NEEDS ASSESSMENT SURVEY
FOR
PALTRADE MEMBERS & CLIENTS

January 2008

Prepared by:

Palestine Trade Center - PalTrade
January, 2008

As part of the Marketing Services Development Project.

This survey is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this survey are the sole responsibility of PalTrade and do not necessarily reflect the view of the USAID or the United States Government.

Table of Contents

SECTION ONE: BACKGROUND INFORMATION

1.1 – Introduction

PalTrade's purpose is to lead the development of Palestinian trade as a driving force for sustainable national economic growth. Established in (1998) as the National Trade Development Organization (NTDO) and a membership of more than 260 Palestinian leading businesses, PalTrade advocates a competitive, enabling business environment and is dedicated to improving trade competitiveness through trade promotion and capacity building.

PalTrade is currently working on developing its services, marketing and services capacity in the domestic market, mainly to:

- Improve the quality and accessibility to business development services through capacity building of service providers, promotion of services to private sector, and facilitating the offering business services to local businesses. This project will focus on services related to PalTrade's mandate of marketing and export promotion.
- Develop PalTrade's capacity to provide training services in its core mandate area; marketing and export promotion. This will allow effective transfer of knowledge and skills to SMEs that will enhance their internal marketing and export promotion capacity.
- Develop the capacity of PalTrade to provide market information and intelligence to its members and clients.

Through this initiative, PalTrade aims to determine the needs of its members and clients in terms of training, market information and business development services.

1.2 – General Objectives

The results of this survey will assist PalTrade in:

- Determining needed training programs and better designing of PalTrade Training services based on sample needs.
- Determining needed information services and better designing of PalTrade Market information services based on sample needs.
- Determining most needed business development services based on sample needs.

1.3 – Specific Objectives

Survey objectives include:

- Determining service needs by sector/geographic area.
- Gathering some baseline information for future references.
- Determining needed and preferred type of services.
- Assessing current service providers in terms of price and efficiency.
- Determining preferred delivery mechanisms.
- Determining expected number of ordered services.
- Determining other expectations of PalTrade services.
- Determining key obstacles.

SECTION TWO: METHODOLOGY AND SAMPLE DESIGN

2.1 – Methodology

In order to achieve the aforementioned, PalTrade; through a "Request for Quotation Procedure", hired a short term expert "Mr. Sufian Barghouti" on the development of survey instruments, specifically – develop a draft survey jointly with PalTrade's team, develop an SPSS database, guide PalTrade in the data collection process, interview sample companies, enter survey data and analyze the results. The adopted methodology was as follows:

a. PalTrade developed a survey instrument, which was reviewed and coded by the subcontractor.
b. Subcontractor held a training session for field researchers from PalTrade Staff to guide them on conducting the survey. A general guide was also developed and distributed to all researchers.
c. PalTrade implemented initial pre-test of the survey instrument with a subset of 8 firms to determine suitability.
d. A meeting was held to adjust the survey instrument according to testing feedback.
e. PalTrade implemented data collection by interviewing the sample companies selected by PalTrade (total interviewed companies reached 136 companies)
f. Subcontractor developed an SPSS database for entry of survey results.
g. Subcontractor entered results of all 136 surveys in database.
h. Subcontractor Analyzed the results of the survey in different phases:
    - During the data collection phase a draft analysis was provided on sample of 76 companies.
    - An initial meeting was held with the Subcontractor in which the initial analysis was reviewed. The questionnaire was reviewed and feedback was provided on the data analysis requirements where each component leader provided their input for each section.
    - Consequently the Subcontractor provided the 2nd draft of the analysis to the whole sample. In which the team provided their comments and feedback on information needs.
i. Subcontractor developed Final Report.

2.2 – The Survey Questionnaire

The technical staff at PalTrade; in cooperation with its technical advisor, developed a detailed questionnaire, which was reviewed and tested in the field before the final version was approved and distributed for data collection in the main phase of the survey.

2.3 – The Sample Design

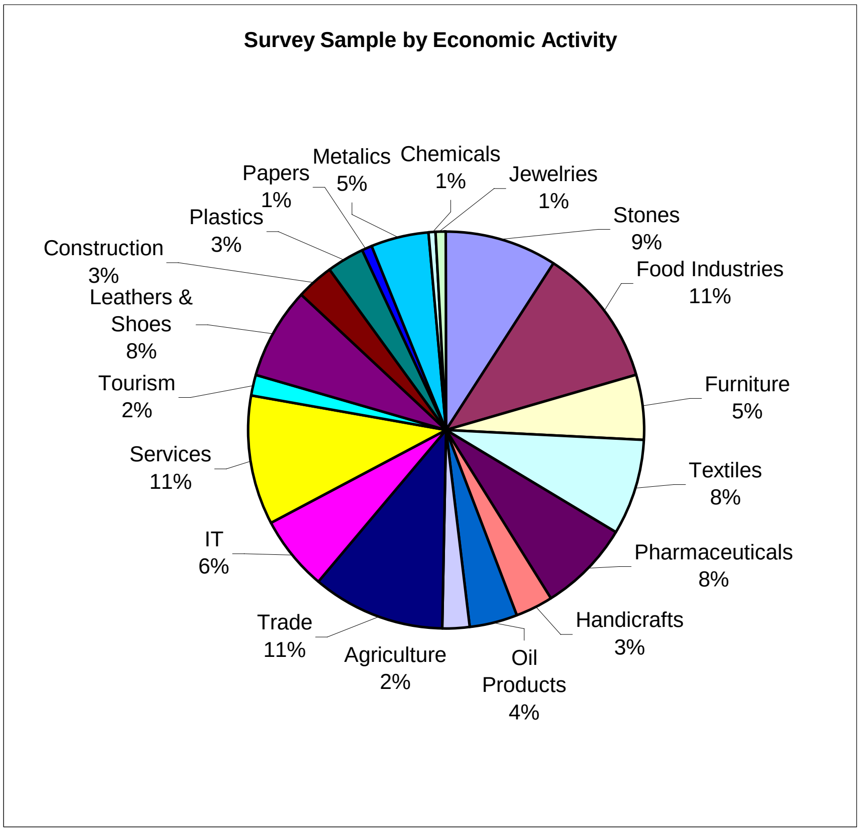
The survey was to include a minimum of 100 companies of PalTrade members and potential clients distributed geographically over most of West Bank and Gaza Strip cities. Therefore, PalTrade developed a sample list of 172 companies distributed over key sectors and geographically over most of West Bank and Gaza Strip. The sample list was of mostly PalTrade members as well as potential clients from most of the productive sectors. However, not all of the companies were interviewed due to different reasons such as unavailability of key personnel. The sample distribution was as follows:

		Sample Size			Actual No. of Interviewed Companies		
	Sector	West Bank	Gaza	Total Sample	West Bank	Gaza	Total Sample
1	Stone & Marble	19	0	19	12	0	12
2	Processed Food & Beverages	16	4	20	14	2	16
3	Wood & Furniture	1	8	9	1	7	8
4	Garment & Textile	7	6	13	6	5	11
5	Pharmaceutical	5	1	6	4	1	5
6	Handicrafts	6	2	8	2	2	4
7	Olive Oil	4	1	5	3	1	4
8	Cash Crops	2	4	6	2	4	6
9	Trading	6	5	11	4	5	9
10	ICT	7	6	13	3	6	9
11	Services	8	6	14	7	5	12
12	Tourism	4	2	6	2	2	4
13	Leather & Shoes	11	0	11	11	0	11
14	Construction	1	6	7	0	5	5
15	Plastic	2	5	7	2	4	6
16	Paper	3	0	3	3	0	3
17	Metal	5	3	8	4	2	6
18	Chemical	3	1	4	3	1	4
19	Jewellery	2	0	2	1	0	1
	Total	112	60	172	84	52	136

2.4 – Distribution of the Survey Sample by Main Characteristics

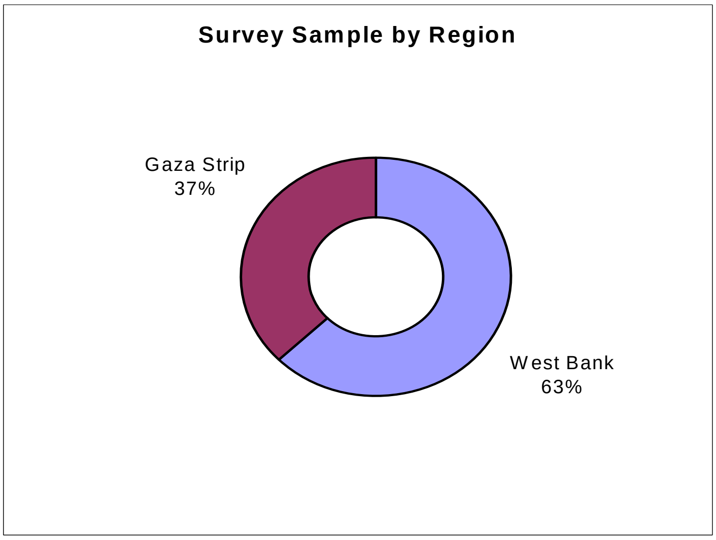
2.4.1 – Economic Activity

The sample reflects the main activities practiced in the Palestinian Territories, as indicated in the following figure:



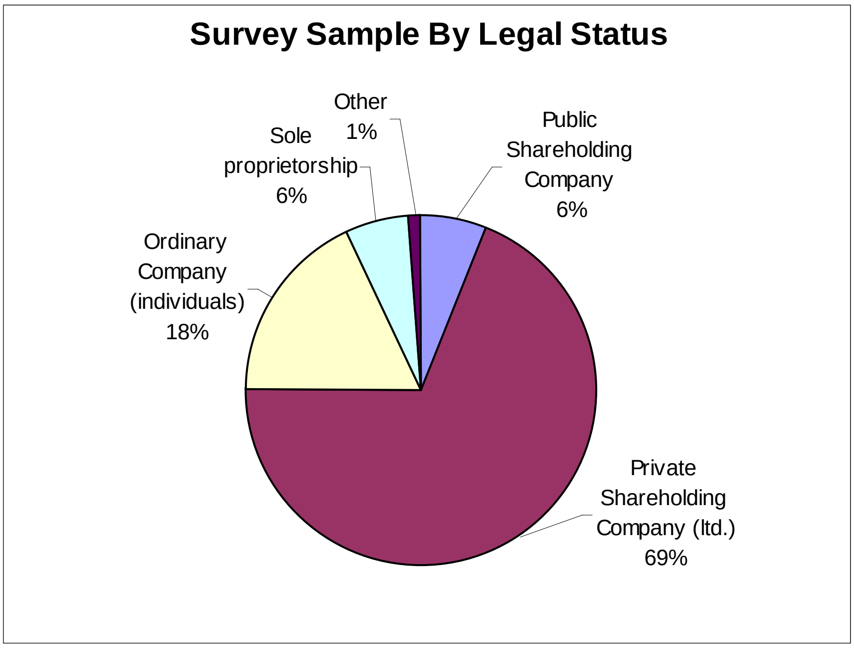
2.4.2 – Geographic Region

The sample also represents an acceptable geographic distribution, where 37% of companies surveyed are located in the Gaza Strip and 63% in the West Bank. This distribution is considered reflective of the total distribution of establishments between the two regions.



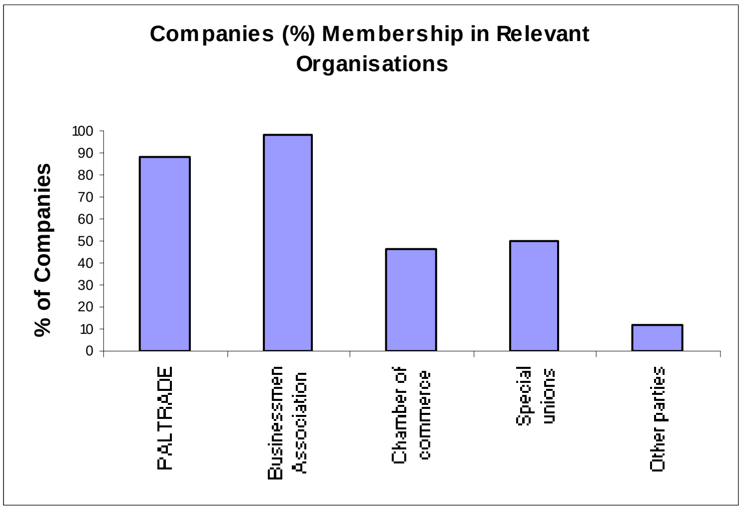
2.4.3 – Legal Status

From a legal status perspective, most of the surveyed establishments were private shareholding companies as shown in the figure below:



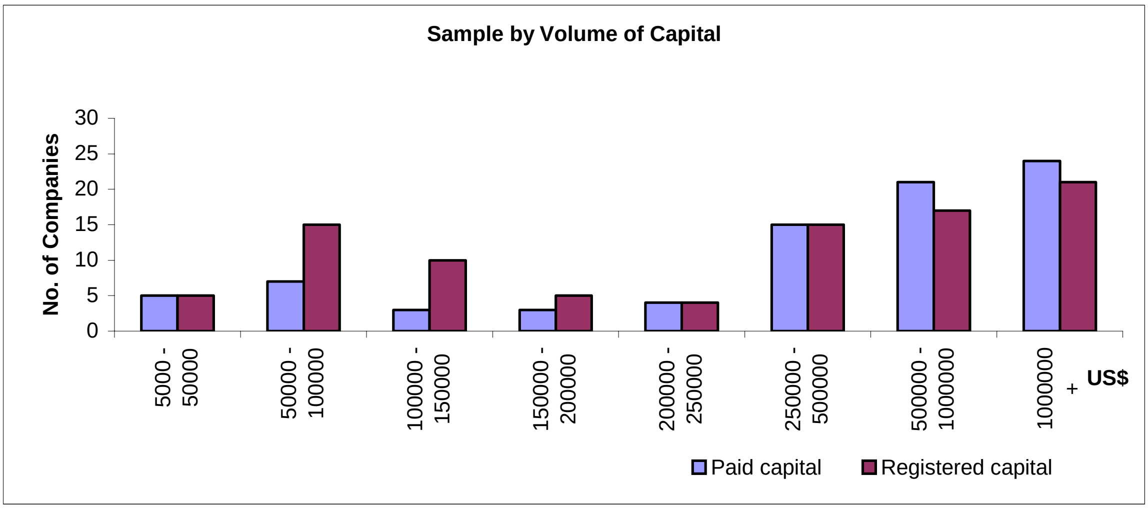
2.4.4 – Membership in Associations

The survey results indicate that the majority of the respondents have at least a membership in one of the relevant/sectoral associations or federations. The following chart shows that more than 90% of the companies have membership in the Businessmen Association (98%) and PalTrade (89%).



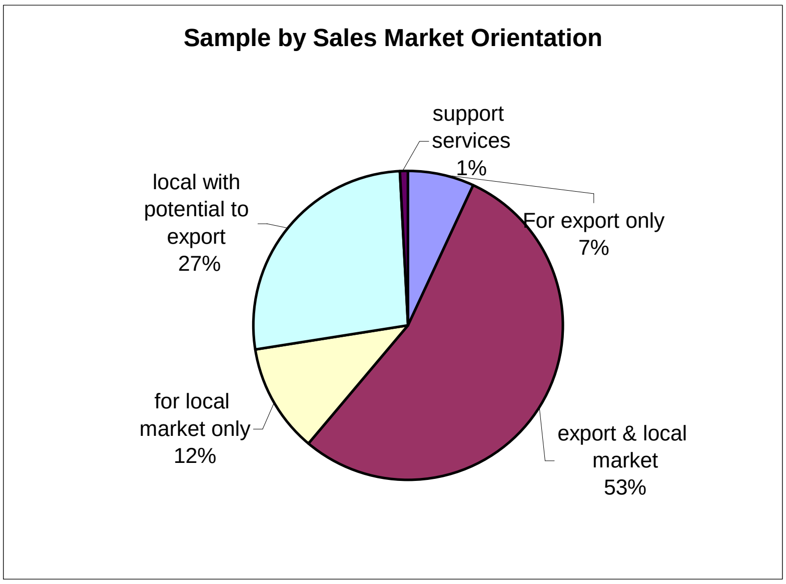
2.4.5 – Type and Volume of Capital

The survey data also show an acceptable distribution of respondents with respect to the level of registered and paid capital in their companies' records. The figure below shows the survey results for the sampled companies on the level of capital officially registered paid according to size of capital categories in US $. As shown, a significant part of the sample is concentrated in those who have a slightly higher volume of the two types of capital.



