

Palestine International Business Forum, 2005–2006

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Sida Evaluation 07/14

ASIA-MENA Department

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Table of Contents

Executive Summary	3
1. Background	4
2. The Context	5
2.1 The Political Development	5
2.2 Economic Structure and Trends.....	6
2.3 Obstacles to Development.....	7
3. The Palestine International Business Forum	8
3.1 Goals	8
3.2 Target Groups and Stake Holders.....	9
3.3 Organisation, Members and Implementers	9
3.4 Work Plan and Activities	10
3.5 Resources	11
4. Effectiveness	11
5. Impact	13
6. Relevance	14
7. Sustainability	16
8. Efficiency	16
9. Discussion and Evaluative Conclusions	18
9.1 Context and Prospects	18
9.2 Summary Project Evaluation	18
9.3 Evaluative Conclusions	19
9.4 Swedish Options	19
10. Recommendations	20
Annex 1 Terms of Reference	21
Annex 2 List of Persons Interviewed	26
Annex 3 Acronyms and Abbreviations	28
Annex 4 Map	29
Annex 5 Annual Budget	30

Executive Summary

The original initiative leading to the Palestine International Business Forum (PIBF) is reported to have come from Yassir Arafat and Shimon Peres. For the ongoing phase of PIBF, July 05 through June 07, Sida has granted 10 Million SEK. NIR has submitted a proposal for extension and expansion of the present component, the so-called platform, and for an activity programme component. Sida has decided to commission an evaluation.

The development problem in question is the obstruction and limitations to mobility and access that arise as an effect of the Israeli construction of a security barrier on the West Bank and of other measures undertaken with reference to security. Palestinian companies meet growing obstacles to their exports and imports. A large number of companies have closed or drawn down their operations. An estimated 10.000 jobs are currently being lost per month in Palestine. Prospects are that the situation will deteriorate further. The impact of this development on the economy, on unemployment and on the risks for increased violence is strong.

PIBF is an effort at meeting the development need of mobility and access for Palestinian companies. Development goals stated for the project – peace in the region and an independent Palestinian state with a functioning economy – are too high-reaching, but a realistic development goal could be an improved, sustainable Palestinian economy within the framework of a two-state solution. During the first two years, plans were 1) to establish PIBF as an active and well functioning platform for exchange around economic issues and as an instrument for lobbying against governments and international institutions, 2) to implement project activities agreed annually by project actors, and 3) together to elaborate a work plan for years 2–3. This has been done.

The basic activity is a series of meetings that bring Palestinian and Israeli industrialists and business-people together, who would not be able to meet otherwise. The project is organised on the basis of three coordination offices in Stockholm, Ramallah and Tel Aviv. More than half of the financial resources are used for programme costs, i.e. staff and administrative costs for the three coordination offices. A quarter of allocated resources are used for the PIBF meetings, including travel, allowances, conference costs and external services.

Basically, PIBF has two different functions – advocacy for the purpose above, and investment promotion for economic growth and jobs – of which the first one is currently in focus. It enjoys an important and strong political support on the Israeli and Palestinian sides. Sweden is contributing in terms of initiative, of financing and of business participation and investment.

The evaluators consider that the purpose of the project, to address obstacles to Palestinian economic production and trade in search of development and peace within the present complicated political and economic context, is a valiant one, although in view of circumstances, only a modest contribution to results could be expected. Project effectiveness is limited but valuable. Certain results are there, both in the advocacy sphere and in the area of business promotion. Impact is difficult to assess, but is also discernible at two levels – operational and platform. In addition, some impact can be expected internationally. The relevance of the project is high and, because of deteriorating relations, growing. Sustainability, on the other hand, varies but has to be assessed as low. Project efficiency is acceptable, but can be increased through cost-sharing.

The evaluation has found several other initiatives in the region performing similar functions to those of PIBF. However, it seems that none is currently doing the very thing that PIBF does. Also, local initiatives are being taken to improve coordination, although deliveries on that account may take time.

The evaluators conclude that PIBF performance and relevance is satisfactory. The need for the project is clear. Sida's contribution of 10 Million SEK has been used in line with strategic guidelines and policy priorities.

The parties to the cooperation, including the Swedish members of PIBF, feel convinced about the road forwards. The dialogue must continue, and investment projects should be promoted. However, Swedish companies hesitate to invest in this troubled area, although they believe that Sweden well may be a valid dialogue partner for the two sides, being a neutral country without an agenda of its own in the region. A proposed industrial zone with a Swedish profile could be interesting as a concrete forum for cooperation, but Swedish companies do not profess an interest in investing.

Other international actors might be willing to invest in project like the PIBF. The disadvantage in such case would be that also other companies than Swedish ones would be the actors. If it is of high importance for Swedish industry that the investment and business oriented activity component is financed by Sweden in order to promote Swedish business interests, and if Sida has limited possibilities to do it, this issue should be raised with the Foreign Ministry, which has separate funds for such purposes.

As for the continued project work, the basic platform function is important and should remain in focus. Project objectives that are too broadly defined, need to be revised. Also, PIBF membership needs to be widened. The cost-sharing option should be studied, possibly as a stepwise growing participation. For practical reasons, a three year agreement should be considered.

Sida is recommended by the evaluators to

- Approve the now finished two year implementation of PIBF according to agreement,
- Positively consider funding the platform component of NIR's request for PIBF financing 060516,
- Consider increasing the future funding of the platform,
- Accept to participate in a trilateral advisory group between the Foreign Ministry, Sida and NIR,
- Consider funding a three year agreement with NIR, and
- Initiate, or participate in, a discussion with the Foreign Ministry and NIR concerning the funding of the activity programme component.

1. Background

The origins of the PIBF are stated to date back to 1994, when Yassir Arafat and Shimon Peres visited Stockholm after receiving the Nobel Peace Prize. Meeting with Swedish business leaders, including Peter Wallenberg, they suggested that the Swedish private sector might play a role in the Palestinian peace process. Contacts and exchanges of visits and views followed. In 2001, the International Council of Swedish Industry (NIR) was approached by Israeli and Palestinian business representatives, who requested a Swedish initiative in an increasingly threatening situation. A channel for trilateral discussions was designed, aiming at facilitating dialogue and at producing mutually beneficial business propositions. The proposal was endorsed by President Arafat in the same year.

In 2003, and based on a NIR request, Sida granted SEK 770.000 for a study in preparation of a Middle East Programme, including a business meeting in Sweden. On the basis of a 2004 NIR request, Sida granted SEK 600.000 to continued preparations for the planned Middle East Programme.

In 2005, the Ministry for Foreign Affairs granted SEK 600.000 for a visit by NIR and a Swedish business delegation to Israel and Palestine, where the idea of a platform for dialogue between companies and business representatives was launched to representatives of local companies. As a result, the Palestine International Business Forum (PIBF) was established. In May 2005, Sida granted MSEK 10 to PIBF for two years' work as from June 1, 2005.

While implementing the agreed project, NIR has also submitted a request to Sida for a second phase of PIBF, amounting to an annual MSEK 40. An answer sent from Sida seems not to have reached NIR. In order to prepare for a decision concerning the requested funding, Sida has decided to evaluate PIBF. The Stockholm Group for Development Studies, Krister Eduards and Åsa Hydén, was contracted to perform the work. The ToR of the evaluation are annexed, Annex 1.

The evaluation was performed during May and June, 2007. Thanks to the efforts made by all three PIBF coordinators, not less than 55 interviews have been made possible with Palestinian, Israeli and Swedish PIBF stakeholders. The interviewees are presented in the List of interviewed persons, Annex 2. The evaluation team wishes to express its gratitude to the partners to this cooperation for facilitating greatly the evaluation work.

2. The Context

2.1 The Political Development

Since 1967, the Palestinian territory on the West Bank, in East Jerusalem and in Gaza has been subject to growing Israeli occupation and Palestinian resistance. No sustainable solution has been reached in spite of numerous initiatives and negotiations. The most serious triggering factor is the continued expansion of Israeli settlements. Seven months after the 1967 war, the first settlement was established on the West Bank. Until today, 135 settlements have been established in the West Bank and East Jerusalem.¹

Growing Palestinian frustration caused an uprising against the occupation in 1987 – the first Intifada. The Oslo Peace Accords (1993 to 1998)² established a limited Palestinian authority on the West Bank and in Gaza, and created the Palestinian National Authority (PNA). Radical Israeli and Palestinian groups strongly opposed the agreements. In 1996, the first Palestinian elections brought Yasser Arafat and the Fatah party to power. The same year Israel completed a security barrier completely encircling the Gaza strip.

