council
- representatives for companies of the Palestinian International Business Forum: for example National Beverage Company/Coca Cola, Grand Engineering Systems, Hirbawi Group, Gaon Holdings, Delta Textiles, Exceptional New Technologies, Pelephone, ABB/CEO ABB Lumus Global and a sample of small/medium sized members
- relevant development partners engaged in private sector development, such as EC, ILO, GTZ, USAID, DFID and the World Bank.
- Other dialogue and psd platforms/forums, with similar purposes as PIBF, such as the Portland Trust (UK), Aix group (France), Geneva Initiative

The General Consulate in Jerusalem will assist in final selection of candidates and with arranging appointments.

Evaluation Questions

The evaluation shall answer the following questions, which will be further elaborated on and operationalised in the Inception Report:

Coverage:

- Who are the primary and secondary beneficiaries of the program?
- Does the program reach the adequate actors, including networks in oPt and in Israel?
- What are the selection criteria for benefiting companies in the program? Who is excluded and why?

Relevance:

- Is the support relevant in relation to the needs of the beneficiaries?
- Is the support relevant in relation to the current national (?) development strategy?
- Is the support relevant in relation to the Swedish country strategy for the West Bank and Gaza?
- Is the support relevant in relation to the Swedish Country Strategy for oPt?
- Is the support relevant in relation to the political and economic context?
- Is the program conflict sensitive? How?
- Is the support sustainable, i. e. would the project continue after cessation of external support? Have capacity been built?
- How does the program reflect the perspective of the poor?
- Does the program integrate a rights based approach? How?
- Does Sweden have a comparative advantage in the support compared to other donors and actors providing support?

Effectiveness:

- Is the program effective? Is the implementation strategy of the NIR cost-effective?
- Do the practical conditions exist for a successful implementation of the project?
- Does the program adapt to changing contextual challenges?
- Is this an effective way of working with business and peace?
- What are the main obstacles?

Results:

- What are the results of the project?
- To what extent have the objectives of the project been achieved?
- To what extent has dialogue led to cooperation between Israeli and Palestine companies?
- To what extent has the dialogue led to any cooperation with companies from other countries?
- To what extent had the dialogue led to any policy changes?

- Has the dialogue led to any new solutions of reducing trade barriers between Palestine and Israel?
- To what extent has the Palestinian Business Forum become an important platform for both sides?
- To what extent has the program had an impact on business and peace
- Is there evidence that PIBFs activities have had a positive influence on the relation between peace and business and reversed?
- Is peace the key issue for all involved actors or is it primarily business?

Others:

- What is the opinion of non participating companies of the program?
- Does NIR have the required capacity for implementing the project?

Recommendations and lessons learnt

The evaluators shall provide lessons and recommendations of

- firstly – how or whether to continue with the support
- secondly – if a continuation is recommended. To what extent and in what mode should Sida support the NIR project?
- thirdly – could the support provide lessons on how business and market contribute to peace-building?
- finally – could Sida use and learn from experiences of PIBF in relation to its wider thematic issue of “Economic Opportunities in Conflict-Affected Environments”? What are the main topics that could be applied to Sida’s cooperation in other conflict-affected countries?

Work plan and schedule

The evaluation should include ten man weeks and take place tentatively from May 3 to June 18 and present the draft final report to Sida no later than on June 24.

The work shall include:

- preparation of the evaluation,
- inception report and presenting of the same,
- approximately 10 interviews in Sweden,
- approximately 30 interviews in the West Bank and Gaza,
- approximately five interviews in Israel and
- analysing the results and writing the evaluation report
- presentation /workshop of lessons learned under the theme ‘economic opportunities in conflict-affected environments’ to relevant Sida staff

Reporting

An Inception Report in English shall be submitted to Sida during the first week of May and presented to Sida.

The evaluation shall be reported in a written report in English, and submitted in a draft version to Sida by email June 24, 2010 at the latest.

The evaluation shall be presented at a debriefing meeting called by Sida to which NIR will be invited.

The final report shall be submitted to Sida no later than two weeks after Sida has submitted their comments and views.

The report shall be written in English and shall not exceed 20 pages (appendices excluded) and adhere to the OECD/DAC Evaluation Quality Standards. The consultant is requested to adhere to the terminological conventions of the OECD/DAC Glossary on Evaluation and Results-Based Management as far as possible.

- The content of the report shall include:
- List of acronyms, tables and figures
- Executive Summary (max 2 pages)
- Evaluation purpose and scope
- Intervention logic of the project
- Methodology of the evaluation
- Context of the intervention, summary and as relevant for the project
- Findings, conclusions, lessons and recommendations
- References
- List of people met with

Upon the request of Sida, the evaluators shall make themselves available for discussion of the recommendations and conclusions.

Evaluation team (1–2 persons)

The evaluation team shall be independent and have qualification, knowledge and experience appropriate to the purpose and scope of the evaluation, including;

- knowledge of the Middle East in general and oPt in particular;
- documented experience in evaluation of international, development cooperation, especially evaluation of:
 - peace building projects
 - private sector projects including trade and financial systems;
- experience in development work for poverty reduction through the private sector development; and
- appropriate methodology and time-plan

It is of essential importance that the contracted evaluators can be accepted of both Israelis and Palestinians as neutral persons.

The consultant(s) must have excellent knowledge of English.

Annexes

Part of the methodology shall include background documents:

- Strategy for development cooperation with the West Bank and Gaza July 2008 – December 2011
- Regional Strategy for Middle East and North Africa January 2006–December 2008
- Sida decision on support to NIR for the Palestinian International Business Forum 2008–2010, including assessment memo
- PIBF Project Document 2008–2010
- PIBF Annual Plan 2008
- PIBF Annual Plan 2009
- PIBF Annual Report 2008
- Evaluation Report, Sida Evaluation 07/14
- Various PIBF Studies and reports
- Agreement Sida/NIR for the period 2008–2010
- OECD/DAC Evaluation Quality Standards
- Draft PA Economic Sector Strategy
- Palestinian Reform Development Plan

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Evaluation of the support to NIR for the Palestinian International Business Forum 2008–2010

The evaluation finds that the strength of PIBF is in the overall relevance of their objectives and activities to the conflict environment. However, the efficiency and effectiveness of PIBF in carrying out these activities and their impact is so far limited. The evaluation finds that the relevance of outputs from PIBF to their objectives is strong. PIBF are consistent with the development strategy of Sida and the Palestinian Authority. The PIBF platform is acknowledged by both Palestinian and Israeli institutions as relevant in supporting cross-border co-operation and confidence building.

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