2.4.6 – Market Orientation

The majority of the companies surveyed (around 60%) are classified as export market oriented in terms of their sales. The following figure classifies the companies based on their market orientation:



SECTION THREE: GENERAL RESULTS ANALYSIS OF EXPORT PRODUCTS AND MARKETS

3.1 – Main products sold in the Local, Israeli and Export markets

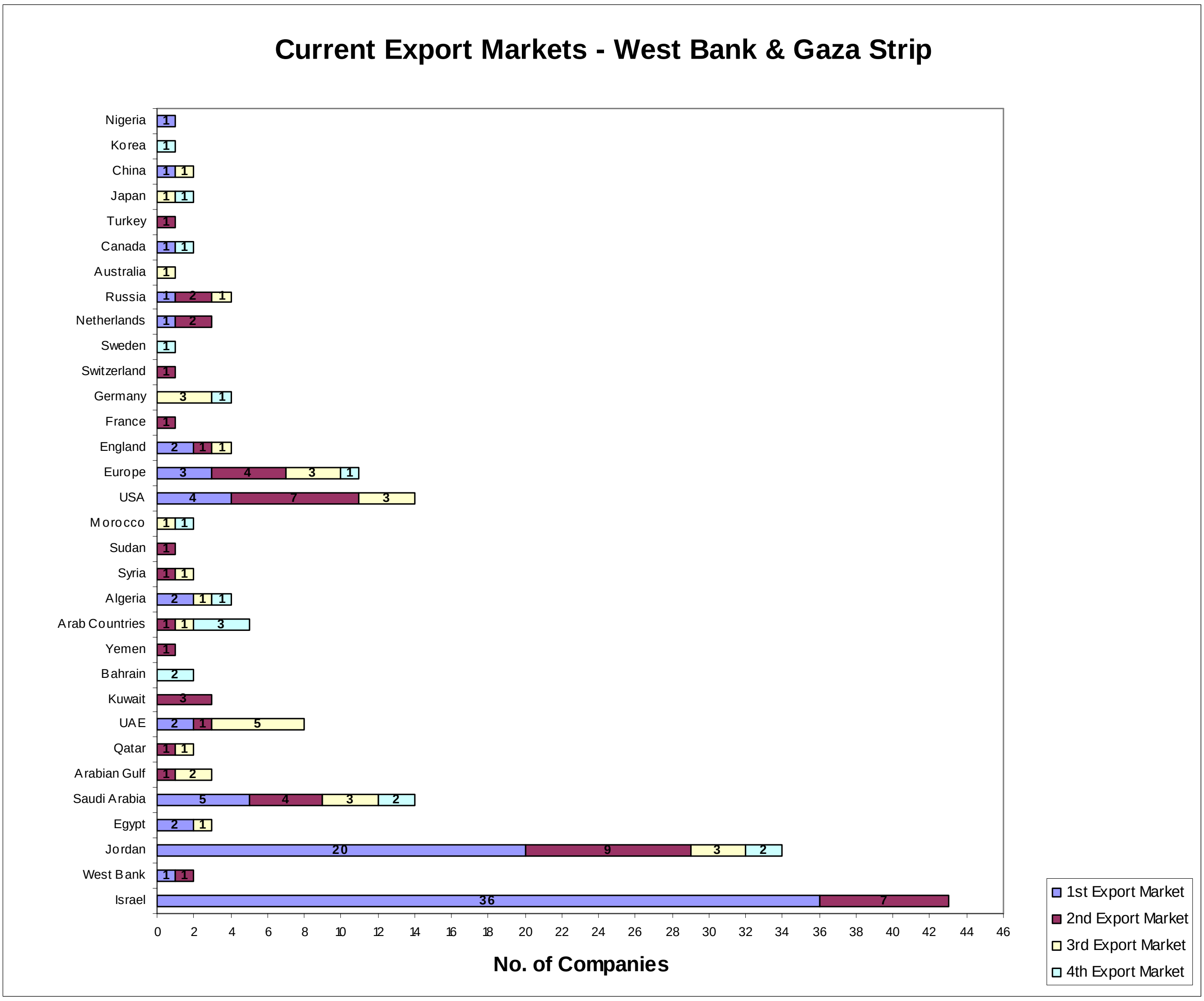
Survey results reveal that the top products sold in local, Israeli and other export markets are as follows; with respect to each sector:

Sector	Products sold in local market	Products sold in Israeli Market	Products sold in Export Markets
Stone & Marble	Construction stones, Tiles and models, accessories	Construction stones, Tiles and models, granite	Construction stones, Tiles and models, granite
Processed Food & Beverages	Freikeh, Juices, milks, ice cream, chips	Juices, milks, saniora, chips, chicken soup	Juices, milks, saniora, chicken soup
Wood & Furniture	house furniture, office furniture, kitchen furniture, dinning tables	house furniture, schools furniture, dinning tables	dinning tables
Garment & Textile	clothes, textile products	clothes, kitchen cloths textile products	clothes, textile products
Pharmaceutical	Antibiotics, perfumes, tablets, medicines	Antibiotics, perfumes, medicines	Antibiotics, perfumes, medicines
Handicrafts	ceramics, olive wood products, tourism products	ceramics, glass sets, different products	ceramics, glass sets, different products
Olive Oil	olive oil, Butter (Samn), oil products	olive oil, oil products	olive oil, oil products, samn
Cash Crops	Strawberry, olive oil	Strawberry, olive oil, flowers	Strawberry, olive oil, fruits, vegetables
Trading	medical, olive oil, electrical, plastic tubes, seeds	olive oil, plastic tubes, seeds, stones	olive oil, plastic tubes, seeds, stones, water tanks
ICT	IT products, IT services, IT financial solutions	services	IT services
Services	management consultancy, financial consultancy, industrial manuals (specifications)	Media	Media, management services, tourism hotel services
Tourism	Tickets,	Tickets, services	Tickets, tourism services
Leather & Shoes	shoes and accessories, sport shoes, summer shoes	shoes , sport shoes, summer shoes	shoes , sport shoes, summer shoes
Construction	tiles stones and models, infrastructures, stones	stones and granite	stones and granite
Plastic	plastics, plastic tubes, kids toys, construction accessories	plastics tubes, construction accessories	plastics tubes, construction products
Paper	copy books and related materials	copy books and related materials	copy books and related materials
Metal	water tanks, construction materials, agriculture equipments, aluminum products	construction materials, tilling equipment, desks, steel cabinets	construction materials, multilock accessories
Chemical	cleaning and washing products, health and medical products	cleaning and washing products	cleaning and washing products
Jewellery	gold jewelries	gold jewelries	gold jewelries

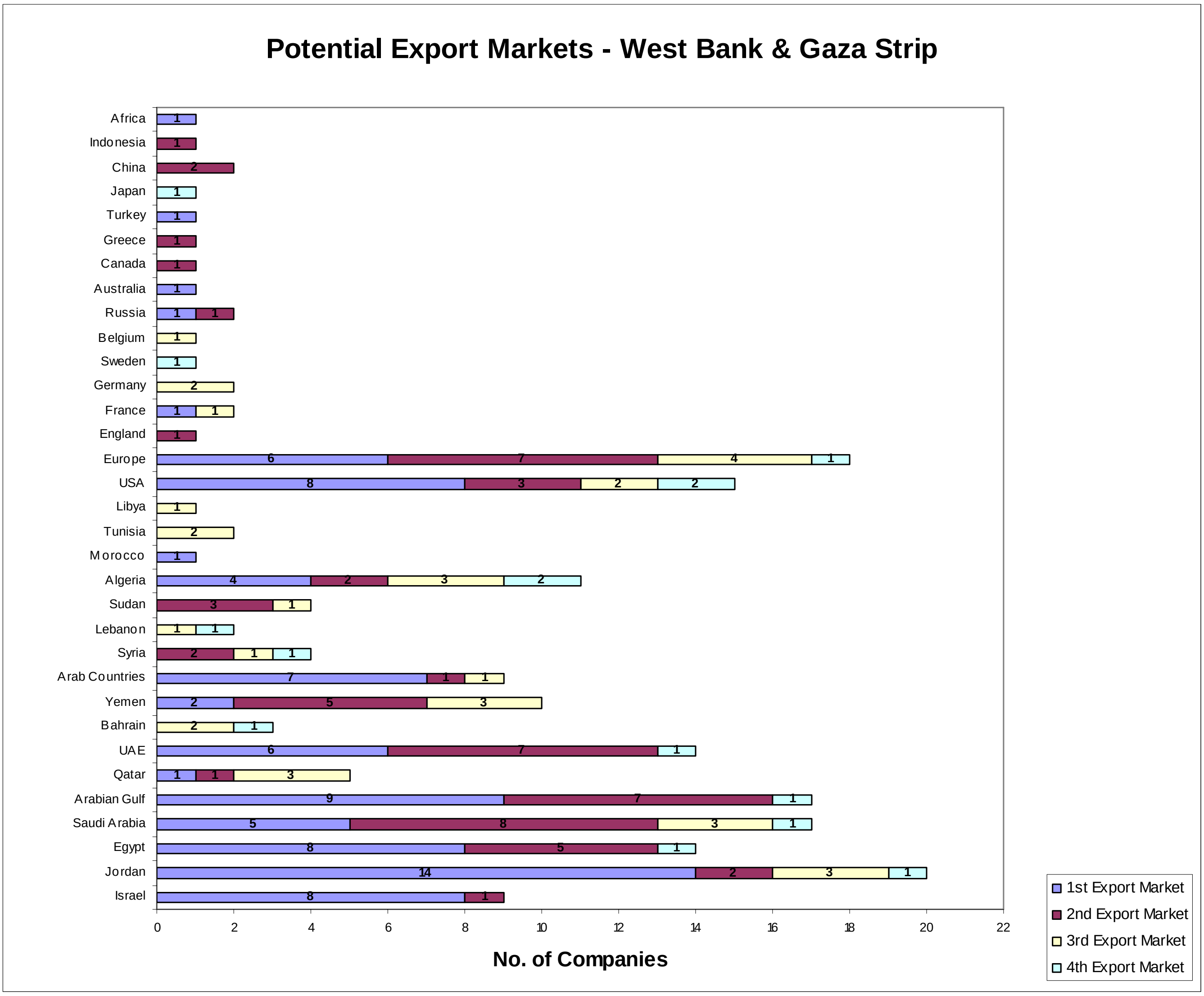
3.2 – Export Markets

3.2.1 – Existing vs. Potential Export Markets – National Level

It is clear from the survey results that the main current export markets for the West Bank and Gaza Strip companies are: Israel, Jordan, USA, Saudi Arabia and Europe.

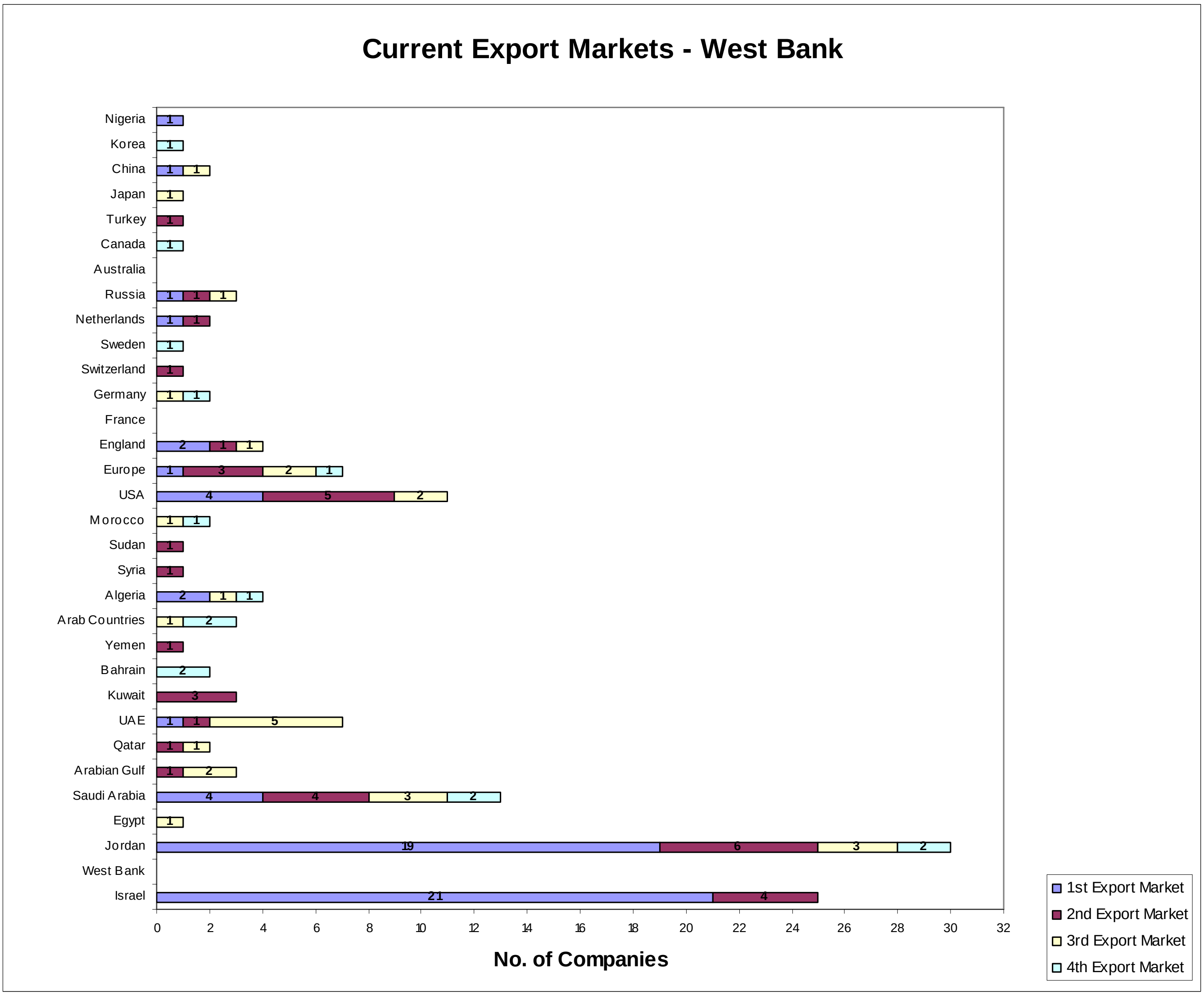


West Bank and Gaza Strip companies view Jordan, Arab Gulf Countries and European countries as the markets with the most potential for future exports.

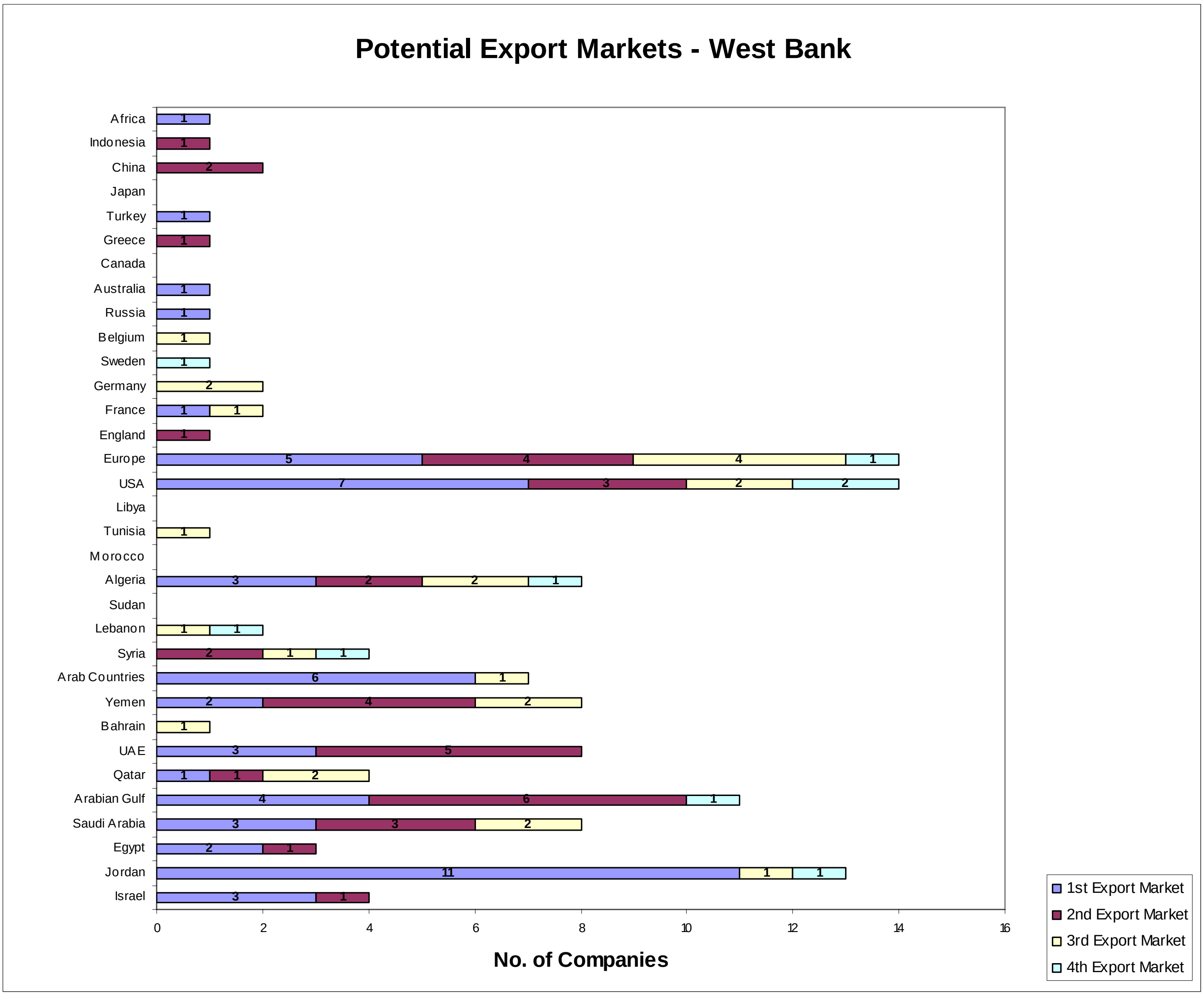


3.2.2 – Existing vs. Potential Export Markets – West Bank

Companies that were surveyed in the West Bank showed that the biggest export market is Jordan followed by Israel. The chart below shows that Saudi Arabia and the USA are also big export markets for West Bank establishments that were surveyed:

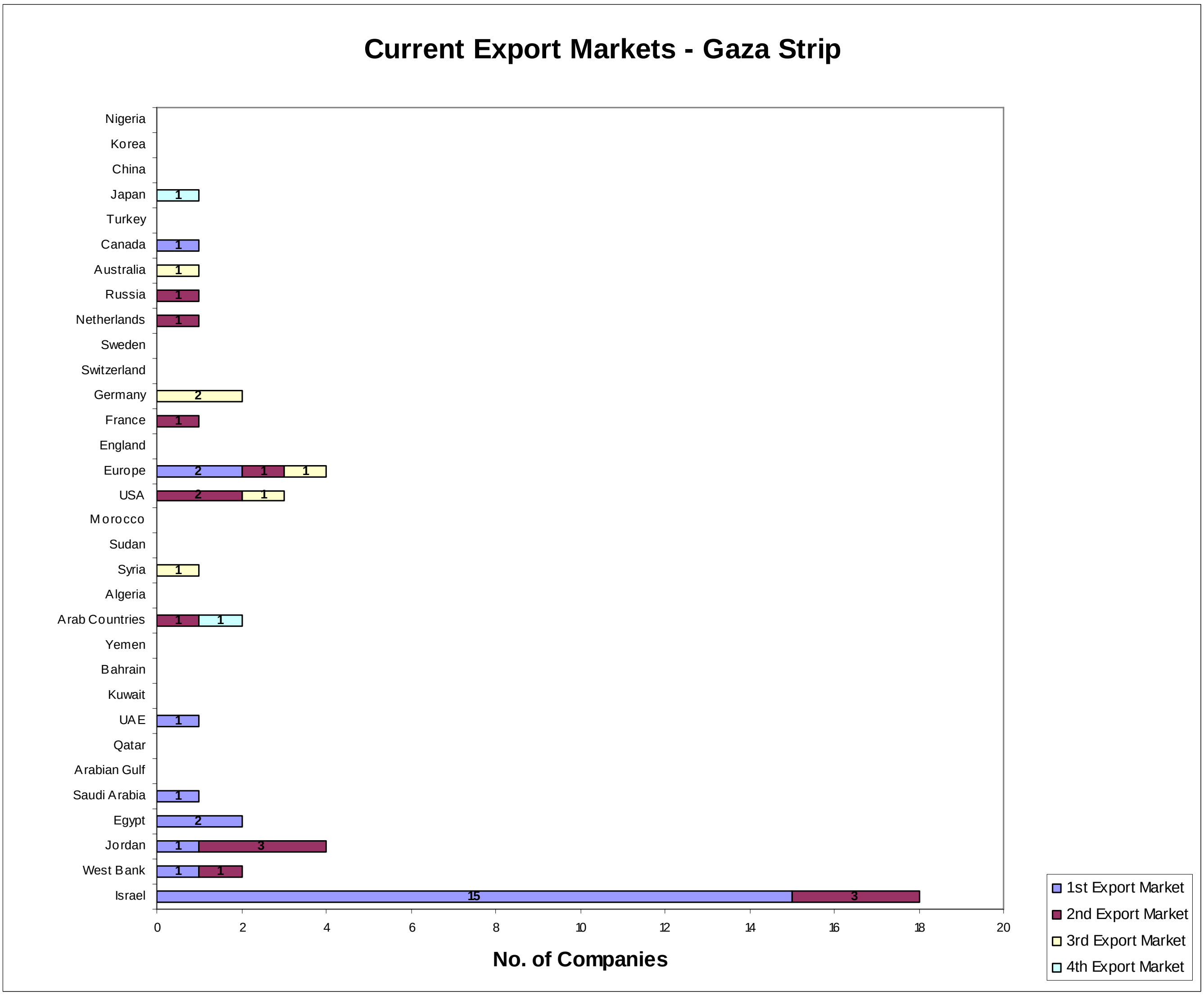


Surveyed companies in the West Bank see potential in Jordan, USA and European markets for future exports as shown in the below chart:

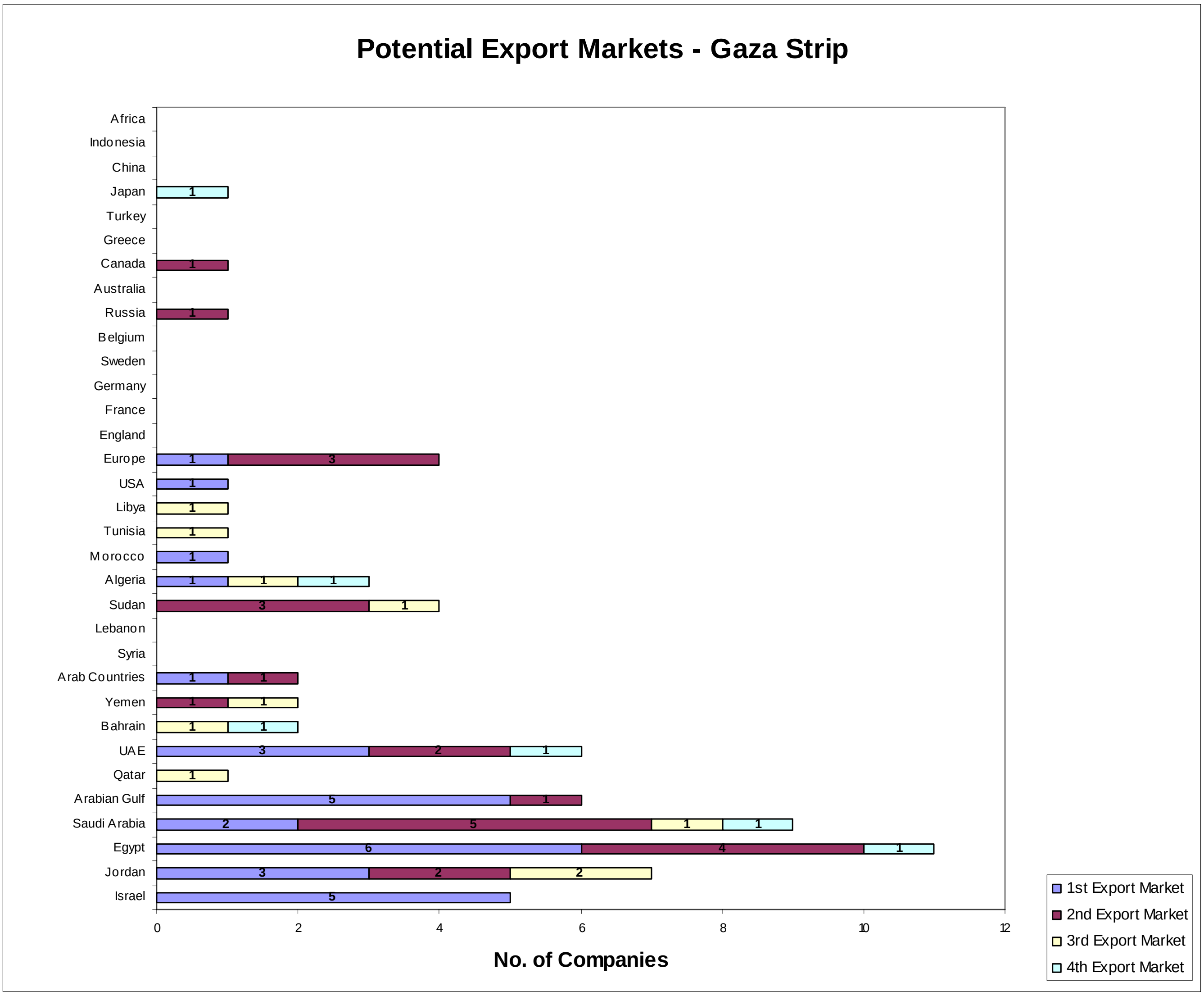


3.2.3 – Existing vs. Potential Export Markets – Gaza Strip

Gaza Strip companies indicate that Israel is by far the largest export market; followed by Jordan and Europe but not as large. It can be noticed that they are not diversified as West Bank current export markets and totally dependant on the Israeli market.



Due to its proximity to the Gaza Strip, Egypt seems to be the most sought after potential export market for Gaza Strip companies, followed by other regional Arab markets. Gaza Strip companies also hope to diversify their exports to Israel and Arab Gulf counties, Saudi Arabia in particular.



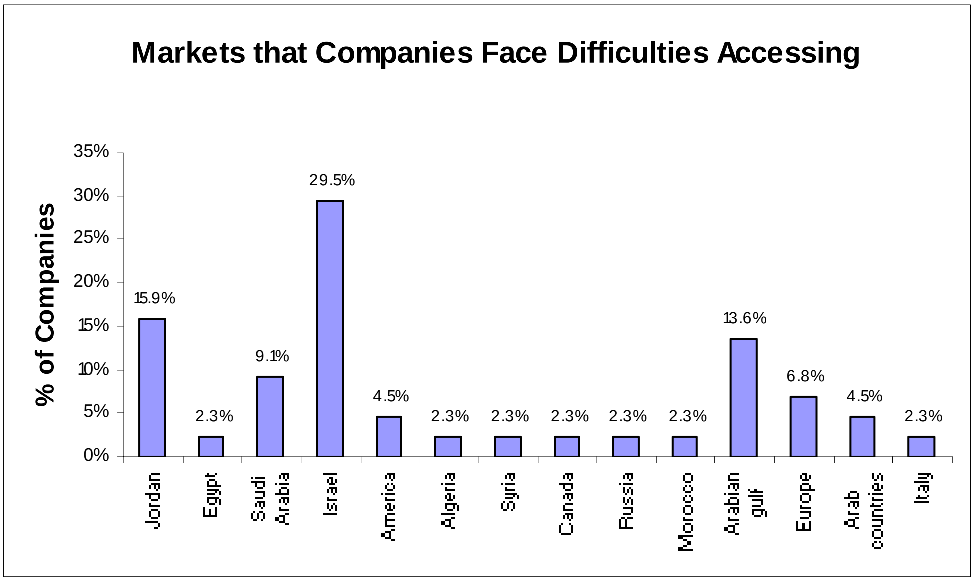
3.2.4 – Existing vs. Potential Export Markets for the Key Sectors

Sector	Existing Export Markets	Potential Export Markets
Stone & Marble	Israel, Jordan, USA, Gulf, Europe, China, Morocco	Jordan, USA, Arab Gulf, EU, China, Lebanon
Processed Food & Beverages	Jordan, Israel, Saudi Arabia, UAE, Algeria, Morocco, Yemen, Egypt, USA, Europe, Canada	Jordan, USA, EU, Saudi Arabia , Syria, Algeria, UAE, Egypt,
Wood & Furniture	Israel, EU, Canada	Israel, Jordan, Saudi Arabia, Tunisia, UAE, Egypt, Europe
Garment & Textile	Israel, Jordan, EU, USA	Egypt, Israel, EU, UAE, USA, Saud Arabia
Pharmaceutical + Chemical	Israel, Algeria, Netherlands, Russia, Jordan, Europe, Syria, Saudi Arabia	Algeria, Russia, Yemen, Qatar, USA, UAE, EU
Handicrafts	Israel, UAE, Jordan, USA, Europe	USA, Israel, Arab Countries, Germany, Sweden
Olive Oil	Jordan, EU, Israel, Japan, Korea	Autralia, Yemen, UAE, Saudi Arabia, Tunisia, Algeria, USA, Indonesia
Cash Crops	Israel, Gulf Countries, EU, USA	Saudi Arabia, USA, EU, Jordan, Gulf, Japan
Trading	Israel, Jordan, Gulf, Europe	Jordan, Egypt, UAE, Turkey, Saudi Arabia, Greece, Belgium
ICT	Jordan, Arab Gulf	Jordan, Egypt, Gulf
Services	Jordan, Egypt, Europe, USA, Japan, Syria	Gulf, USA, Morocco, Sudan, Yemen
Leather & Shoes	Israel, Jordan, Saudi Arabia, Turkey, UAE	Jordan, Israel, Egypt, Gulf, Yemen
Plastic	Jordan, Israel,	Jordan, Israel, Eypt, Sudan, Libia, Algeria, gulf
Paper	Israel,	Jordan, Gulf
Metal	Jordan, Israel, Saudi Arabia, USA, Sudan, Egypt, Qatar	UAE, Jordan, Algeria, Sudan, Yemen
Jewelry	Jordan	Jordan, USA, EU Saudi Arabia

3.3 – Hard to Access Export Markets

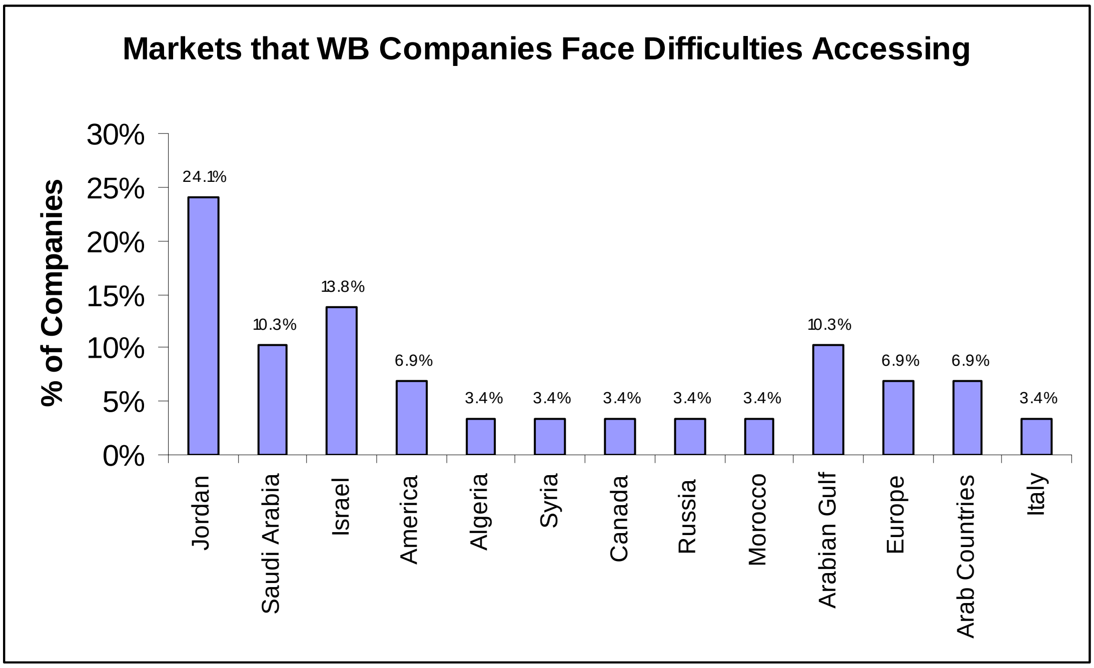
3.3.1 – Hard to Access Export Markets – National Level

On the national level, respondents conveyed that Israel (being our largest trading partner) is the market which companies face the difficulties, followed by Jordan.



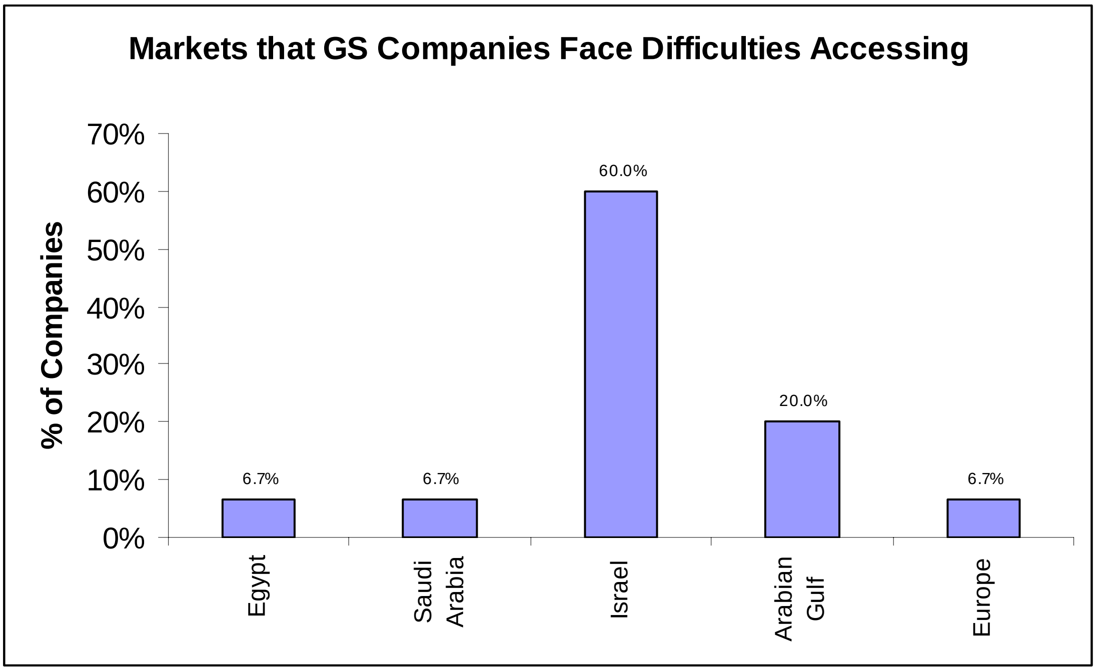
3.3.2 – Hard to Access Export Markets – West Bank

The following table shows that West Bank companies have the most difficulty accessing the market in Jordan followed by Israel and the Gulf Countries:



3.3.3 – Hard to Access Export Markets – Gaza Strip

The table indicates that Gaza Strip companies have a harder time accessing the Israeli market than their West Bank counterparts, this is due to the Israeli market being the main export market:



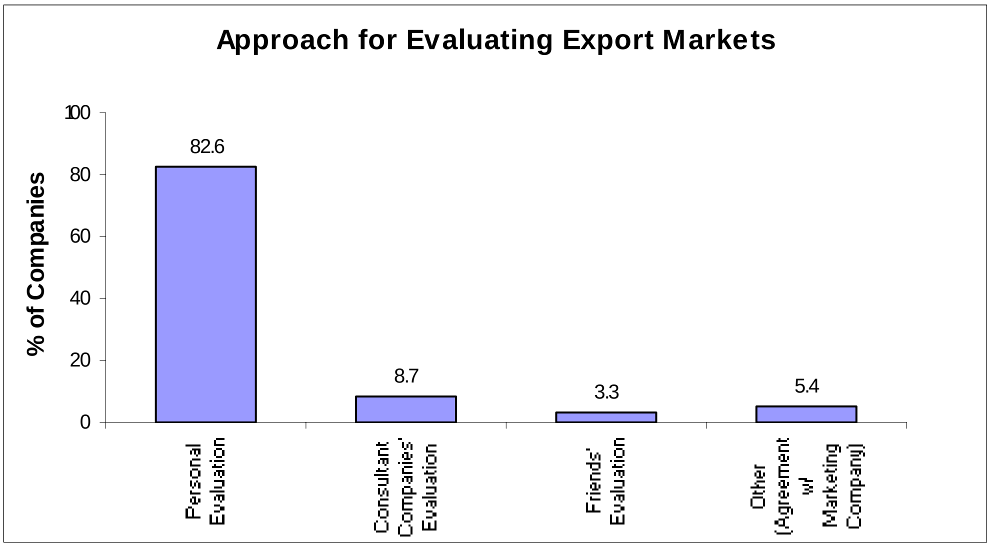
3.3.4 – Hard to Access Export Markets – National Level by Sector

The export markets that were difficult to access varied with respect to the economic sector as show in the table:

Economic Sector	Market
Stone & Marble	Jordan, USA, Canada, Morocco
Processed Food & Beverages	Saudi Arabia, Israel, Algeria, Syria
Wood & Furniture	Israel, Arab Countries
Garment & Textile	Israel, Arab Countries
Pharmaceutical	Jordan, Israel, Russia, Arab Countries
Handicrafts	Israel, Arab Countries
Agrigultural	Israel, USA, EU
Trading	Jordan, Israel, EU
ICT	Saudi Arabia
Services	Egypt, EU, Arab Countries
Leather & Shoes	Saudi Arabia
Metal	Israel
Chemical	Jordan
Jewelry	Jordan

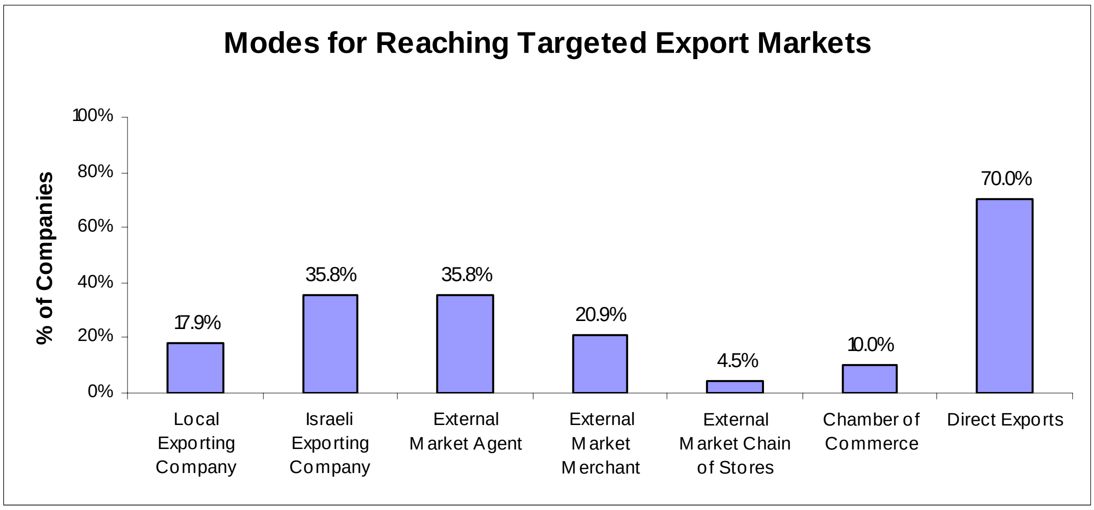
3.4 – Approach for Evaluating Export Markets

On the other side, the survey results indicate some differences in the approaches used by the different companies in reaching these export markets, taking into account that the personal role is the most significant approach for evaluating export markets by companies in the West Bank and Gaza Strip, as shown in the following figure:



3.5 – Market Access Modes

The survey also explored the modality used by sampled companies to reach their targeted export markets. The main approach used for exporting is through direct activities; mainly to Israeli markets. This reflects the high level of dependency that the Palestinian economy has on the Israeli market, especially when it comes to direct imports and exports both in the West Bank and Gaza Strip. The following chart represents the different modes companies use to access their export markets:

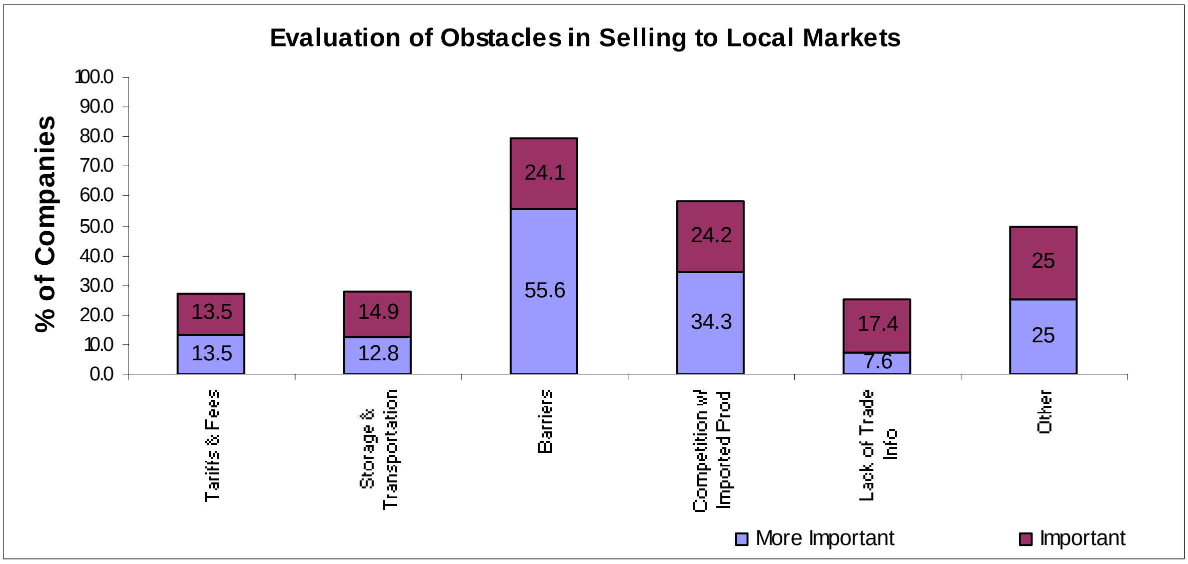


SECTION FOUR: OBSTACLES FACING WEST BANK AND GAZA STRIP TRADE ACTIVITY IN LOCAL AND EXPORT MARKETS

For West Bank and Gaza Strip companies, reaching target markets is highly impacted by the current situation; as the Palestinian economy lives under the occupation policies and ongoing restriction measures. The survey takes into account the obstacles that these companies face, and tries to paint a more accurate picture that these obstacles play in products reaching local and export markets, noting that crossing barriers was the largest obstacle in accessing markets.

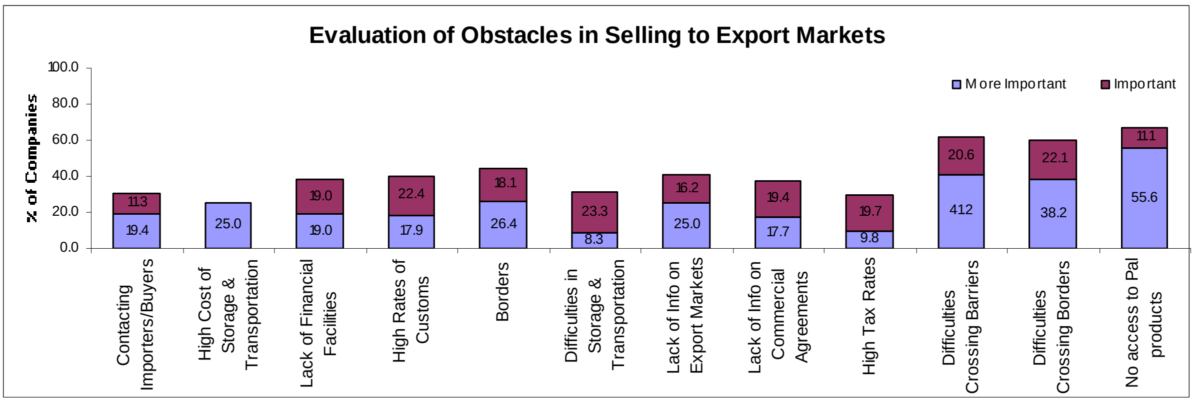
4.1 – Obstacles in Selling to the Local Market

The respondents reported that crossing barriers and borders is a significant factor that has an important role on their ability to cover Local Markets as seen from the below chart. The respondents also classify competition with imported goods and commodities as another major factor.



4.2 – Obstacles in Selling to the Export Markets

West Bank and Gaza Strip companies not only face difficulties in accessing Local Markets, but they also face obstacles in reaching Export Markets. Besides their weaknesses linked to internal obstacles due to the Palestinian case, the Palestinian companies reported extra difficulties with respect to their ability to explore external markets. The results of the survey summarize the problems and their importance according to sampled companies in the chart below:



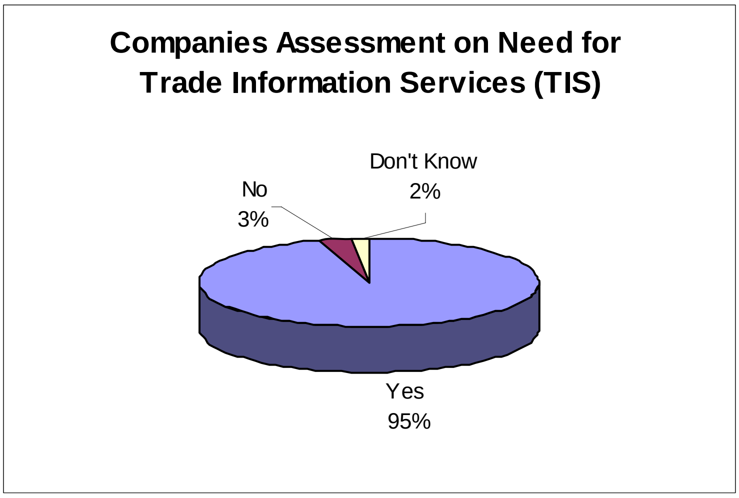
SECTION FIVE: NEED FOR TRADE INFORMATION SERVICES (TIS) AND CURRENT SOURCES OF TRADE INFORMATION

There is a need to identify the business information needs and preferred information delivery mechanisms for PalTrade clients. Part of the survey was a study on the demand for trade information in West Bank and Gaza Strip and an evaluation of the current sources for trade information available. The survey clearly showed that there is a high demand for information services around 95% of the sample indicated that there is a need for information services and that the currently provided services in the market are not enough. In addition 50% indicated information needs for certain export markets in which needed information is mostly required were the Arabian Gulf (mainly KSA and UAE), followed by regional markets of Jordan and Israel, and finally European markets. There also seems new potential markets that companies are interested in trade information such as Qatar, Algeria, Yemen and USA. Noting that the export sectors most interest in these market information are Processed Food, Stone and Marble, Pharmaceutical, Garment &Textile and Leather & Shoes. With regard to the type of information needed: on the local level, the results indicate that most of the sample needed market related information in addition to names of importers; on the export level in addition to the above there is a high interest in trade agreements and import regulations information. The survey also presents that there is interest in most of the proposed services.
Assistance was provided by PED/DAI in analyzing this section of this survey, by Mr. Mohammed Frangi.

5.1 – Need for Information Services

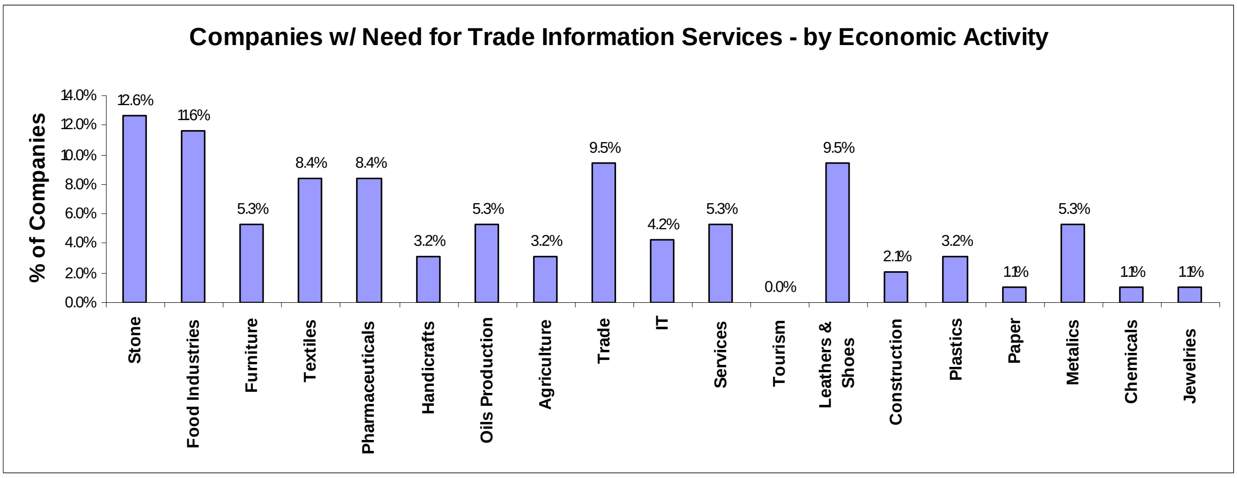
5.1.1 – Overall Need

The survey results indicate a significant demand for market information in both West Bank and Gaza Strip companies as shown in the following chart:



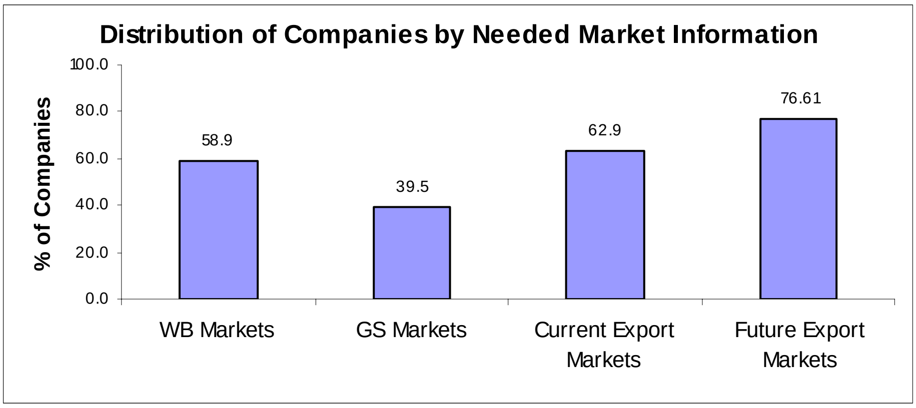
5.1.2 – Need By Sector

The survey results represent different areas of interest for TIS and related services, and it is observed that stones production and food industries are more likely to ask for further TIS compared with other economic activities as seen from the following figure:



5.1.3 – Needed Market Information

The results of the survey showed that sampled companies are more interested in obtaining information about future export markets as well as current export markets.



The table below show interest by market information per sector; which 50% of the sample indicated specific information needs for certain export markets. The table shows that Arabian Gulf (mainly KSA and UAE), followed by regional markets of Jordan and Israel, and finally European markets are is were most of the information is needed. There also seems new potential markets that companies are interested in market information such as Qatar, Algeria, Yemen and USA.