In breach of the Oslo Accords, restrictions of movement continued, Israeli settlements expanded and Palestinian violence increased. A second Intifada started in September 2000. In 2002 the Quartet (the US, Russia, the EU and the UN) presented a “Road map for peace” – a two state vision, comprising a secure State of Israel and a viable, peaceful, democratic Palestine – aiming at a final settlement of the conflict in 2005. In June 2002, the government of Israel began to erect a physical barrier to separate Israel and the West Bank in order to prevent the uncontrolled entry of Palestinians, cars and cargo into Israel and thereby prevent terror attacks.

¹ The Israeli Information Center for Human Rights in the Occupied Territories – B’Tselem www.b'tselem.org Land Expropriation and Settlements

² The Oslo Peace Accord – Declaration of Principles (1993), the Interim Agreement “Oslo 2” or Taba accord (1995), Hebron agreement (1997) and the Wye River Memorandum (1998).

The second Intifada left over 5.000 Palestinian and Israeli casualties³ and took an extensive toll on the two economies and societies. Following the election of Mahmoud Abbas to the presidency of the PNA in January 2005, the Israeli government decided significantly to reduce Israeli military activity in the Palestinian territory. During the Sharm Al-Sheikh summit in February 2005, the parties agreed on cessation of all violent activities. In September 2005, Israel dismantled the 16 settlements in Gaza and four settlements in the northern West Bank. An Agreement of Movement and Access (AMA) was concluded in November 2005, facilitating the movement of goods and people within the Palestinian territories, recognising that Israel had legitimate reasons to take steps to protect its citizens from violence, and recognising that this could not take place against the backdrop of the Palestinian hardship and collapse. The World Bank comments that the “common basis for all these undertakings is the acknowledgement that without efficient and predictable movement of people and goods, there is very little prospect for a sustainable Palestinian economic recovery. Furthermore it recognizes that the relationship between Palestinian economic growth and stability and Israeli security remains unarguable and of fundamental importance to both societies’ well-being.”

With the victory of the Islamic militant group Hamas in the parliamentary elections in January 2006, the consolidation process came to a halt. An economic and political boycott was imposed on the Palestinian Authority by a majority of the international community. Since March 2006, Israel is withholding most of the indirect taxes it collects on behalf of the PNA.

During 2006 and 2007, the relation further deteriorated between the parties. Palestinian Qassam missiles have been fired from Gaza into Israel, Israel responding by bombing Gaza, detaining Palestinian ministers and parliamentarians, performing targeted killings. Israeli restrictions on movement and access were intensified during 2006.⁴ The internal conflict between Fatah and Hamas is escalating, the situation in Gaza at the time of writing this report resembling that of a civil war.

2.2 Economic Structure and Trends

According to the World Bank “forty years of occupation in the West Bank and Gaza has left a heavily distorted economy in a state that is almost completely dependent on the Israeli economy... While other countries in the region have grown and industrialized, the Palestinian economy retains the hallmarks of a less developed economy. The size of the average industrial enterprise is about four workers, no larger than it was in 1927... The share of industry remains low at around 12–13 percent... It was hoped that with limited autonomy arising from the Oslo Accords, Palestinian entrepreneurs would rapidly invest and the thriving economy would attract foreign investment. Unfortunately, this did not materialize and the economy has suffered even more since Oslo.”⁵

In 2006, more than half of the West Bank and Gaza’s exports and imports had Israel as its origin and destination.⁶ The recovery of the Palestinian private sector faces two critical issues. First, the Israeli closures regime, which restricts the movement of people and goods within the West Bank and across the border with Israel, and blocks economic and social interaction between the territories of Gaza and the West Bank. Secondly, Palestinian industry delivers low cost and labour intensive products to the hitherto heavily protected Israeli domestic market, something that suffers seriously from the decline of those Israeli industries now that the Israeli economy is moving toward higher value products and services.

³ B’tselem www.btselem.org Statistics/Fatalities

⁴ UN-OCHA <http://www.ochaopt.org/>

⁵ The World Bank: WBG Investment Climate Assessment: Unlocking the potential of the private sector (Report No. 39109-GZ) March 20, 2007

⁶ International Monetary Fund – The World Bank, West Bank and Gaza, Economic Developments in 2006 – A first Assessment, March 2007

The Israeli government's impounding of PNA customs and VAT revenues, and the boycott of the PNA by major donor countries have led to a public sector starved of revenues.⁷ The population of the West Bank and Gaza grows at over three percent per annum. More than 45% of the population is under 15 years.⁸ Approximately 10.000 jobs are estimated to be lost every month in the West Bank and Gaza. The official unemployment rate is 24%, some interviewees believing that it reaches 50% in some areas. Employment has fallen in construction and agriculture. Most new jobs are public sector ones and less-than-full employed and unpaid family jobs.

Interviewed representatives of the World Bank, the IMF, OCHA and UNRWA all paint a dark picture of the current economic, social and humanitarian situation in the West Bank and Gaza. They also fear that the situation is rapidly worsening. Several interviewees compare the situation to a political powder keg. There is now a whole generation who never had a job, never travelled outside the West Bank and Gaza and who have very little knowledge and understanding of the Israeli society – a knowledge that the previous generation had. The result is increased distrust against Israel, radicalization, and internal violence.

Leading Palestinians fear economic collapse and that time is running out. There is a pressing need for action from the side of the international society. The economic viability of Palestine presupposes peace. First, humanitarian needs must be taken care of, then economic recovery, and first after that there may be sustainable development. Requirements for donors are TA, investment funds, moral and political support, and implementation. Israeli interviewees see the situation as a severe political deadlock, and cannot foresee a political breakthrough within the near future.

2.3 Obstacles to Development

The main obstacle to the development of the Palestinian economy is the restrictions on movement and access of people and goods. The restrictions are physical impediments and administrative obstacles, such as the complicated system of permits. Palestinians are required to obtain permits for nearly all movement outside their greater municipal area, i.e. also for movement within the West Bank. Restrictions can be applied by military orders or ad hoc by verbal orders from Israeli soldiers. The number of physical closures – such as roadblocks and checkpoints – has increased by some 44% between 2005 and 2007, now amounting to more than five hundred. For an overview, please cf. the map in Annex 4.

The West Bank and Gaza are now almost totally separated economically and socially. For most Palestinians, visits between Gaza and the West Bank are prohibited. East Jerusalem has been an integral part of the Palestinian market and business community, but is now increasingly separated from the West Bank and integrated into Israeli territory.

All goods for the Israeli market and for overseas export have to be moved from a Palestinian truck to an Israeli, and vice-versa – the so-called back-to-back system. A security fence encircles the Gaza strip with only one border crossing for goods to and from Israel – the Karni/Al-Montar border crossing. At Karni, Palestinian traders face large scale corruption, difficult administrative procedures and continuous changes of the opening hours. Concerning the procedures at Karni, the World Bank concludes that “as it stands, today's regime is an overwhelming obstacle to investment and growth in Gaza”⁹. Interviewed Palestinian businessmen state that it is more expensive to transport goods from the West Bank to Gaza than from the West Bank to China, due to the system of restrictions of movement. Gaza's only international border crossing to Egypt – Rafah – is closed for goods.

⁷ UNRWA: Prolonged Crisis in the Occupied Palestinian Territory: Recent Socio-economic Impacts, November 2006

⁸ UNDP Human Development Report 2006 <http://hdr.undp.org/hdr2006/statistics>

⁹ The World Bank: WBG Investment Climate Assessment: Unlocking the potential of the private sector (Report No. 39109-GZ) March 20, 2007, p. 14

Another major impediment is the separation barrier, which is being constructed around the West Bank. The Israeli Ministry for Foreign Affairs states that the barrier will be completed around the whole West Bank and that passage in and out will be restricted to forty crossings. Interviewees fear that the situation in the West Bank will become similar to that in Gaza today. Most of the planned barrier runs through the West Bank (in 2006, 74,6% of the completed stretch) and not along the 1949 armistice line, the “green line”. The area between the barrier and the green line – the so-called “seam zone”, approximately 8,5% of the West Bank territory, where about 50.000 Palestinians live – becomes closed off from the West Bank. The barrier impairs access to education, health care, water, agriculture land and markets. Thousands of Palestinians have difficulties reaching their fields and marketing their produce in other areas of the West Bank. The “harm to the farming sector is liable to have drastic economic effects on the residents – whose economic situation is already very difficult – and drive many families into poverty”¹⁰.

The barrier’s route and many movement restrictions on the West Bank are related to the more than 130 Israeli settlements. The settlements and the municipal boundaries around them are closed areas for Palestinians. According to the World Bank, over fifty percent of the total West Bank area, i.e. settlements, “the seam zone”, much of the Jordan Valley, East Jerusalem, restricted roads and other “closed” areas, appears to be restricted for Palestinians.¹¹ Many roads on the West Bank are “settler only” roads, forcing Palestinians to an inferior set of roadways, which often involve slow and circuitous routes between major Palestinian areas. The Israeli organization Peace Now estimates that nearly one-third of the land incorporated into the settlement jurisdictions is private land owned by Palestinians.

3. The Palestine International Business Forum

The following presentation of the Palestinian International Business Forum (PIBF) is based on the project request from NIR to Sida of January 12, 2005, on a number of additional documents provided by NIR, and on interviews performed during the evaluation.

3.1 Goals

The project request of January 12, 2005, which describes PIBF, including its background and context, presents a series of different objectives and goals for the project.

Three so-called collective priorities would guide project work: 1) to support the development of an independent and sustainable Palestinian economy, 2) to confront political decision-makers in the region with clear and well underpinned arguments for peace and stability, and 3) in dialogue, more effectively to promote an increased economic cooperation and interaction between the three countries/areas in order together to create concrete values and programmes, which the parties could “lose” together, for example institutions, incubators and business projects.

The following development goals are defined: 1) peace in the region, and 2) an independent Palestinian state with a functioning economy and an economic growth as a basis for a democratic society.

Project goals presented comprise 1) to achieve, with the help of economic arguments that show how untenable the present order is, an increased pressure on the governments concerned to resolve the situation, 2) the possibility of meetings between economic key actors in the countries of the region, 3) to

¹⁰ B'tselem www.btselem.org Statistics/Fatalities

¹¹ The World Bank: Movement and Access Restrictions in the West Bank: Uncertainty and inefficiency in the Palestinian Economy, May 9, 2007

support the understanding of and facilitation of interregional trade, and 4) to contribute to links between business actors in the region and their Swedish colleagues.

In addition, so-called results objectives are defined, 1) to establish the “Palestinian Israeli Swedish Businessman Forum”¹² as an active and well functioning platform for exchange around economic issues, and as an instrument for lobbying against governments and international institutions, 2) to implement project activities agreed annually by project actors, and 3) together to elaborate a work plan for years 2–3.

Evaluation comment concerning goals

For a project of the present size and outline, the development goals stated –peace in the region and an independent Palestinian state with a functioning economy – seem quite high-reaching (although the authors carefully state that PIBF alone will not fulfil these objectives). A more realistic development goal could be, for example, an improved, sustainable economy within the framework of a two-state solution, compared to what would have been the case without PIBF.

Most PIBF project goals presented are actually not goals but activities. Planned activities can be followed up, but do not suffice for evaluation. Somewhat reformulated and measurable project goals for PIBF could be, for example, 1) an increased pressure on the governments concerned to resolve the situation, 2) meetings arranged between economic key actors in the countries of the region, 3) an increased understanding of and facilitation of interregional trade, and 4) links established between business actors in the region and their Swedish colleagues.

The so-called results objectives rather seem, in an evaluation perspective, to be project activities, or the main components of a project work plan.

3.2 Target Groups and Stake Holders

The target group defined in the project document is a limited group key economic actors, positioned in the top layer of business, professing a positive view of peace and stability, and having access to political decision-makers on both sides. The defined external stake holders are the Israeli and Palestinian governments, and two local business institutions, PalTrade and the Israel Export Institute.

Comment on target groups and stake holders

The target groups are well defined, being registered members of PIBF. In addition, however, it would seem that in practice also other beneficiaries, in particular of advocacy activities, are a target group.

3.3 Organisation, Members and Implementers

The 2005 request submitted by NIR for consideration by Sida gives little information concerning the organisation of the project. Project implementers are NIR and two full time coordinators in Ramallah and Tel Aviv. The three coordinators together constitute the project coordinating committee.

The governing body of PIBF is a board of directors, comprising 5 Palestinian members, 4 Israeli Members, and 4 Swedish members. The Chairman, always a Palestinian member, and the two Israeli and Swedish Vice Chairmen form the board’s executive committee.

The project request suggested an advisory group comprising NIR, Sida and the Foreign Ministry to be established in order to follow and advise on project implementation.

Membership is open to interested businesses regardless of their country of origin, conditional to the approval of two thirds (2/3) of the founding members. The number of members has grown from 15 to 44. The founding members have a preferential status among Forum members.

¹² The name was subsequently changed to the Palestine International Business Forum (PIBF).

Comment on organisation, members and implementers

At large, the organisation of the project seems adequate. The statement that coordinators are available for PIBF work on a fulltime basis has not been confirmed by the evaluation – rather the arrangement seems to be on a half time basis. Also the announced support by PalTrade and the Israel Export Institute seems quite limited in practice. The advisory group between NIR, Sida and the Foreign Ministry has not been established.

During the evaluation, several interviewees suggested the number of members to be increased. The evaluation notes that the number has grown and confirms that, in the perspective of trying to reach out to the whole breadth of the two economies, it would be desirable to allow it to continue gradually growing, possibly also applying some degree of rotation.

3.4 Work Plan and Activities

The original NIR request held three components, of which Sida chose to finance the basic, dialogue oriented one, the so-called platform. The other two components were project oriented activities and information/PR, budgeted at MSEK 10 and 1, respectively. They again appear in the work plan for years two and three, please cf. below, which has been produced and submitted to Sida for consideration.

Three main activities (please cf. 3.1, above) were outlined in the project request to Sida – 1) to establish the business forum, 2) to implement the first year's work plan, and 3) to elaborate a work plan for years two and three.

The establishment of the business forum comprised planned activities such as the recruitment of coordinators, project manager and support staff, the establishment of three coordination offices, of a steering group and of reference groups, the elaboration of routines for governance, management and reporting, as well as for current evaluation and audit, plus a number of meetings in different constellations.

The forum has been established and is operating. The three coordinators have been recruited and coordination offices established. Routines for management, financial administration and reporting have been formulated. Two annual conferences have been held in Stockholm, in February 2006 and in May 2007.

A work plan for years two and three has been produced and submitted to Sida for consideration.

Reporting to Sida has been performed once, in a half year report dated April 5, 2006, which NIR suggests should be seen as an annual report,

Comment on work plan and activities

The project request identifies four indicators of implementation. They are

- 1) that the business forum has been established,
- 2) that two business meetings have been held,
- 3) that the first year's work plan has been implemented, and
- 4) that a work plan for years two and three has been elaborated.

Applying the said indicators, it is clear that implementation has been fully performed.

The work plan for years two and three was submitted to Sida in March 2006, i.e. when more than one year of the ongoing Sida contract still remained to be implemented. It is now going to be considered for financing by Sida.

Reporting to Sida in accordance with the project agreement of June 30, 2005, NIR has been somewhat late. The report submitted April 5, 2006, complies with contract requirements in substance (although the name half-year report seems misleading).