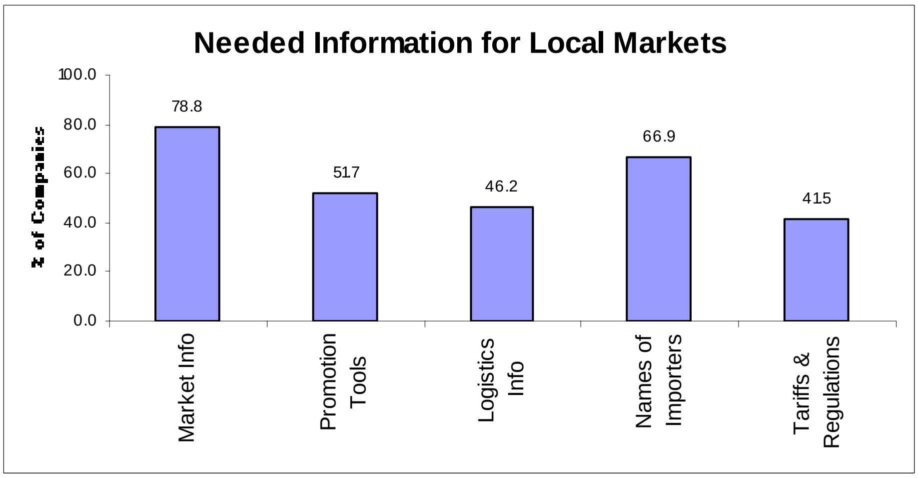
	no. of co.	Israel	Jordan	Egypt	Saudi Arabia	UAE	Qatar	Bahrain	Kuwait	Algeria	Yemen	Sudan	Tunisia	Europe	USA	Canada	Japan	China	Russia
Leather & Shoes	7	1	5		5	5	3			1	2								
Cash Crops	3	2			3	3	2	2	2						1		1		
Processed Food	11	3	6		8	8			5	2	1			6		1			1
Stone & Marble	11	2	5		6	6	5							7	5			2	
Furniture	4	4		2	1	1							1	2		1			
Pharmaceutical	6	1	2		2	3	3			4	3			5					4
Textile	8	6	2	2	2									4	2				
Handicraft	3	3	1			1								2	2				
Software	3		2	2	3	2	1	1											
Plastic	3		2	2	1	1	1			1		1							
Paper	1		1		1	1													
Metal	5		3	1	1		1			3	1	1							
Jewelry	1					1								1					
Chemical	1		1																
Total	67	22	30	9	33	32	16	3	7	11	7	2	1	27	10	2	1	2	5

Note: Blue shaded indicate high demand (more than 50% of sector companies)

5.2 – Type of Needed Information

5.2.1 – Type of Needed Information for Local Markets

With regard to the internal trade between WB and GS; the survey showed that the most needed type of information locally is market information followed by names of importers. The following chart gives more details on the results of the survey:



5.2.2 – Type of Needed Information for Export Markets

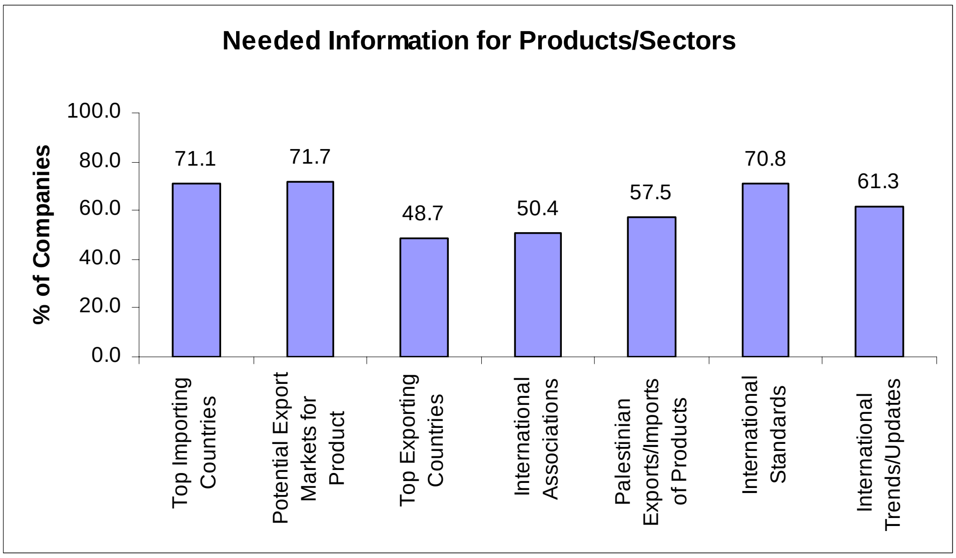
The assessment survey revealed that there is a wide range for the information that is needed on export markets as shown in the following figure; noting that the most required are Trade Agreements, Terms & Regulations, followed by names of importers.

The results are also shown per economic activity:

	Type of Trade Information Needed				
Economic Sector	Market Information,	Names of Importers,	Logistics	Promotional Tool	Tariffs Regulations,
Stone & Marble	✓	✓		✓	✓
Processed Food & Beverages	✓	✓	✓		✓
Wood & Furniture	✓	✓	✓	✓	
Garment & Textile	✓	✓	✓	✓	
Pharmaceutical	✓	✓	✓	✓	
Handicrafts	✓	✓	✓		✓
Olive Oil	✓	✓	✓	✓	
Cash Crops	✓	✓	✓		✓
Trading	✓	✓	✓	✓	✓
ICT	✓	✓	✓	✓	
Services	✓	✓	✓	✓	✓
Tourism	✓	✓		✓	✓
Leather & Shoes	✓	✓	✓	✓	
Construction	✓	✓		✓	
Plastic	✓	✓		✓	✓
Paper	✓	✓	✓	✓	
Metal	✓	✓	✓		✓
Chemical	✓	✓	✓	✓	✓
Jewelry	✓		✓		✓

5.2.3 – Type of Needed Information for Specific Sectors/Products

The survey reflects a need for potential markets for specific products as well as international standards. The below chart and table show these results:

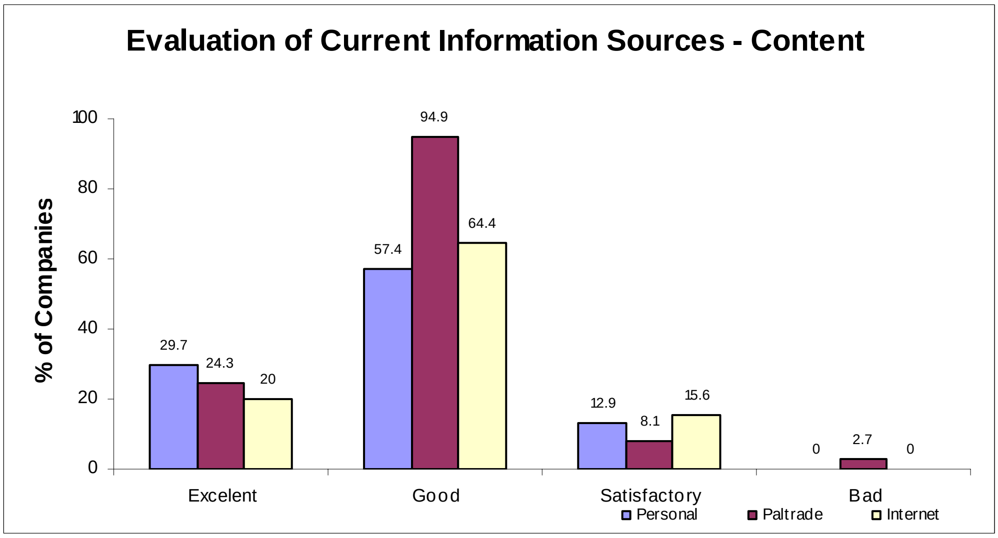


5.3 – Current Sources for Trade Information and their Evaluation

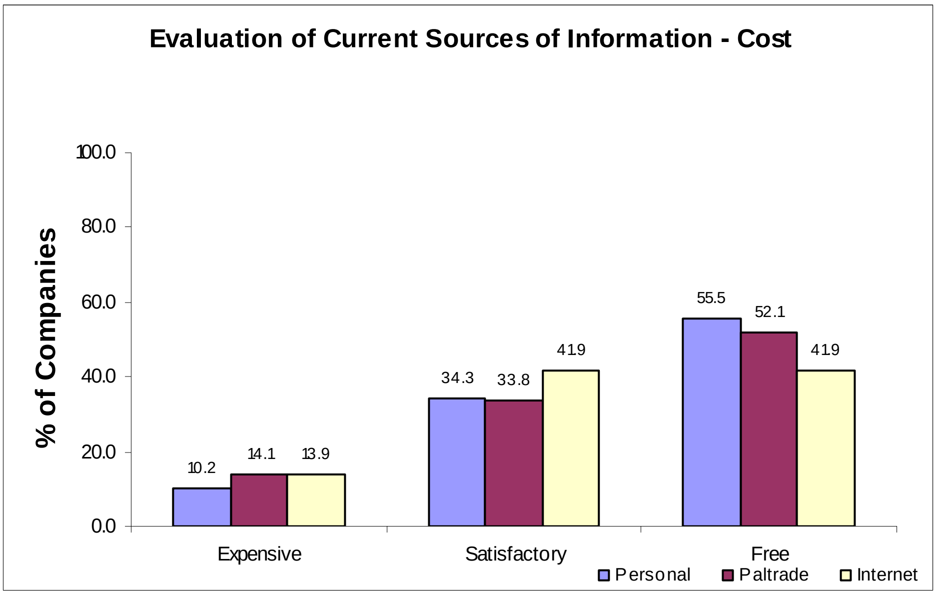
The survey contained an assessment part on the sources/providers of Trade Information Services used by the sample. This assessment aims at presenting areas of improvement for the future to enable companies to better utilize market needs and demands.

The results of the survey show that there are three main sources of Trade Information reported by sampled companies: personal, PalTrade and Internet sources. The below figures show the companies' evaluation of these three sources with in terms of content, cost and effectiveness.
In summary, companies show more confidence with respect to content from information obtained through personal resources, such as exhibitions or other opportunities. Personal resources are also indicated to be the least expensive and most effective but with more need for more sources. In general, there seems to be a demand for more information sources as personal, Internet and PalTrade are not sufficient as the survey results indicate.

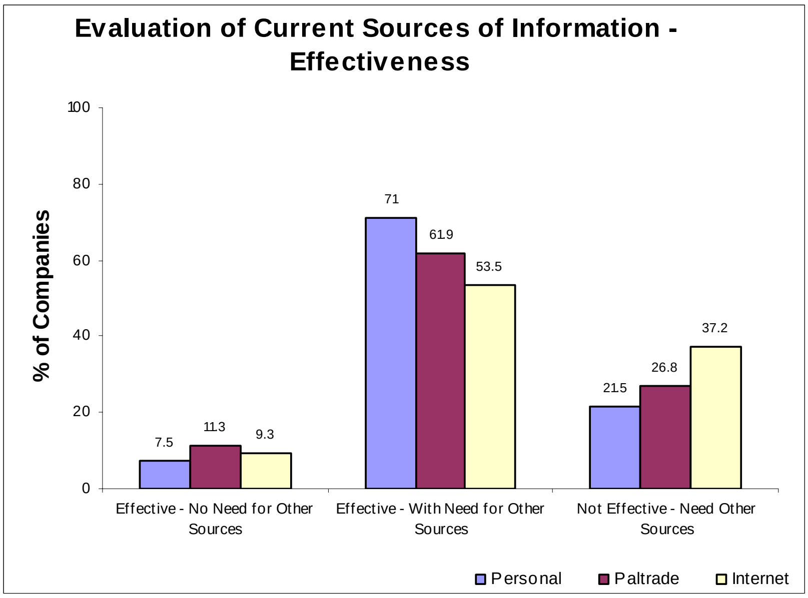
5.3.1 – Assessment of Trade Information Sources with Respect to Content



5.3.2 – Assessment of Trade Information Sources with Respect to Cost

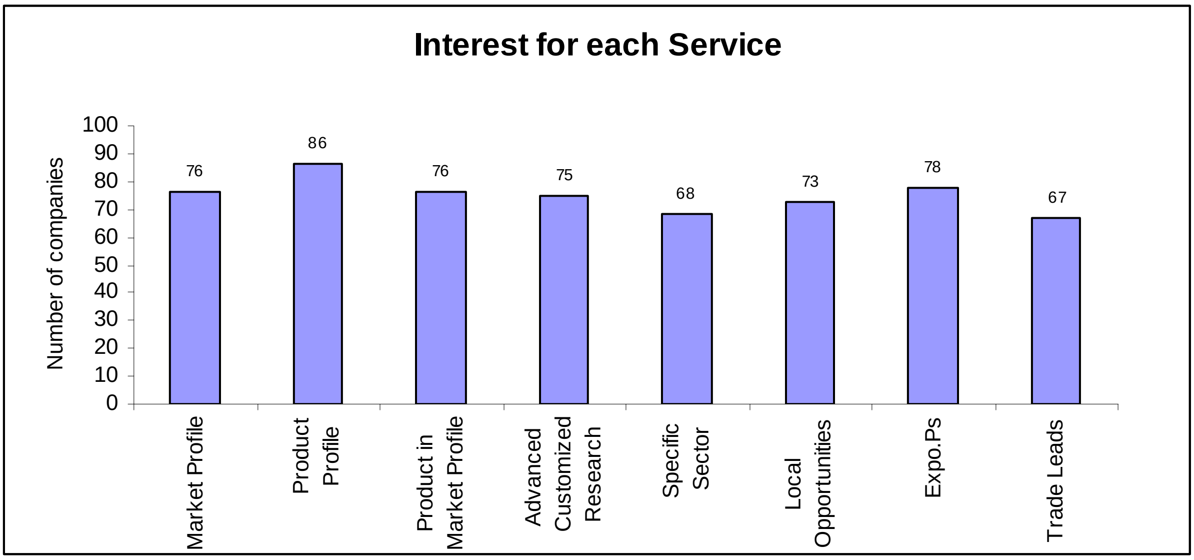


5.3.3 – Assessment of Trade Information Sources with Respect to Effectiveness



5.4 – Preferences for Services

Different type of services were proposed; where the sample showed interest in all of the proposed services as shown in the figure below:



The table show interest of proposed services per economic activity,

	Market Profile	Product Profile	Product in Market Profile	Advanced Customized Research	Specific Sector	Local Opportunities	Expo.Ps	Trade Leads
Agricultures	3	3	2	2	2	3	3	1
Constructions	0	1	1	2	2	2	1	2
Food industries	11	12	9	8	6	8	7	5
Furniture	7	7	5	4	6	4	4	6
handcrafts	2	2	2	2	2	1	3	2
ICT	3	2	4	5	2	5	4	4
Jewelry	0	0	0	0	0	0	1	1
Leathers and shoes	5	6	6	3	6	5	7	6
Metalics	5	6	5	5	4	4	3	3
olive oil	4	4	4	4	3	4	5	4
paper	1	1	1	1	1	1	0	1
pharmaceutical + chemical	10	11	9	8	9	7	8	7
Plastics	1	2	2	2	2	2	2	0
services	1	3	2	5	5	4	6	2
Stones	6	9	7	8	6	8	10	11
Textile	7	7	8	8	6	5	7	5
Tourism	0	0	0	0	0	1	0	0
Trade	10	10	9	8	6	9	7	7
Total number of companies	76	86	76	75	68	73	78	67

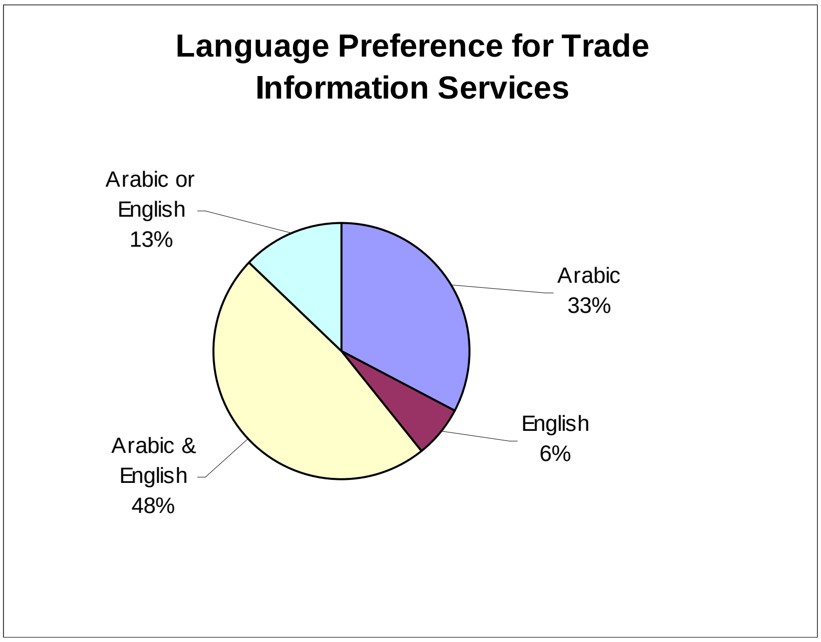
Note: Blue shaded indicate high demand (more than 50% of sector companies)

5.5 – Expectations for Service Delivery

The table below summarizes the survey results in the expected number of requests for trade information services per year as indicated by sampled companies. For each type of request, the respondents had expressed their expectation of delivery time and fees for each request.

	Times per year		Expected fees $		delivery / Days	
Type TI service / option	**1 time**	**2 times**	**free**	**$100**	**7 days**	**30 days**
Market profile	1= 45%	2= 27%	0= 43%	100= 26%	7= 40%	30= 14%
Product profile	1= 45%	2= 28%	0= 36%	100= 20%	7= 35%	30= 17%
Product in market	1= 47%	2= 21%	0= 33%	100= 16%	7= 40%	30= 14%
Customized research	1= 56%	2= 19%	0= 35%	100= 21%	7= 30%	30= 28%
Specific sector	1= 53%	2= 16%	0= 50%	100= 23%	7= 43%	30= 12%
Local trade	1= 29%	12= 15%	0= 36%	100= 20%	7= 44%	30= 11%
Expo.ps	1= 61%	4= 9%	100= 38%	0= 27%	7= 26%	30= 21%
International trade leads	1= 33%	2= 20%	0= 42%	100= 14%	7= 34%	10= 18%

The survey results show that most companies in the West Bank and Gaza Strip prefer Trade Information Services that are available in both Arabic and English as shown in the pie chart below:

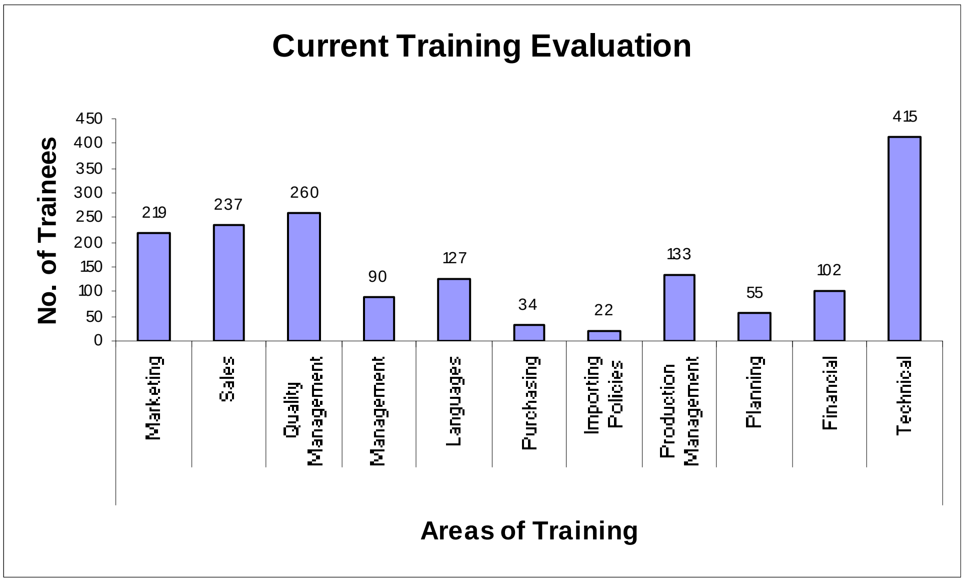


SECTION SIX: EVALUATION OF CURRENT TRAINING METHODS AND FUTURE TRAINING NEEDS

The aim of the training portion of the survey was to evaluate current training methods and identify future training needs and delivery mechanisms. The results of the survey presented the difference of opinion between West Bank and Gaza Strip companies in terms of how they evaluate the different types of trainings. The difference is also clear when discussing the times and duration for training in the two regions.