3.5 Resources

Sida is currently funding PIBF to the tune of 5 Million SEK per year. The money is used in accordance with an approved annual budget. The following main items are listed:

	SEK
Programme costs	2.782.875
Coordinating committee	180.000
Studies	122.000
PIBF meetings	1.256.000
Preparatory project studies	300.000
Contingencies	359.125
Total	5.000.000

More than half of the resources are used for programme costs, i.e. staff and administrative costs for the three coordination offices in Stockholm, Ramallah and Tel Aviv, the latter two costing MSEK 1 and 0,5, respectively, per year. A quarter of allocated resources are used for the PIBF meetings, including travel, allowances, conference costs and external services. For further detail, please cf. the budget, Annex 5. The use of resources will be commented below in section 8, Efficiency.

4. Effectiveness

Results are reported in two spheres, or within the framework of PIBF's two core functions – dialogue and advocacy, and business contracts. The number of reported results of project operation is limited. Also, it is difficult to measure in individual cases the weight of the contribution of PIBF as compared to that of other contributing factors.

Results reported in the area of dialogue and advocacy are

- the facilitation of passage for tourist buses to Bethlehem,
- the organisation and implementation of agricultural exports from Gaza,
- the opening of an outlet in Tel Aviv for textile produce from Gaza,
- the cancellation of an Israeli decision to suspend correspondence links with Palestinian banks, and
- the granting of work permits for Palestinian tourist guides in Jerusalem.

An abortive effort is reported in the important area of transfer of Palestinian tax funds, collected by the Israeli authorities.

In terms of facilitating business contracts, reported results comprise

- a Volvo IT contract, now to be followed up by a second one,
- the establishment of the Nablus stock exchange in 1997 with the help of OMX,
- a TetraPak project in Gaza,
- an IT road show arranged in 2005,
- an agricultural export contract in Gaza, and
- Ericsson's operation contract on the West Bank.

A number of project proposals have been presented by PIBF members, including at the annual meetings in Stockholm, which have been well received. These include

- an electricity project in Gaza,
- a call center on the West Bank, and
- an industrial zone under Swedish auspices on the West Bank.

Further, a study commissioned by PIBF is currently being produced concerning prospects and opportunities for investment in Palestine. The report, undertaken by a Belgian-Israeli-Palestinian consortium, is due in September 2007, will be able to support as well sector development in Palestine as the agenda of PIBF.

The Swedish members of PIBF do not report having made any deals or investment decisions thanks to PIBF. Although they do not seem to need PIBF for their own business development, they generally state a clear interest in staying members of PIBF, now that it exists. They also express a quite positive view as regards the contribution of PIBF to the local business dialogue, stating that unique bilateral contacts have been established that would not have materialised without the meetings and venues provided by PIBF.

Palestinian and Israeli members interviewed express themselves in clearly positive terms as regards PIBF effectiveness. The fundamental effect is bringing people together, who would not have a possibility to meet otherwise. “When we have problems, we sit together, the Israeli (police, security) and Palestinian sides, now we also have a special committee for solving problems arising, and this works.”¹³ The success in question is related to how different players engage and contribute to the process, thus it is also seen as important that they continue to come to the meetings. Just the existence of the process is seen as a valuable effect.

Representatives of NIR report that project goals are fulfilled. The evaluation confirms this assessment.

The ToR for the present evaluation contains a series of specific questions concerning project results. For easy access, they will all be addressed here, although some of them relate to other aspects, such as e.g. impact and efficiency.

- 1) What are the results of the project? The results have been outlined above.
- 2) Are the objectives achieved? The evaluation concludes that yes.
- 3) Who are the beneficiaries of the program? The beneficiaries are of two kinds – beneficiaries of advocacy and beneficiaries of business promotion. The latter group comprises members, while the first one houses a long list of companies.
- 4) Does the program reach the adequate actors? Yes, but a broad and probably growing range of actors remains to be reached through this and similar efforts.
- 5) What are the selection criteria for benefiting companies in the program? Who is excluded and why? PIBF’s answer is that project coordinators try to supply advice to any company that is interested, irrespective of whether they are members or not. New members are adopted after suggestion.
- 6) Has the dialogue led to any cooperation between Israeli and Palestine companies? Yes, cited examples being the call center and the agricultural export schemes above.
- 7) Has the dialogue led to any cooperation with companies from other countries? If from Sweden, yes, the OMX and the Volvo cooperation. If from other countries than Sweden, no, because the initial policy was not to involve other countries. During the Annual Conference 2007, PIBF decided to

¹³ Raphael Ben Hur, Ministry of Tourism, Israel

open the Forum to membership from any country. As for neighbouring countries, PIBF has difficulties in seeing what they could contribute.

- 8) Is the Palestinian Business Forum an important platform for both sides? Yes, as clearly expressed during this evaluation.
- 9) Does the program have an impact on business and peace. Yes, an impact on business has been demonstrated. An eventual impact on peace is probably negligible (please cf. also the comment on goals, section 3.1).
- 10) Is it obvious how peace contributes to business activities and reversed? Yes and no. The evaluation concludes that there is an obvious and positive link, but naturally also that the connections are highly complex and varied over time, place and specific conflict.
- 11) Is peace the key issue for all involved actors or is it primarily business? No, most actors seem fundamentally to be motivated by their business interests, although most of them certainly also appreciate the possible contribution to peace. Exceptions are those, who participate actively in the process without prospects of making interesting business deals for themselves.
- 12) Is the program effective? Is the implementation strategy of the NIR cost-effective? The first part of this question has been answered above. The second part will be discussed in section 8, below.
- 13) Do the practical conditions exist for a successful implementation of the project? The evaluation answer is affirmative.
- 14) Does the program adapt to changing contextual challenges? Yes, when new challenges arise in specific areas, the actors try to adapt, examples cited being closed gates and permits for tourist guides.
- 15) Is this an effective way of working with business and peace? The evaluation concludes in the affirmative, although other ways may also be effective, possibly both more and less so.
- 16) Has the dialogue led to any new solutions of reducing trade barriers between Palestine and Israel? Yes, but quite few until now, one case cited being the Bethlehem checkpoint.

5. Impact

As mentioned above, reported project results are limited in number and difficult to measure. Efforts at measuring impact encounter corresponding obstacles.

Just like the study of results in the preceding section, impact should be studied in the two spheres of advocacy and project promotion, respectively.

The planned results of dialogue and advocacy are primarily facilitated passage and transport. Thus, the main expected impact would be commercial profits and jobs. The evaluation confirms that such impact has been produced, although on a limited scale. The cases are the ones mentioned above, e.g. the passage for tourist buses, the work permits for tourist guides and the agricultural exports from Gaza.

As for investment and project promotion, the same kinds of impact should be expected, that is profits and jobs. And they are also there, although, again, in modest quantities. The Volvo IT project resulted in two additional jobs and is expected to produce some more in the second phase. The Nablus stock exchange has created new jobs, while the Gaza agricultural exports project saved many jobs from disappearing.

It is the impact in terms of jobs, which is expected to make a contribution to peace. The expectation is that employed persons, who have a job and an income, will be less prone to take up armed resistance, having both less reason to take to arms and more to lose from armed conflict. The evaluation supports this general theory, although the numbers involved in the present project evidently are far too modest to be able to have a measurable impact in this regard.

There is also a possible impact at a next level of aggregation. In addition to jobs, facilitating transport and passage also results in increased – or possibly less decreased – exchange in various respects. Mutually profitable exchange is seen as contributing to peace, or with one of the interviewees: “If we have more tourism, we will have less terrorism.”¹⁴ However, also this impact seems quite limited in extension.

The evaluators estimate that a more important impact may be observed at a third level, namely the impact of the existence of the project as such. It is increasingly becoming known in the region that PIBF is operating and creating, together with a few other, similar initiatives, a separate stream of action, which is an alternative, or a complement, to the main stream, to what has been called a foreclosed trade regime. Here, it seems that international participation may have its most interesting rationale – that of motivation. If locals see that internationals are committed, they may feel a responsibility to commit themselves, too. The more such serious initiatives, the better.

In this perspective, efforts at dissemination and information should be increased, and more open and publicly accessible meeting venues should be considered. Further, coordination with other parallel initiatives needs to be improved for better impact, please cf. section 8, below.

This being said, it should also be stated that all impact assessment in a case like the present case tends to be somewhat hypothetical and liable to critical scrutiny. So it may be, but that should not be allowed to deter from efforts at bringing the issues to the fore and at offering considered interpretations.

6. Relevance

The relevance of project effects and impact has to be measured against the project context identified, and against the development problem to be addressed. In the present case, the development problem is the malfunctioning of the Palestinian economy because of limitations in mobility and access.

It has been clearly demonstrated to the evaluation team by interviewees on all three sides that PIBF is highly relevant to the problem in question. The team concurs to this assessment. In particular now that for political reasons the two governments have no official contacts, the relevance has been raised even further. As it is difficult for Israeli government officers to take action in order to facilitate normal business life, industry associations are encouraged to take contacts and expand exchange. And where local people on the West Bank have no contact surface at the Israeli side except IDF, a project that provides an inside voice is valuable. In such a situation, characterised by a lack of dialogue, several interviewees maintain that any forum or platform is valuable. What might bring additional relevance to PIBF is that it is acting and supported at a high political level.

Prospects are that in the future, the West Bank will be totally closed in and have some 40 crossings out and in. Such a development will increase the need for lobbying possibilities and for a procedure for solving upcoming problems, in a systematic way.

¹⁴ Raphael Ben Hur, Ministry of Tourism, Israel

The foreign participation in PIBF is seen by some interviewees as increasing relevance, but the evaluators would rather see its importance in terms of impact, as mentioned above, and as contributing to an atmosphere of peace, thereby strengthening project credibility and political acceptability at the local level. In addition, it has been suggested that the commitment by Swedish industry to support peace and cooperation in Palestine might also bring credibility to other Swedish peace initiatives.

Interviewees also suggest that relevance can be increased if PIBF more actively brings Swedish business and industry to the area. The idea of establishing an industrial park on the West Bank under Swedish auspices to create new jobs has been presented during the evaluation. The evaluators agree that jobs are urgently needed, but remain unconvinced so far about the prospects of attracting Swedish investors into a context, where Palestinians themselves can not manage, and which in addition is deteriorating further.

Comments received confirm that the PIBF combination of advocacy and project promotion is relevant, interviewees having different views as regards where the main focus should be. One comment suggests that enhanced relevance might be achieved through joint advocacy with the World Bank, another one that advocacy also needs to be directed towards the Palestinian side, as bureaucracy on that side is very difficult to get through.

A third suggestion as to relevance is that PIBF's project mandate should rather be to raise the capacity and productivity of Palestinian business. However, it is also maintained by one interviewee that dealing with passages and checkpoints is addressing symptoms, not problems – the real problem being the settlements, which are continuously advanced.

The issue of PIBF membership has been raised by several interviewees, some suggesting increased numbers, some being satisfied with the present status. The number of members has increased, as mentioned above, section 3.3. The evaluators believe that a further, gradual expansion is desirable, possibly in combination with some degree of rotation of members. The number of beneficiaries, on the other hand, will continue to depend on what kind of intervention is undertaken, a choice of high and evident importance for relevance.

The ToR enumerates a group of questions, specifically addressing relevance. They will all be answered in sequence here, although answers to them can also be found in the preceding text.

- 1) Is the support relevant in relation to the needs? Yes, as argued above.
- 2) Is the support relevant in relation to the current development strategy? Yes, according to the guidelines of the PNA, the private sector can be a major force for promoting economic development in the occupied Palestine territories.
- 3) Is the support relevant in relation to the Swedish country strategy for the West Bank and Gaza? Yes, to objectives one, Alleviating the effects of occupation and three, Promoting the construction of a Palestinian state.
- 4) Is the support relevant in relation to the Swedish Regional Strategy for Middle East and North Africa? Yes, in particular to the objective to promote regional economic development and growth.
- 5) Is the support relevant in relation to the political and economic context? Yes, please cf. above.
- 6) Is the program conflict sensitive? Yes, highly so. How? In two ways – its operation and impact can be seriously damaged by conflict, and its impact can contribute to decreasing conflict risks, although marginally in practice.
- 7) Is the support sustainable, i. e. would the project continue after cessation of external support? If Sida's support ceases, the local partners will probably mobilise other donors.

- 8) How does the program reflect the perspective of the poor? By promoting economic production that gives jobs and income, and by contributing to peace, which is a prerequisite for many poor groups to survive.
- 9) Does the program integrate a rights based approach? How? No, not explicitly.
- 10) Does Sweden have a comparative advantage in the support? Yes, as a neutral and economically advanced country with a long record of peace promotion.

7. Sustainability

The discussion about sustainability needs to be situated at two levels – that of the project and that of its impact. In both respects, sustainability in the present case is heavily influenced by a turbulent context and a virulent conflict. Conditions for sustainability are adverse.

Project sustainability, apart from the evident dependence on continued funding, is primarily dependent on human resources. The key players are carrying the project forward. Should they cease to contribute, momentum will be lost. The project seems highly dependent on a few persons. In particular, one individual person seems in effect to have been instrumental in achieving a large part of the results reported above. Although no-one is totally irreplaceable, the absence of this person would considerably decrease project potential. However, the evaluators do not see this as an argument against continuing funding the platform, as PIBF advocacy action and expected effects are short term.

Project sustainability can be improved. Even members of the Private Sector Working Group (PSWG) under the World Bank know very little about PIBF, including Palestinian private sector representatives. There seems to be a need for improved follow-up of cases. One option is to create a political/technical working group to continue the process. Also external follow-up through PR, and through broader and more open procedures, which show everybody that the process is continued, could contribute.

Interviewees emphasise that the building of trust between business partners is not an easy thing, that it takes time, and that with the help of PIBF it is now there and can be built on for future. The evaluators agree to this, and appreciate this impact, although it would seem that in the present context, such impact is an ephemeral creature.

A more tangible aspect of sustainability should be that of impact. How long will the tourist guides keep their work permits in Jerusalem? Answers to such questions are hard to get. A summary assessment of impact sustainability in the case of PIBF is that it is difficult to judge, but that it risks being low. However, also in that regard, this assessment is not a real argument against funding the project.

8. Efficiency

Sida is currently funding PIBF to the tune of 5 Million SEK per year. The budget allocation of the money has been presented in section 3, above. In addition to the annual 5 MSEK contribution from Sida for the period July 1, 2005 through June 30, 2007, the Foreign Ministry has funded one supplementary project component during the same period.

The sums budgeted for respective project components do seem reasonable in context. As was mentioned above, however, human resource utilisation is in practice different from what has been announced in the project document, the two coordinators in Ramallah and Tel Aviv actually rather working half time for PIBF than full time.

The evaluation team has raised the issue of cost-sharing as a means of attaining increased impact with several interviewees. The general reaction is that cost-sharing should not be stipulated as a precondition, but that a stepwise growing participation could be acceptable. One view is that in such a scenario, PIBF would need to establish a value for members, such as arranging road-shows, or facilitating visa procedures and trade arrangements for members, possibly for a fee.

A degree of cost-sharing is already there, in the form of at least one key actor contributing funds of his own to the project. PIBF has no membership fee at present. Cost-sharing can be achieved in different ways, membership fees being one. One interviewee means that PIBF members are big companies, who have the money needed.

An important aspect of efficiency in the case of PIBF is the existence of other initiatives, similar to this one. The Ankara forum, in operation since two years, has one industrial zone working group, and one general economic cooperation issues working group. The Aix initiative is an academic group, studying economic aspects of the current development of the relations and of the isolation of Jerusalem.

A major meeting will be held in Paris in September to present plans. IPCRI is an institute that does studies and plans to establish business organisations on both sides, who would work together.

The British Portland Trust can mobilise funds for investment in Palestine and is said to be looking for existing initiatives to join. Locally, both Peres Institute, PalTrade and the Israeli Export Institute are performing related functions.

The so-called British initiative of December 05 was actually a World Bank initiative through the PSWG. A joint PS declaration was announced at the meeting, a call for action on what is needed for Palestinian economic development. A bilateral core group was supposed to continue the process after that, but because of different perspectives and in view of the existence of PIBF and the Ankara Forum, WB decided to withdraw and to terminate the work of this working group.

The World Economic Forum at Davos has produced an initiative in the same direction, whose future may be one of high level meetings, but which may also become operational. In addition, the European Community is bringing various actors in their Mediterranean partner countries together, as part of the EU neighbourhood policy.