6.1 – Current Training Evaluation

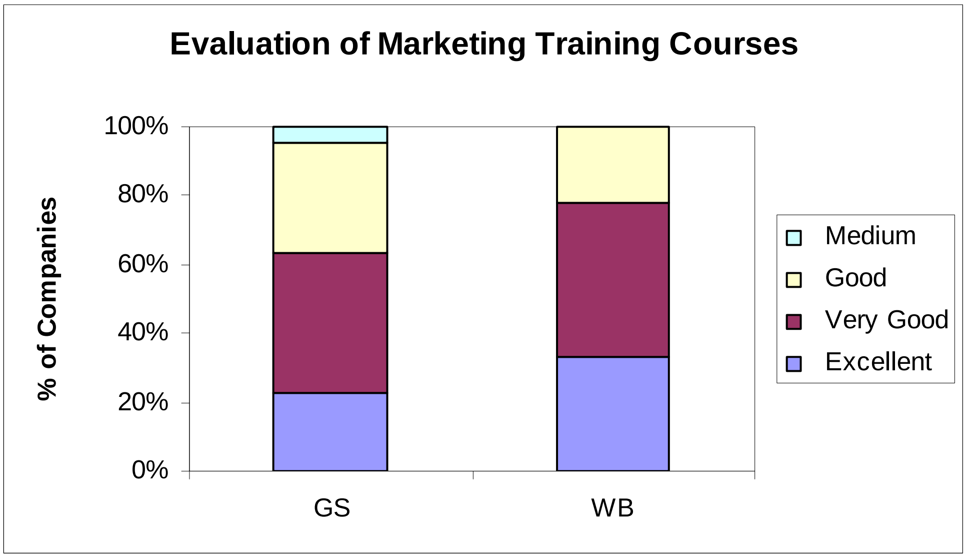
Current training evaluation and future training needs occupied a major part of the questionnaire. It was designed to capture the respondents' views and opinions to benefit future planning and positive intervention to upgrade the capacity of these companies. It is evident that technical training as well as improving management, sales and marketing areas is on the top of companies' priorities when it comes to training. The following chart summarizes the training areas in sampled companies and the number of trainees:



Each training area was evaluated and separated by geographic area to allow comparison between training needs of companies in the West Bank and their counterparts in the Gaza Strip. The following sections summarize the results of these evaluations.

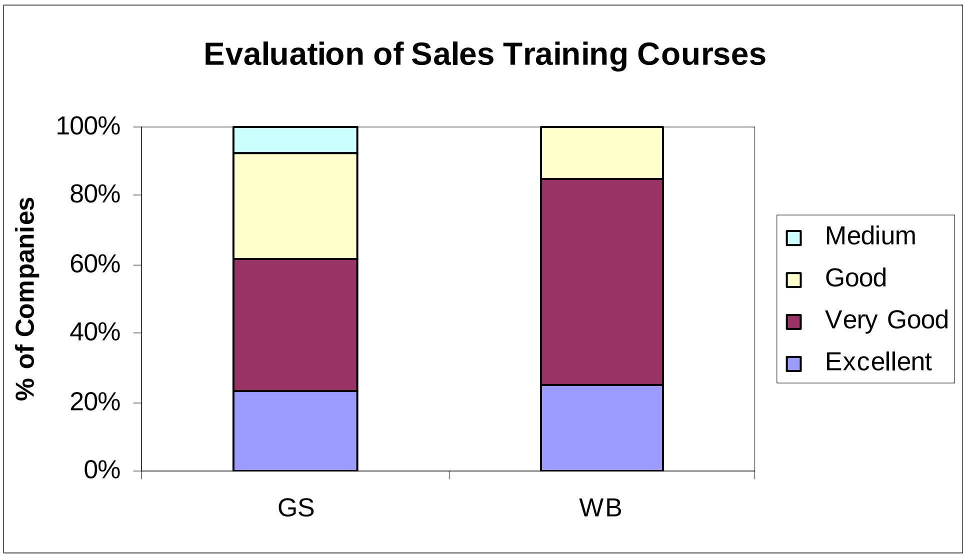
6.1.1 – Training in Marketing

The results of the survey indicate that West Bank companies give higher evaluation of marketing training courses than Gaza Strip companies. This result calls the attention to the wide range of alternatives available in the West Bank compared with the training opportunities in the Gaza Strip:



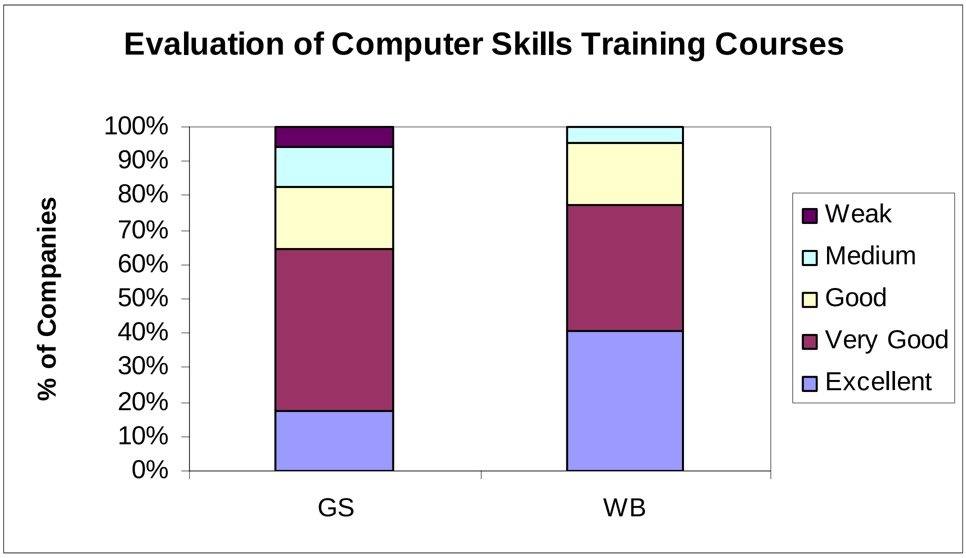
6.1.2 – Training in Sales

Sales represent the core of the economic activity of companies reflecting their future production, revenues and profit generation plans. The evaluation given by West Bank companies to sales training courses is slightly higher than that given by Gaza Strip companies as shown below:



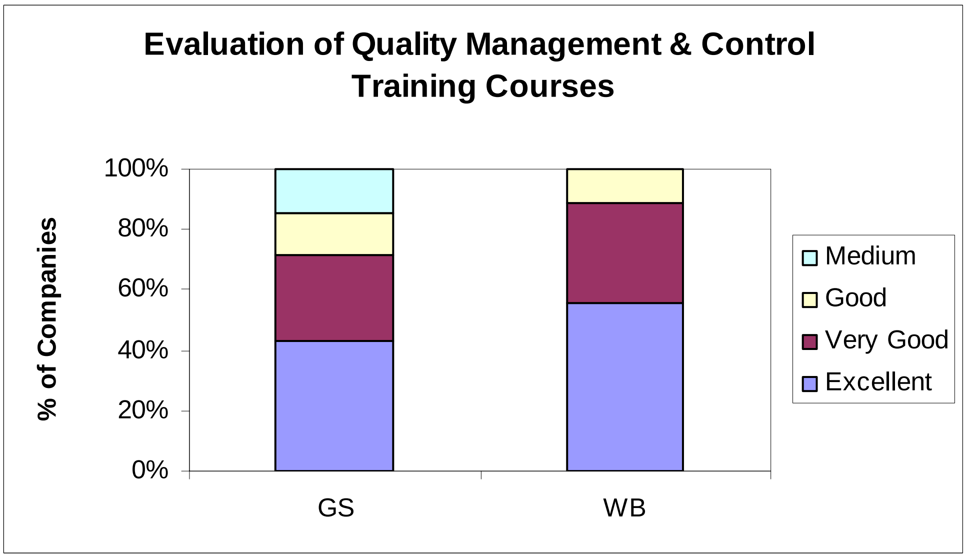
6.1.3 – Training in Computer Skills

The survey revealed significant differences between the response of West Bank and Gaza Strip companies regarding their evaluation of computer skills training courses. While West Bank companies see computer skills training courses as excellent, companies in the Gaza Strip evaluate these trainings as very good with a minority finding the courses weak:



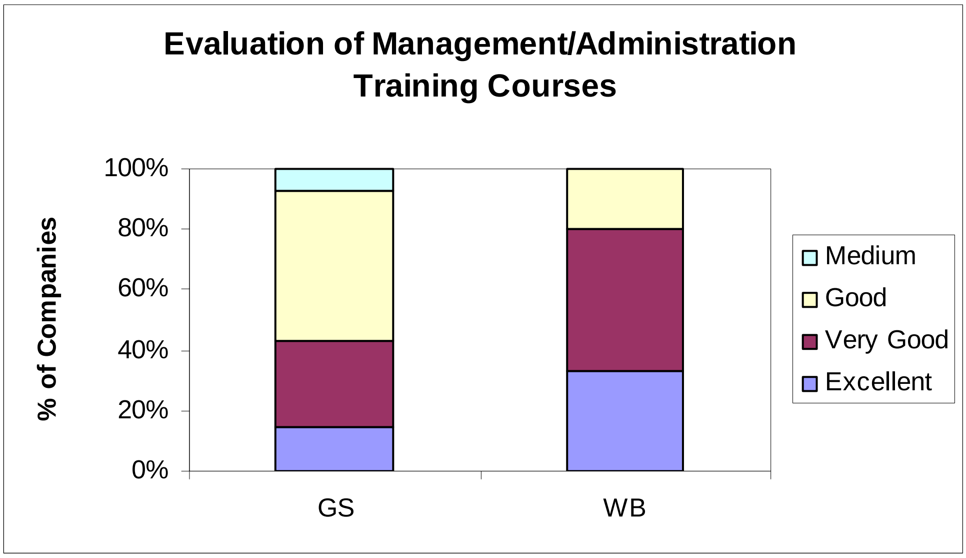
6.1.4 – Training in Quality Control and Management

The survey results reflect a nearly complete symmetry between West Bank and Gaza Strip respondents towards this type of training as seen in the figure below where the quality control and management trainings are viewed as excellent and very good.
In the future, this issue needs further clarification to avoid misunderstanding of the question and misreporting by respondents, as some may feel that they will be adversely impacted if they report weaknesses in quality training which would reflect negatively on their products.



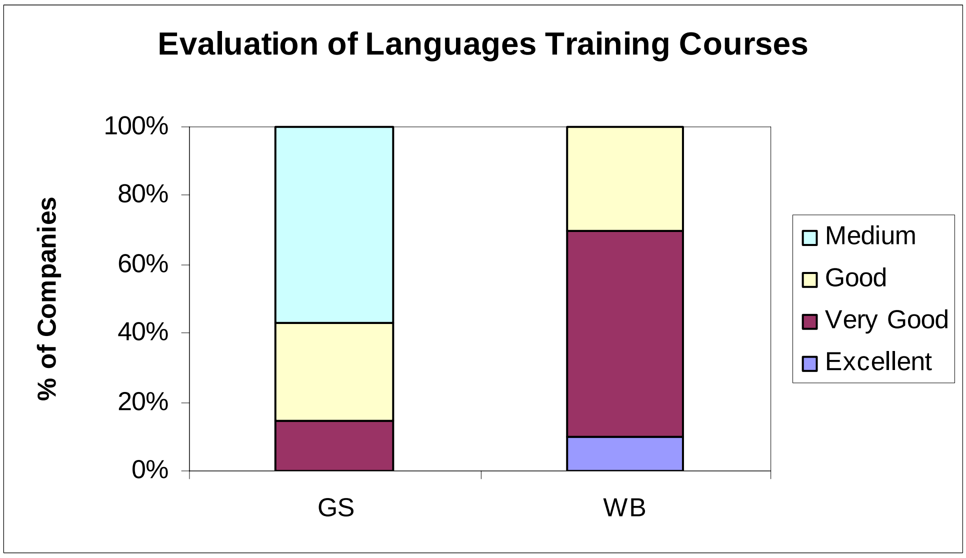
6.1.5 – Training in Management/Administration

The below figure reflects the high level of evaluation given to this type of training especially in West Bank companies:



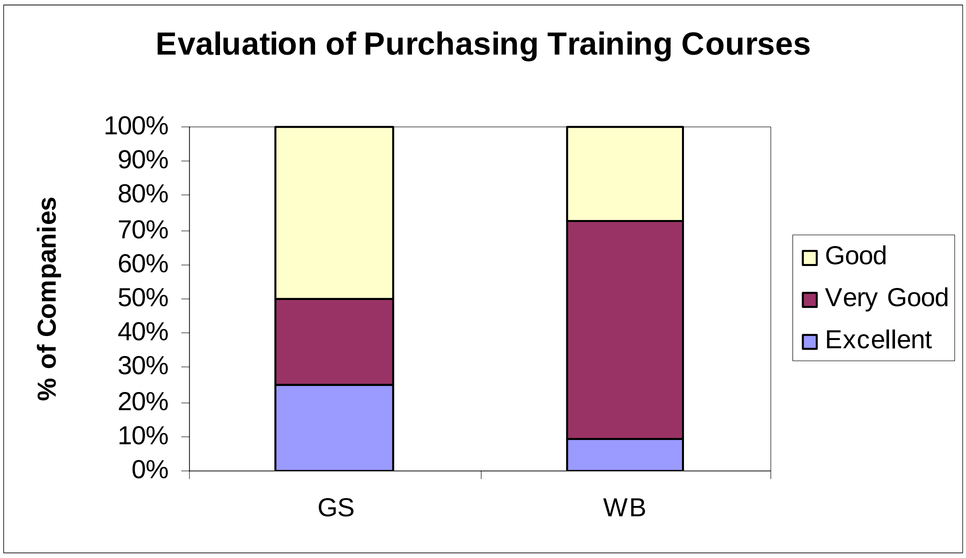
6.1.6 – Training in Languages

Companies in the West Bank give higher evaluation of languages training courses than those in the Gaza Strip as indicated in the figure below:



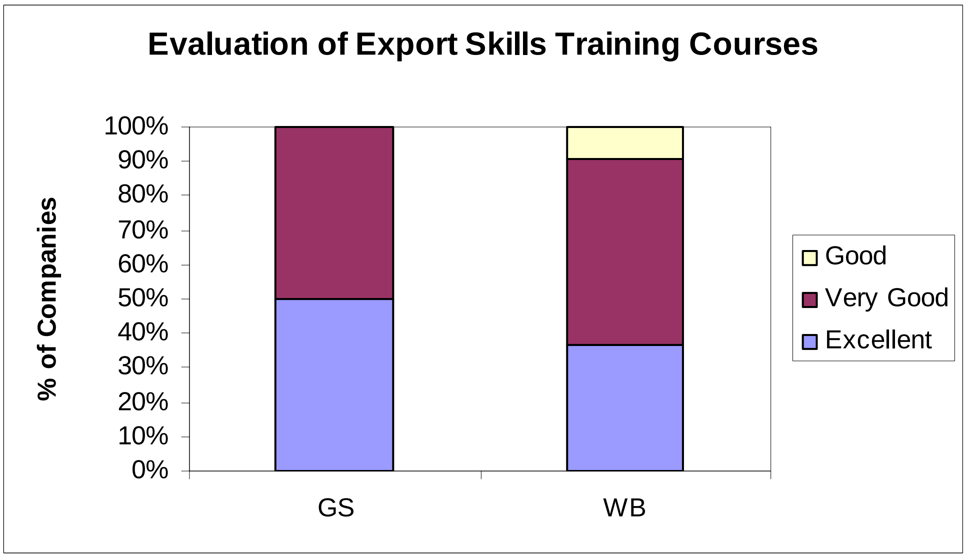
6.1.7 – Training in Purchasing

It was observed from the survey results that companies in the Gaza Strip evaluated this component higher than their counterparts in the West Bank:



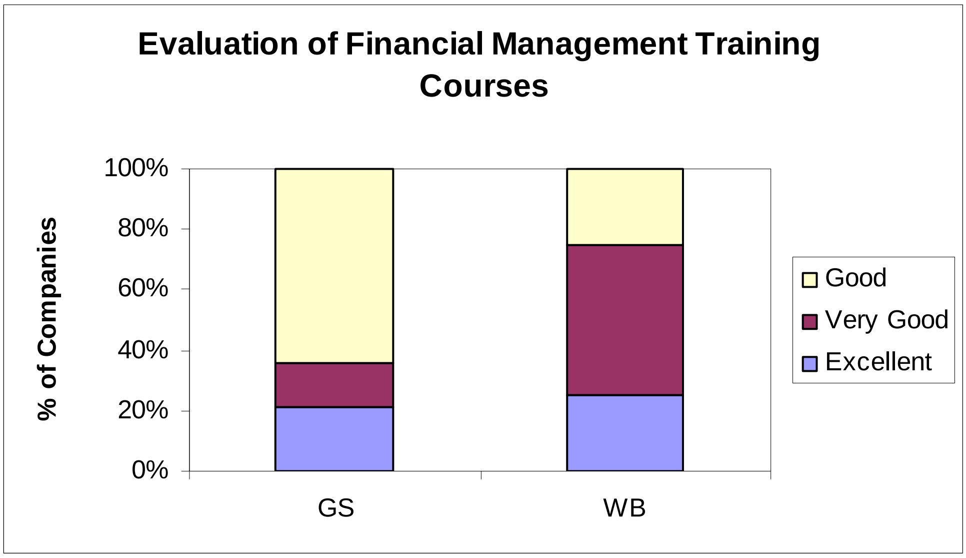
6.1.8 – Training in Exporting Skills and Experiences

Substantial differences are also reflected through the survey between the two regions in regards to training in exporting skills and experiences. The following figure displays the results:



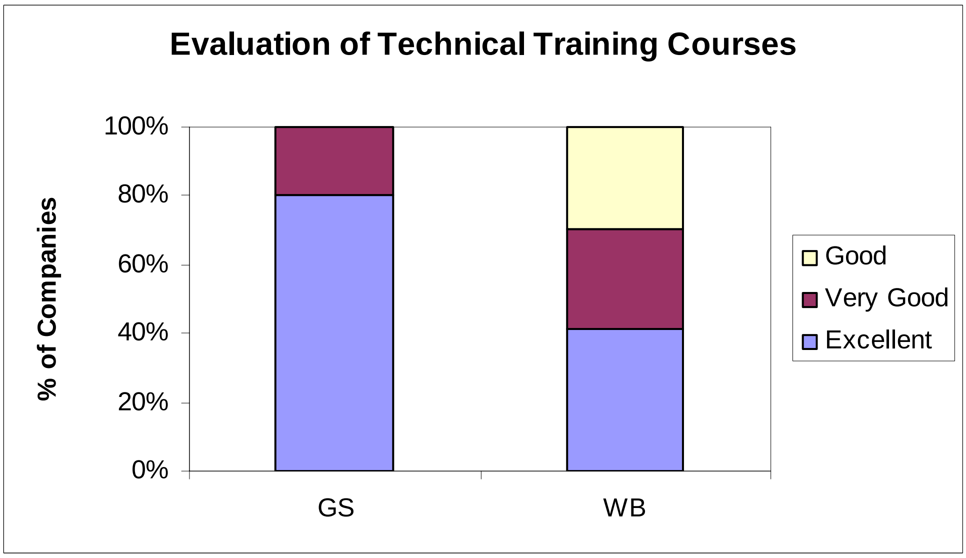
6.1.9 – Training in Financial Management

It was observed from the survey results that West Bank companies report financial management training courses and opportunities higher than those companies in the Gaza Strip. This may be reflective of the wider range of available training opportunities in the West Bank in comparison with the situation in the Gaza Strip. This issue needs further analysis as it may impact the rationale for utilizing available resources in these companies. More details are presented in the following figure:



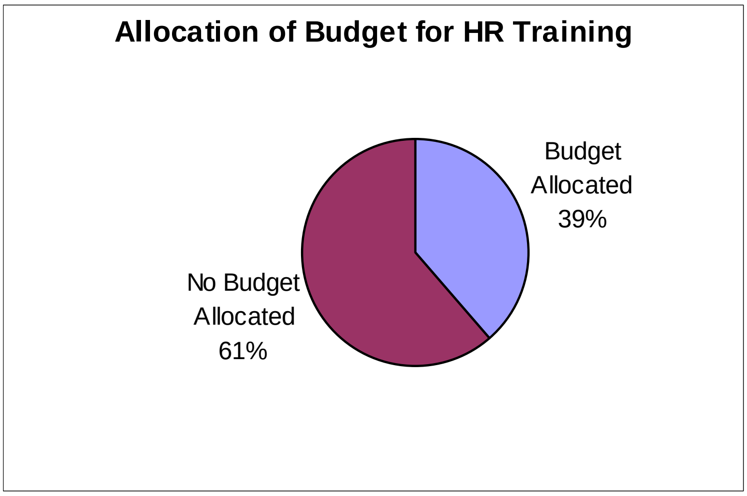
6.1.10 – Training in Technical Issues

Technical training is highly correlated to productivity and efficiency of work performance. Improving this component may result in improving the competitiveness of the companies in global open markets. The survey results indicate that companies in the Gaza Strip are more satisfied with the training in this area compared with companies in the West Bank as seen from the following chart:

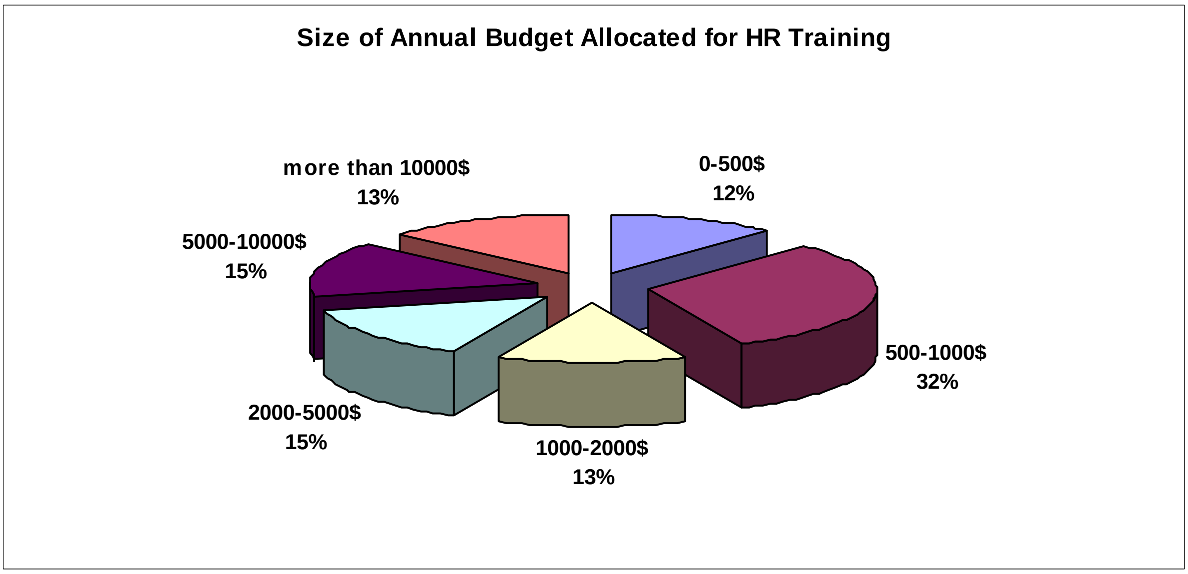


6.2 – Allocation of Budgets for Training Needs

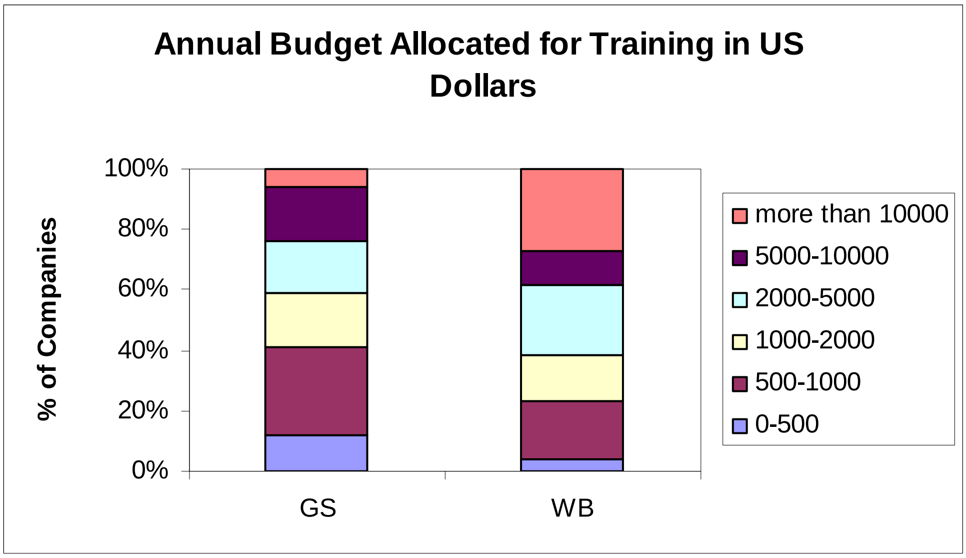
One major factor that has a direct influence on the training process is the availability of funds to cover the cost of training. Appropriate training in line with company needs and staff career planning cannot be realized without continuous training preparation. Without this continuous planning, the company will have to depend on what is offered in the market, which might not necessarily meet its needs.
The figure below represents the survey findings; where the majority of companies in the West Bank and Gaza Strip do not allocate a separate budget item for training activities giving a negative sign on the training policies in these companies:



The majority of companies that actually allocated a separate budget item for training allotted between 500 – 1000 US dollars annually. The figure below shows the amount in dollars the 39% of companies with designated budgets have assigned for training purposes:

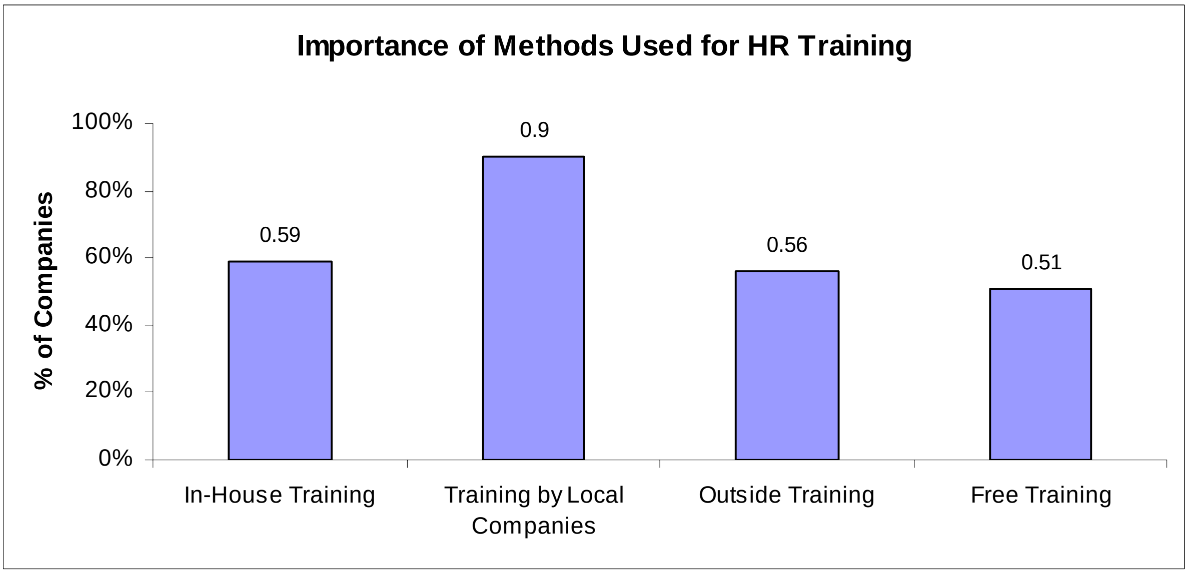


Comparing West Bank and Gaza Strip companies in the amount that is allocated for training, it is observed that West Bank companies allot more money for this purpose. 40% of companies in the West Bank have less than $1000 designated annually for training, compared with 23% of companies in the Gaza Strip. On the other hand, only 6% of Gaza Strip companies have allotted a training budget with more than $10,000 compared with 27% in the West Bank. The figure below gives more insight on this issue:



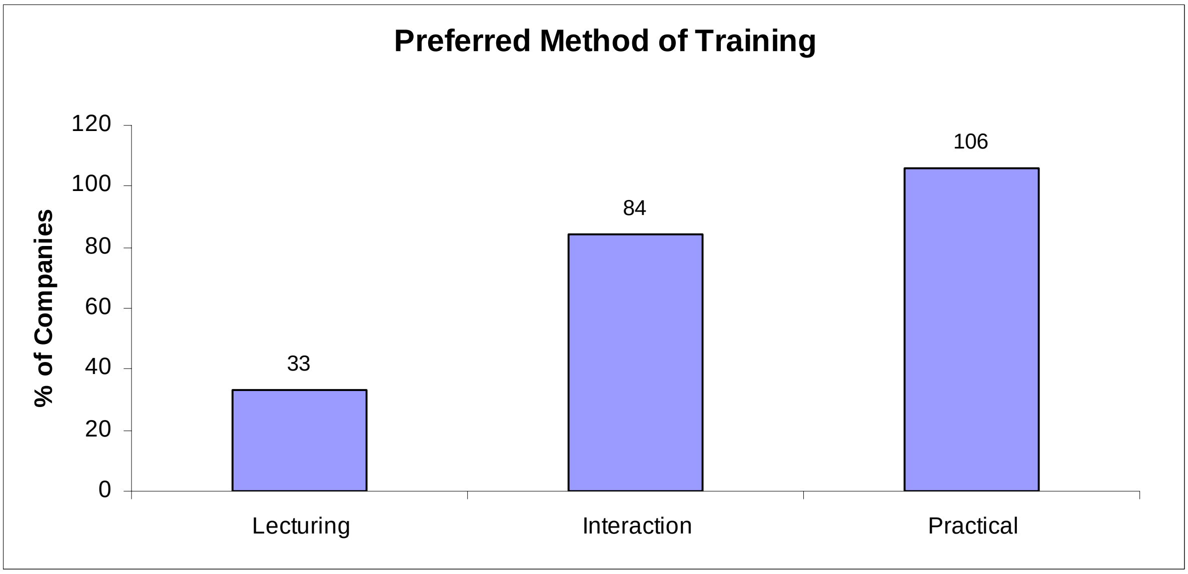
6.3 – Training Methods

An important factor that influences the outcome of training courses is the techniques used for executing training courses. It is observed from the survey results, displayed in the chart below, that local training providers are the most substantial source of training for West Bank and Gaza Strip companies. The survey also showed that in Gaza Strip, in-house training is more significant that in West Bank companies.



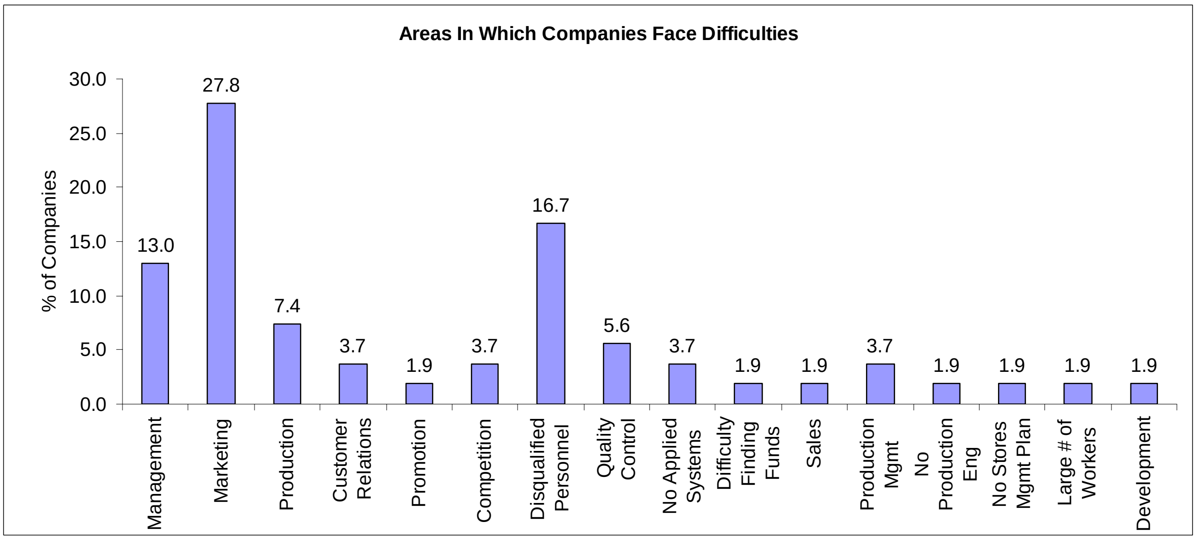
6.4 – Preferred Training Techniques/Modality

The survey results show that there are different perceptions on the preferred training methods depending on the region and on used modality. The chart below shows that in general, the practical method is the favored method on the national level:

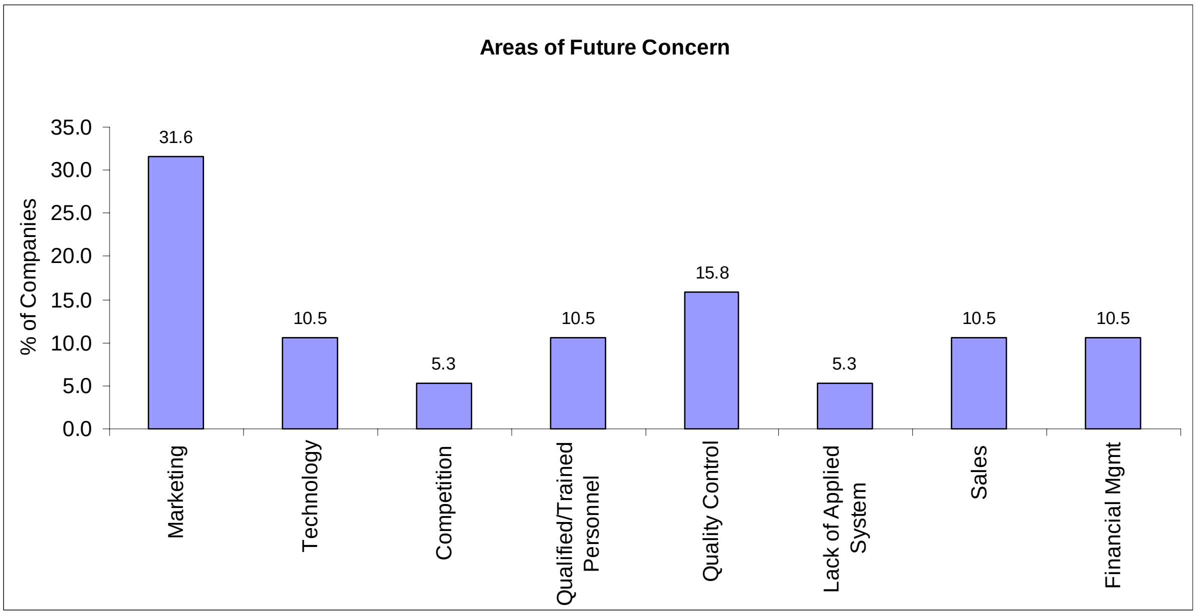


6.5 – Major Areas of Difficulty for Companies Requiring Training

Identifying the areas that companies face difficulties in is a critical step in the needs assessment approach. It assists in the design and preparation of future action plans. The survey had requested information on these areas of difficulty, and the results are displayed in the figure below. Between the West Bank and Gaza Strip, discrepancies appeared mainly in the administration area.