The evaluators have raised the issue of donor duplication and donor coordination with several interviewees. The general opinion received is that in view of the difficulties encountered, several initiatives are needed, and that PIBF, which is the only one operating, has an advantage in pursuing dialogue with its high level contacts. The general view is also that the different initiatives do not compete, as they are in reality doing different things. None of the representatives of other organisations interviewed sees PIBF as a competitor. The only argument received against the present flora of initiatives is that the number of valid participants on the Palestinian side is limited.

During the week the evaluation team visited the region in early June, an Israeli decision was taken – in search for coordination – to mandate the Council of Coordination of Economic Organisations to coordinate the different initiatives concerning dialogue and advocacy in the Israeli business sector. The move was discussed with the Palestinian side, who would take a corresponding initiative. In the perspective, this move could also lead to an Israeli-Palestinian Chamber of Commerce, where PIBF would have an important role to play.¹⁵

¹⁵ Irit Ben-Abba, Ministry for Foreign Affairs of Israel, Jerusalem

It has been suggested above that PIBF might join up with the World Bank for the follow-up on specific advocacy issues. Further, the World Bank has stated its preparedness to the evaluators to contribute TA support to the work. In this respect, it is the conclusion of the evaluators that PIBF could contribute more actively to coordination by participating in the PSWG and by working more closely with the World Bank. There is also a need for better linkage with other actors and projects.

The PIBF partners in Israel and Palestine would also like to see other countries join in to pull in the same direction as PIBF, something that might increase the effect of resources used, i.e. efficiency further. A meeting has been called to this end by the Israeli side.

9. Discussion and Evaluative Conclusions

9.1 Context and Prospects

All parties seem to agree that increased security in Palestine is a prerequisite for trade and investment, and indeed for breaking the present trend of decreasing production. Prospects are discouraging, however, more and more of West Bank territory becoming closed off for Palestinians each year. There is no ground for assuming that this development will cease, on the contrary. Leading Palestinians are now asking themselves whether there really should be a PNA, which performs control functions on behalf of the power of occupation, such as for example holding back radical groups.

In addition, social contacts are becoming more sparse, people on both sides becoming less and less aware of what is happening on the other side of the barrier, and more and more dependent on more radical impressions and interpretations. The trust necessary for business exchange is eroding further.

The situation for Palestinian business and industry is deteriorating in parallel. “The need to maintain good working relations between the business sides will increase with the construction of the wall, as mobility and access will further deteriorate, so the need for a forum like this [PIBF] will increase. The West Bank risks becoming more and more like Gaza, only more complicated because of the settlements.”¹⁶

9.2 Summary Project Evaluation

As outlined above, PIBF has basically two different functions – advocacy and investment promotion – of which the first one is in focus. It enjoys an important and strong political support on the Israeli and Palestinian sides. Sweden is contributing in terms of initiative, of financing and of business participation and investment.

As just stated, the political and economic context of the project is complicated. The purpose of the project, to address obstacles to Palestinian economic production and trade in search of development and peace, is a valiant one, although in view of circumstances, only a modest contribution to results could be expected.

The evaluators have found project effectiveness limited but valuable. Results are there both in the advocacy sphere and in the area of business promotion. Impact is difficult to assess, but is also discernible at two levels – operational and platform. In addition, certain impact can be expected internationally. The relevance of the project is high and, because of deteriorating relations, growing. Sustainability,

¹⁶ Toujas-Bernaté, Joël – Senior Resident Representative West Bank and Gaza, IMF

on the other hand, varies but has to be assessed as low. Project efficiency is acceptable, but can be increased through cost-sharing.

The evaluation has found several other initiatives in the region performing similar functions as PIBF. However, it seems that none is currently doing the very thing that PIBF does. Also, local initiatives are being taken to improve coordination. It has been argued by interviewees that too many donors come up with their own ideas and push them for their own public image, and that it should be the other way around, that Palestinians and Israelis join in a project venture and then look for an adequate donor. This seems to be exactly what happened in the present case.

9.3 Evaluative Conclusions

PIBF performance and relevance is satisfactory. The need for the project is clear. The contribution of 10 Million SEK is in line with strategic guidelines and policy priorities.

The ToR for the evaluation asks whether the support could provide lessons on how business and market contribute to peacebuilding. The evaluators would basically answer in the affirmative, although without entering into specifics. The issue might well be the subject of more advanced efforts than the present one, possibly of an academic kind.

The parties to this cooperation, including the Swedish members, feel convinced about the road forwards. The dialogue must continue, and investment projects should be promoted. However, Swedish companies hesitate to invest in this troubled area, although they believe that Sweden is a valid project partner for the two sides, being a neutral country without an agenda of its own. The proposed industrial zone with a Swedish profile could certainly be interesting as a concrete forum for cooperation, provided the produce can get out, but Swedish companies do not see a Swedish interest in it.

According to NIR, the Portland Trust has become engaged in the process, willing to invest large sums in the Palestinian economy. The disadvantage stated by NIR is that in such case, British companies would be the actors, not Swedish ones.

As for the continued project work, the basic function, people talking together who would not meet if it were not for PIBF, is important and should remain in focus. Project objectives that are too broadly defined, need to be revised. Also, membership needs to be widened. The cost-sharing option should be studied, possibly as a stepwise growing participation.

It should be considered to establish the originally proposed trilateral advisory group between the Foreign Ministry, Sida and NIR. Reporting to Sida should be streamlined.

9.4 Swedish Options

Seen in a local perspective, the first priority is that Sida finances the continued platform work. The NIR proposal for a second phase suggests an annual Sida contribution of almost 15 Million SEK for the PIBF platform. The evaluators have not appraised the proposal for a second phase and can not offer a seasoned opinion as regards the exact amount to be allocated, but in regard of relevance and needs, an increasing contribution could be well motivated.

For practical reasons, a three year agreement should be considered.

In addition, the activity programme at an annual cost of 25 Million SEK, which was originally a Palestinian request, is important but can, according to one of the key actors, in extremis also come from industry itself.

If, on the other hand, it is of high importance for Swedish industry that the investment and business component is financed by Sweden in order to promote Swedish business interests, this issue should be raised with the Foreign Ministry, which has separate funds for such purposes. Further, it was suggested during the evaluation that Swedish trade promotion in Ramallah should be increased.

10. Recommendations

Sida is recommended to

- Approve the now finished two year implementation of PIBF according to agreement,
- Positively consider funding the platform component of NIR's request for PIBF financing 060516,
- Consider increasing the future funding of the platform,
- Accept to participate in a trilateral advisory group between the Foreign Ministry, Sida and NIR,
- Consider funding a three year agreement with NIR,
- Initiate, or participate in, a discussion with the Foreign Ministry and NIR concerning the funding of project component two, the so-called activity programme.

Annex 1 Terms of Reference

Evaluation of the support to NIR for the Palestinian International Business Forum 2005–2006

Background

Sida has supported the Swedish organisation NIR (Näringslivets Institutionella Råd), for its dialogue project in the West Bank and Gaza and Israel since 2003.

The overall goal of the NIR project is to contribute to peace in the region, but also to stimulate a sustainable economic growth and an increased economic independence in the occupied Palestine territories. This will be achieved through creation of meetings, platforms and other occasions with the aim of facilitating a dialogue for business. 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 creation of the Palestinian 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 10 MSEK.

Purpose

The purpose is to evaluate the support for the Palestinian International Business Forum 2005–2006 through NIR. The main objective is to establish and analyse the outcomes gained by the project in relation to its objectives.

The intended use of the evaluation will be forming the basis for decision on how or whether to continue with the support. The users of the evaluation will primarily be the decision makers at Sida departments, but hopefully it will also be a useful instrument for the NIR in developing the program.

The evaluation shall touch on issues in relation to the relevance of the Forum 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 produced to-date.

Intervention background

The Palestinian International Business Forum aims at

- supporting an emerging independent and sustainable Palestinian economy and labour market.
- confronting the politicians and decision makers in the region with clear and well based arguments for peace and stability.
- more effectively work for an increased economic integration and interaction with Israel, Palestine and the surrounding world.

The evaluation shall focus on the period of the support 2005–2006.

Methodology

The evaluation will be based on a number of 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.

In Sweden approximately 10 interviews should take place with

- responsible person(s) at NIR of the project
- representative of the board of NIR
- representative of the PLO office in Stockholm
- Sida
- Foreign Ministry/MENA department
- Swedish representatives of the Palestinian International Business Forum; Tetra Pak, SEB, Volvo AB, Ericsson, OMX

In the West Bank/Gaza and Israel approximately 10–15 interviews with

- representatives of the PLO
- representatives of the Israeli government
- representative of the local Palestinian and Israeli PIBF office
- chambers of commerce on both sides
- representatives for companies of the Palestinian International Business Forum

National Beverage Company/Coca Cola, Grand Engineering Systems, Hirbawi Group, Gaon Holdings, Delta Textiles, Exceptional New Technologies, Pelephone, ABB/CEO ABB Lumus Global.

Evaluation questions

The evaluation shall answer the following questions:

Results:

- 1) What are the results of the project?
- 2) Are the objectives achieved?
- 3) Who are the beneficiaries of the program?
- 4) Does the program reach the adequate actors?
- 5) What are the selection criteria for benefiting companies in the program? Who is excluded and why?
- 6) Has the dialogue led to any cooperation between Israeli and Palestine companies?
- 7) Has the dialogue led to any cooperation with companies from other countries?
- 8) Is the Palestinian Business Forum an important platform for both sides?
- 9) Does the program have an impact on business and peace
- 10) Is it obvious how peace contributes to business activities and reversed?
- 11) Is peace the key issue for all involved actors or is it primarily business?
- 12) Is the program effective? Is the implementation strategy of the NIR cost-effective?

- 13) Do the practical conditions exist for a successful implementation of the project?
- 14) Does the program adapt to changing contextual challenges?
- 15) Is this an effective way of working with business and peace?
- 16) Has the dialogue led to any new solutions of reducing trade barriers between Palestine and Israel?

Relevance:

- 17) Is the support relevant in relation to the needs?
- 18) Is the support relevant in relation to the current development strategy?
- 19) Is the support relevant in relation to the Swedish country strategy for the West Bank and Gaza?
- 20) Is the support relevant in relation to the Swedish Regional Strategy for Middle East and North Africa?
- 21) Is the support relevant in relation to the political and economic context?
- 22) Is the program conflict sensitive? How?
- 23) Is the support sustainable, i. e. would the project continue after cessation of external support?
- 24) How does the program reflect the perspective of the poor?
- 25) Does the program integrate a rights based approach? How?
- 26) Does Sweden have a comparative advantage in the support?

Others:

- 27) What is the opinion of non participating companies of the program?
- 28) 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 peacebuilding?

Workplan and schedule

The evaluation should include eight (8) manweeks and take place from 14 May to 15 June and present the final report to Sida 15 June the latest.

The work shall include:

- preparation of the evaluation
- two days for participating in the PIBF meeting 14–15 May in Stockholm
- approximately ten interviews in Sweden
- approximately ten interviews in the West Bank and Gaza,
- five-six interviews in Israel
- analysing the results and writing the evaluation report

Reporting

The evaluation shall be reported in a written report, and submitted in a draft version to Sida by email and on a CD 15 June 2007 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, i. e. 29 June 2007.

The final report shall be written in English and shall not exceed 20 pages (appendixes excluded). 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 3 pages)
- Evaluation purpose and scope
- Methodology
- Findings, conclusion and recommendations

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;

- documented experience in evaluation of international development cooperation
- experience in evaluation good governance, conflict management and peacebuilding projects
- experience in development work for poverty reduction through the private market-/business sector as well as the labour market
- experience of diplomatic contacts on a high level
- excellent knowledge of English
- knowledge of the Middle East

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

Annexes

Part of the methodology shall include background documents:

- Strategy for development cooperation with the West Bank and Gaza 2005–2006
- Regional Strategy for Middle East and North Africa 2006–2008
- Sida decision on support to NIR for the Palestinian International Business Forum 2005–2006
- Programme for Stockholm PIBF meeting 2006-01-30–2006-01-31
- Report of Stockholm PIBF meeting 2006-01-30–2006-01-31
- List of registered delegates of the Stockholm PIBF meeting 2006-01-30–2006-01-31
- Halvårsrapport Palestinian International Business Forum 2006-04-05

- Preliminary PIBF Study – Integration of the Israeli and Palestinian Economies Herin/Jeryis
- Revised application PIBF 2007–2009
- Agreement Sida/NIR for the period 2005–2007
- EURO – ISRAEL, Euro-Mediterranean Association Agreement
- EURO – MEDITERRANEAN INTERIM ASSOCIATION AGREEMENT on trade and cooperation between the European Community, of the one part, and the Palestine Liberation Organization (PLO) for the benefit of the Palestinian Authority of the West Bank and the Gaza Strip, of the other part

Annex 2 List of Persons Interviewed

Palestinian side:

<i>Abdel Shafi, Salah</i>	Ambassador, Palestine Liberation Organization, Palestine General Delegation/Sweden
<i>Abu-Dayyeh, Sami</i>	PIBF member/CEO, Near East Tourist Agency
<i>Abu-Libdeh, Hasan</i>	PIBF member/Chairman & CEO Palestinian Securities Exchange/ (Former Minister of Labor and Social Affairs)
<i>Bamya, Saeb</i>	Economic Consultant Trade Policy Adviser/(Former Assistant Under Secretary, Palestinian Ministry of National Economy)
<i>Daiq, Ismail</i>	Palestinian Agricultural Relief Committees (P.A.R.C)
<i>Hamdan, Maher</i>	Chief Executive Officer, Paltrade
<i>Joudeh, Iyad</i>	PIBF Country Coordinator, founding member/Chairman of the Board, Grand Engineering Systems
<i>Khatib, Saad</i>	Secretary General, Palestinian Federation of Industries
<i>Khoury, Zahi</i>	PIBF Chairman of the Board/Chairman National Beverage Co. Ltd.
<i>Maayah, Tareq</i>	PIBF founding member/Board of Directors Exalt Technologies/ General Manager G.ho.st
<i>Musallam, Robert Y.</i>	Musallam Engineering & Building Co. Ltd.
<i>Sinokrot, Mazen</i>	Chairman & CEO Sinokrot Global Group/(Former Minister of National Economy)
<i>Tahboub, Murad</i>	PIBF member/Managing Director Asal Technologies

Israeli side:

<i>Assia, Yechiel</i>	Director General, The Israeli Export & International Cooperation Institute
<i>Bar, Gabby</i>	Senior Regional Director, Middle East & North Africa Division Foreign Trade Administration, Israeli Ministry of Industry, Trade & Labor
<i>Ben-Hur, Raphael</i>	Senior Deputy Director-General, Israeli Ministry of Tourism
<i>Ben-Abba, Irit</i>	Head of Bureau, Middle Eastern Economic Affairs, Israeli Ministry of Foreign Affairs
<i>Catarivas, Dan</i>	Director Division of Foreign Trade & International Relations, The Manufacturers' Association of Israel
<i>Dotan, Emanuel</i>	PIBF Country Coordinator
<i>Hirsch, Boaz</i>	Deputy Director General, Director of the Foreign Trade Administration, Israeli Ministry of Industry, Trade & Labor
<i>Lautman, Dov</i>	PIBF founding member/Chairman Delta Textiles
<i>Perry, Jacob</i>	PIBF board member/Chairman of the Board, Mizrahi Tefahot Bank
<i>Pundak, Ron</i>	Director General, The Peres Center for Peace
<i>Shapira, Motty</i>	Director General, Israeli Federation of Independent's Organizations (LAHAV)
<i>Shore, Amiram</i>	PIBF Chairman, founding member/Chairman of the Board E.N.T.
<i>Weinstock, Rachella</i>	Director External Relations, Delegations, Target markets, The Israeli Export & International Cooperation Institute

Other persons:

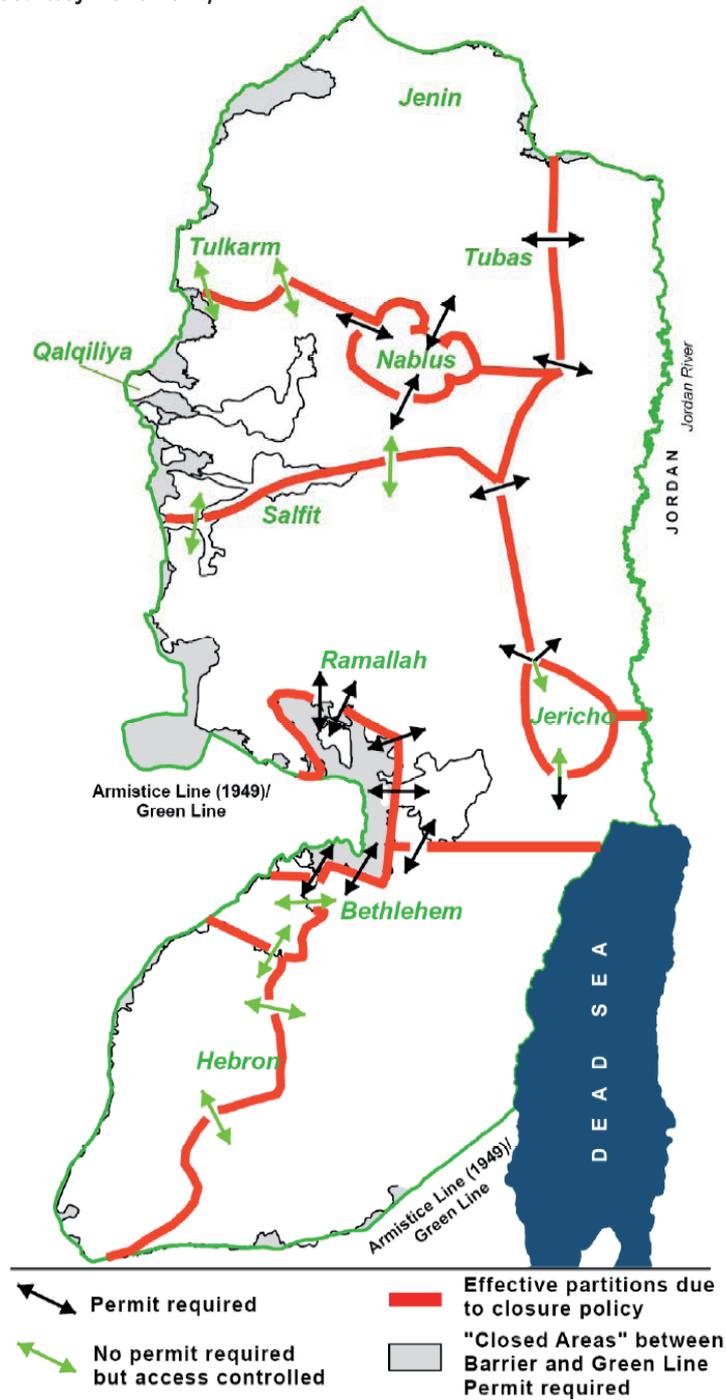
<i>Assaf, Nabila</i>	Aid Management Specialist, The World Bank West Bank & Gaza Country Office
<i>Belfrage, Erik</i>	PIBF Vice Chairman/Senior Vice President, Advisor to the Chairman, SEB
<i>Bjernevi, Maria</i>	Country Programme Co-ordinator, Department for Asia, Middle East and North Africa, Sida
<i>Björk, Susanna</i>	PIBF Coordinator, International Council of Swedish Industry (NIR)
<i>Bosrup, Mats</i>	PIBF member/President, LM Ericsson Israel Ltd.
<i>Daoudi, Maher</i>	Programme Manager, Sida, Consulate General of Sweden, Jerusalem
<i>Florén, Fredrik</i>	Deputy Director, Middle East and North Africa Department, Ministry for Foreign Affairs
<i>Hellsten, Elisabet</i>	Country Programme Coordinator, Department for Asia, Middle East and North Africa, Sida
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Annex 3 Acronyms and Abbreviations

AMA	Agreement of Movement and Access
IDF	Israeli Defense Forces
IMF	International Monetary Fund
IPCRI	Israel/Palestine Center for Research and Information
NIR	The International Council of Swedish Industry (Näringslivets Internationella Råd)
NIS	New Israeli Shekel
OCHA	United Nations Office for Coordination of Humanitarian Affairs
oPt	Occupied Palestinian Territory
Sida	Swedish International Development Cooperation Agency
PA	Palestinian Authority
PARC	Palestinian Agricultural Relief Committees
PCBS	Palestinian Central Bureau of Statistics
PIBF	Palestine International Business Forum
PLC	Palestinian Legislative Council
PLO	Palestinian Liberation Organisation
PNA	Palestinian National Authority
PS	Private sector
PSWG	Private Sector Working Group
SEK	Swedish krona
SGDS	Stockholm Group for Development Studies
TA	Technical assistance
TIM	Temporary International Mechanism
ToR	Terms of Reference
UNDP	United Nations Development Program
URWA	United Nations Relief and Works Agency for the Palestine Refugees in the Near East
VAT	Value Added Tax
WB	The World Bank
WBG	The West Bank and Gaza

Annex 4 Map

Break-up of Palestinian Economic Space
 West Bank Segmented Map (Source: OCHA)
 (Courtesy World Bank)



Annex 5 Annual Budget

Plattform – Palestinian International Business Forum

Kostnadsställe 4700	Kostnadsbärare	Konto	Summa
1. Programkostnader	4710		
Projektledning	4711		
Lokalhyra		5011	50 000
Löner tjänstemän		7210	600 000
Pensionsförsäkring		7411	
ITPK		7413	
Arbetsgivaravgifter		7511	
Övriga personalkostnader		7690	
Summa			650 000
Administrativa stödfunktioner	4712		
Telekommunikation		6210	60 000
Datakommunikation		6230	6 000
Postbefordran		6250	15 000
Revision		6420	15 000
Redovisningstjänster		6530	160 000
Övriga externa tjänster		6590	100 000
Summa			356 000
Operativa kringkostnader	4713		
Resekostnader		5810	180 000
Resekostnader utrikes		5811	
Kost och logi utrikes		5831	
Övriga reskostnader		5890	
Traktamenten skattefria utrikes		7323	
Deltagar- och seminarieavgift		6961	15 000
Konferenskostnader		6962	15 000
Tidningar, tidskrifter och facklitteratur		6970	10 000
Summa			220 000
Palestinsk koordinator	4714		
Löne- och lönebikostnader		6590	450 000
Operativa kringkostnader		6590	571 875
Revision		6420	20 000
Summa			1 041 875
Israelisk koordinator	4715		
Löne- och lönebikostnader		6590	450 000
Operativa kringkostnader		6590	45 000
Revision		6420	20 000
Summa			515 000
Delsumma 1			2 782 875

Kostnadsställe 4700	Kostnadsbärare	Konto	Summa
2. Samordningskommittè	4720		
Resekostnader		5810	180 000
Resekostnader utrikes		5811	
Kost och logi utrikes		5831	
Övriga reskostnader		5890	
Traktamenten skattefria utrikes		7323	
Delsumma 2			180 000
3. Studier	4730		
Trycksaker		6150	7 000
Konsultarvoden		6550	100 000
Övriga externa tjänster		6590	15 000
Delsumma 3			122 000
4. Möten med Palestinian International Business Forum	4740		
Resekostnader		5810	150 000
Resekostnader utrikes		5811	
Kost och logi utrikes		5831	
Övriga reskostnader		5890	
Traktamenten skattefria utrikes		7323	
Resekostnader utrikes		5811	240 000
Representation avdragsgill		6071	500 000
Representation ej avdragsgill		6072	
Konferenskostnader		6962	
Litteratur mm		6073	6 000
Trycksaker		6150	10 000
Telekommunikation		6210	50 000
Externa tjänster		6590	300 000
Delsumma 4			1 256 000
5. Förstudier Projekt	4750		300 000
Summa delsummor			4 640 875
Reserv 10%			359 125
Summa totalt			5 000 000

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