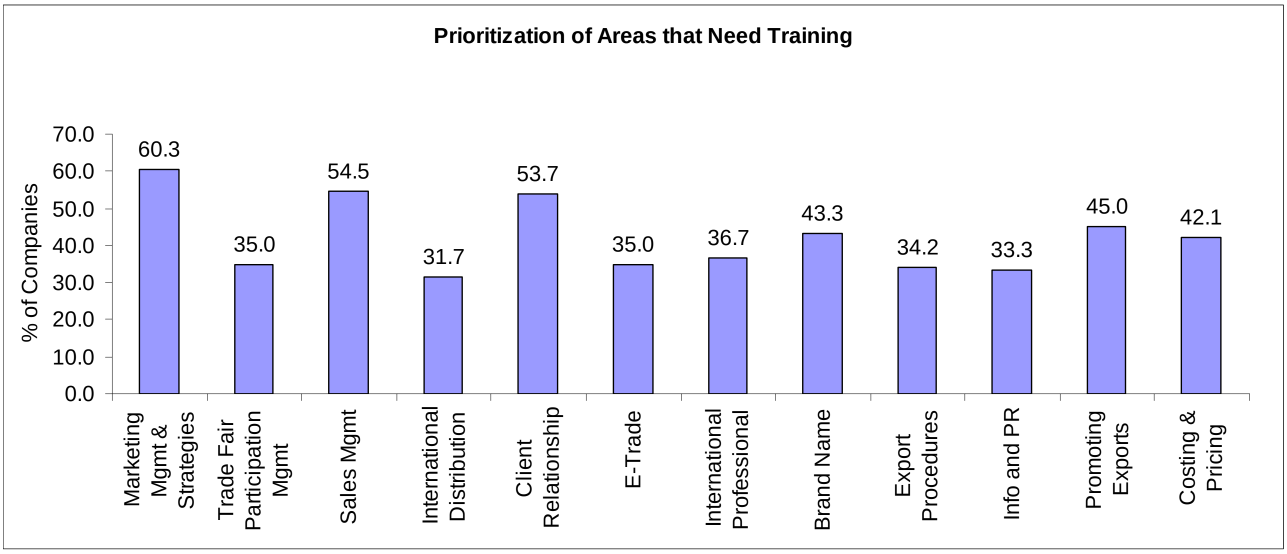


Companies that did not indicate problematic areas in their departments specified areas that would need further exploring in the future, mainly in the marketing area as shown below:

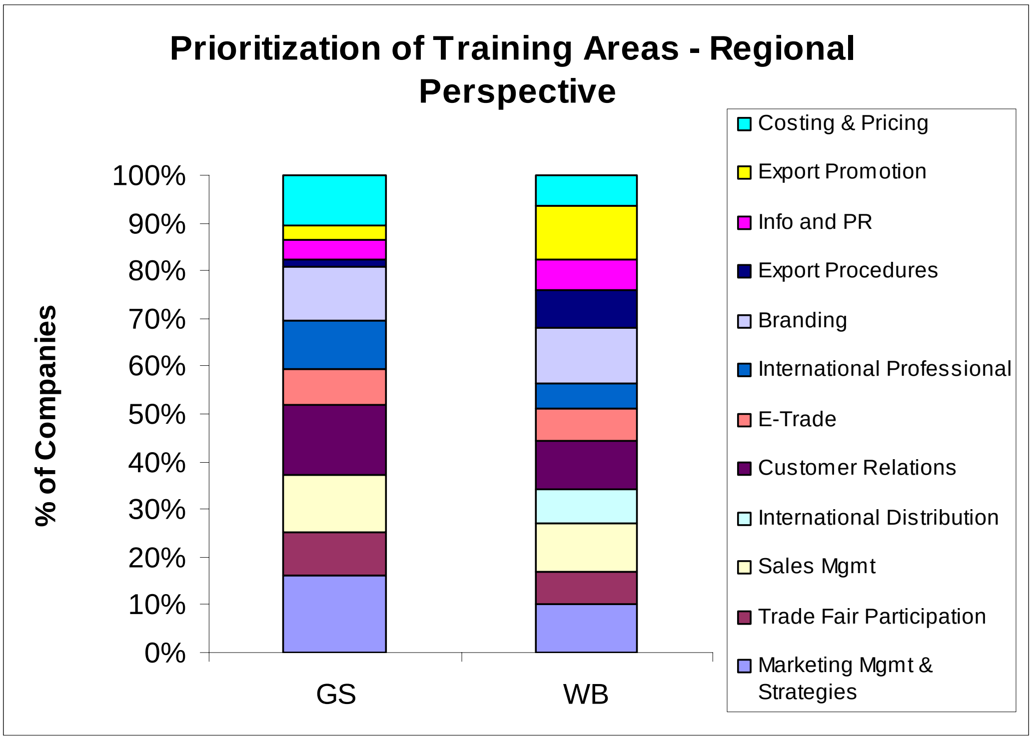


6.6 – Training Priorities

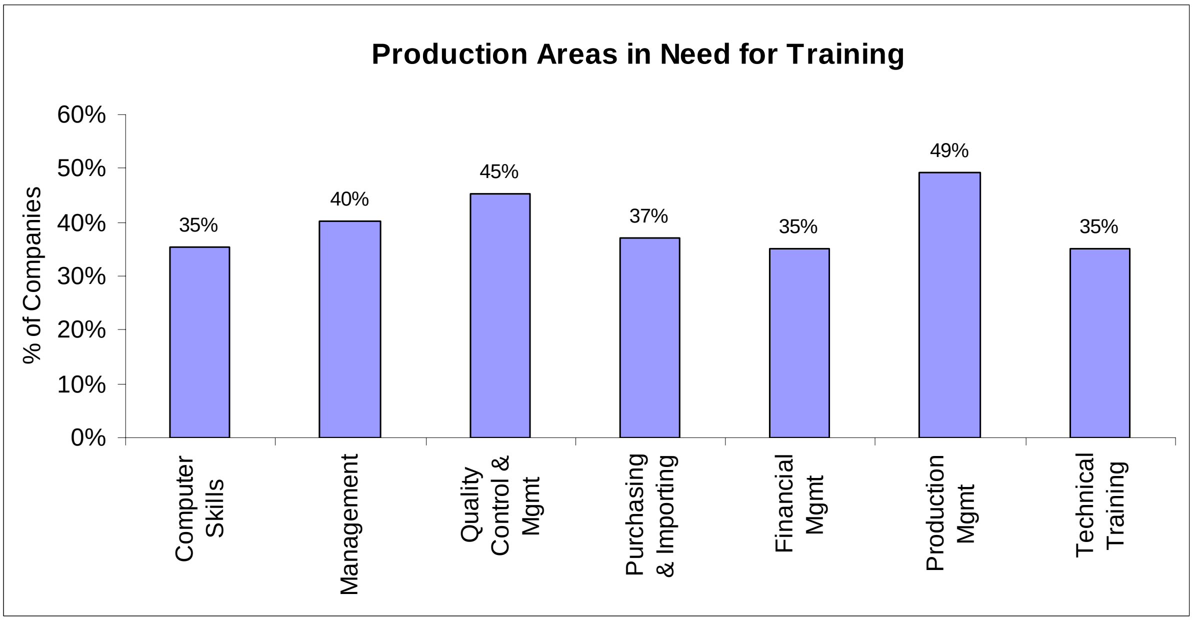
The below figure shows the prioritization surveyed companies gave to different areas in need of training. It's observed that marketing management is at the top of companies' priorities. Companies in both regions; West Bank and Gaza Strip, had similar results in the pricing area.



One the regional level, there are clear differences between West Bank and Gaza Strip companies. Pricing and customer relations training is more demanded by Gaza Strip companies, while West Bank companies show more demand for sales management training. The figure below paints a clearer picture of these differences:



The survey results present the urgent need for training in other production areas as indicated by the respondents. The chart below shows the high demand for production management training, technical training, as well as product planning and quality management training by companies in the West Bank and Gaza Strip alike.



When it comes to the time and duration of training, the difference in the preferences between West Bank and Gaza Strip companies are clear. West Bank companies prefer trainings that last 2-3 days for about 3-4 hours a day in the early morning. Gaza Strip companies on the other hand prefer longer trainings (3-5 days) 3-4 hours long in the late afternoon/evening hours.

Time and Duration Preferences – by Region

	Training Duration (in Days)			**Training Duration (Hours/Day)**			**Time of Day**		
Region	one day	from 2-3 days	3-5 days	1-2 hours per a day	3-4 hours per a day	5-6 hours per a day	morning before 10 o'clock	evening after 3 o'clock	**Table Total**
GS	0	35.3%	64.7%	27.8%	55.6%	16.7%	38.9%	61.1%	100.0%
WB	17.9%	50.0%	32.1%	24.0%	48.0%	28.0%	56.0%	44.0%	100.0%

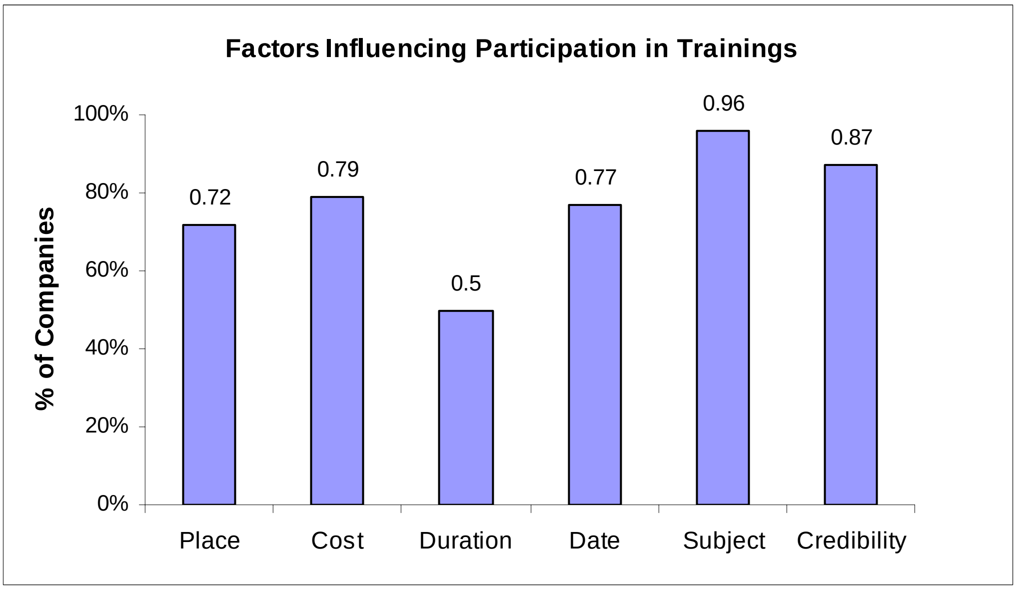
The difference between regions is also clear with respect to the number of participants in each training session. 9 out of 10 West Bank companies prefer training courses with 10 -15 participants, compared with 7 out of 10 companies in the Gaza Strip with the same preference.

Preferred Number of Training Participants – by Region

Region	# of Training Participants		Table Total
	10-15 Participant	16-20 Participant	
GS	68.8%	31.3%	100.0%
WB	89.3%	10.7%	100.0%

6.7 – Factors Affecting Training Programs

The training subject shows to be the most important factor affecting the training programs and their activities. The chart below shows other factors and their relevance according to the results of the survey:



SECTION SEVEN: NEED FOR BUSINESS DEVELOPMENT SERVICES AND THEIR AVAILABILITY IN THE LOCAL MARKET

Brief Results:

Nearly 80% of surveyed companies expressed a need for Business Development Services (BDS) of some kinds. However, less than 60% identified, in a specific way, what they needed from BDS, with even fewer knowing “partially” what they need. Interestingly, of those companies that indicated that they knew what BDS services they needed, the top five categories identified were all in the broad category of “marketing”. Also, several broad categories of potential BDS services that could have a major impact on a company’s successful operations, and of course affect their export readiness and implementation were not identified as required by those surveyed.

Financial consulting was perceived by those companies surveyed as being readily available in Palestine, and over the past two years, this category of BDS services topped the list of those which the companies have utilized. The next two highest categories of services the companies indicated they had utilized were in the areas of Marketing Collateral and Branding. Comparing this to the needs identified by the companies in the marketing areas noted above, it would appear that there are ongoing or continuing needs for these services among the companies. Further, it may be that the companies are interested in broadening their capabilities in these two categories, or, on a continuing, yearly basis, “hire” these company functions out to specialized businesses in these fields.

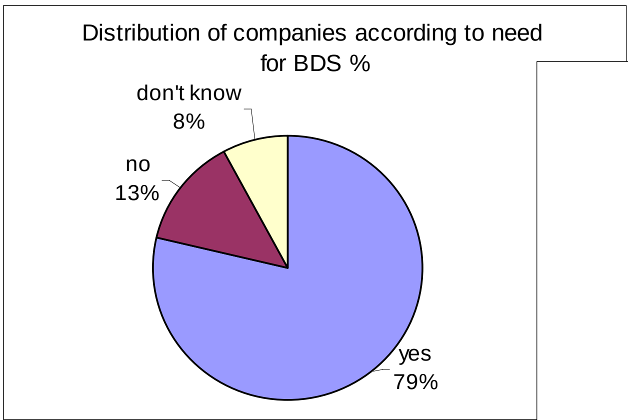
The perception of surveyed companies with regard to locally offered BDS services, in terms of both content and effectiveness, was generally positive. But what the survey report did not elaborate on was which BDS services were actually assessed. Perhaps just as important, 73% of companies surveyed stated that additional BDS services were needed. This raises the question as to why the companies perceive the need for additional services.

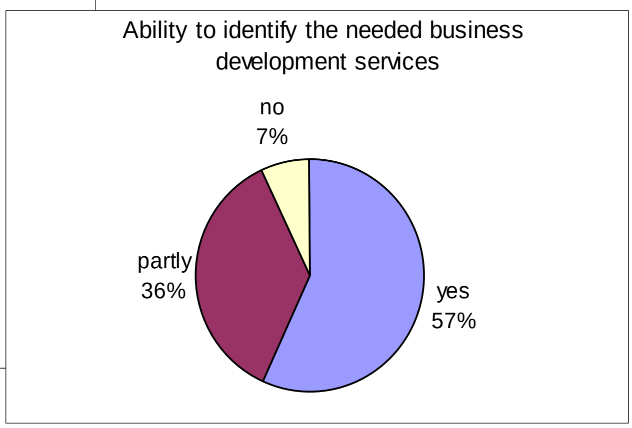
Pricing of local BDS services was seen as satisfactory by 60% of the companies surveyed, but 27% thought that pricing was expensive. Again, the question of what service the companies received might have a bearing on their perception of pricing.

Assistance was provided by PED/DAI in analyzing this section of this survey, by an external consultant Mr. Eddie Taylor.

7.1 – Business Development Services Needed

Around 79% of the companies have expressed their interest to acquire business development services, while only half of them claim the ability to clearly identify the type of BDS needed.





The sampled companies were requested to rate the importance of needed BDS according to priority. The table below shows the categories covered by BDS, indicating the top 5 categories as: marketing training and capacity building, marketing plans, B2B meeting and match-making, marketing consulting to export and local markets, and customers' database.

BDS	**Very Important**	**Important**	**Average**
Export Readiness Assessment	25.8	19.7	45.5
Marketing Plans	**38.5**	25.6	**64.1**
Customers' Database	29.6	16.9	46.5
Branding	20.5	23.3	43.8
Marketing Training and Capacity Building	23.6	**43.1**	**66.7**
Marketing Consulting to Local Market	14.3	**32.9**	**47.1**
Marketing Consulting to Export Markets	24.6	27.5	**52.2**
Financial Counseling	15.5	27.6	43.1
Marketing Collaterals (Catalogues, Brochures, etc)	16.2	24.3	40.5
Electronic Marketing Collaterals (Website, CD, etc)	16.4	26.9	43.3
Packaging and Labeling	24.2	6.1	30.3
Business to Business Meetings	**36.6**	23.9	**60.6**
Match-Making	**33.3**	20.3	**53.6**
Trade Information Services	13.8	**29.2**	43.1

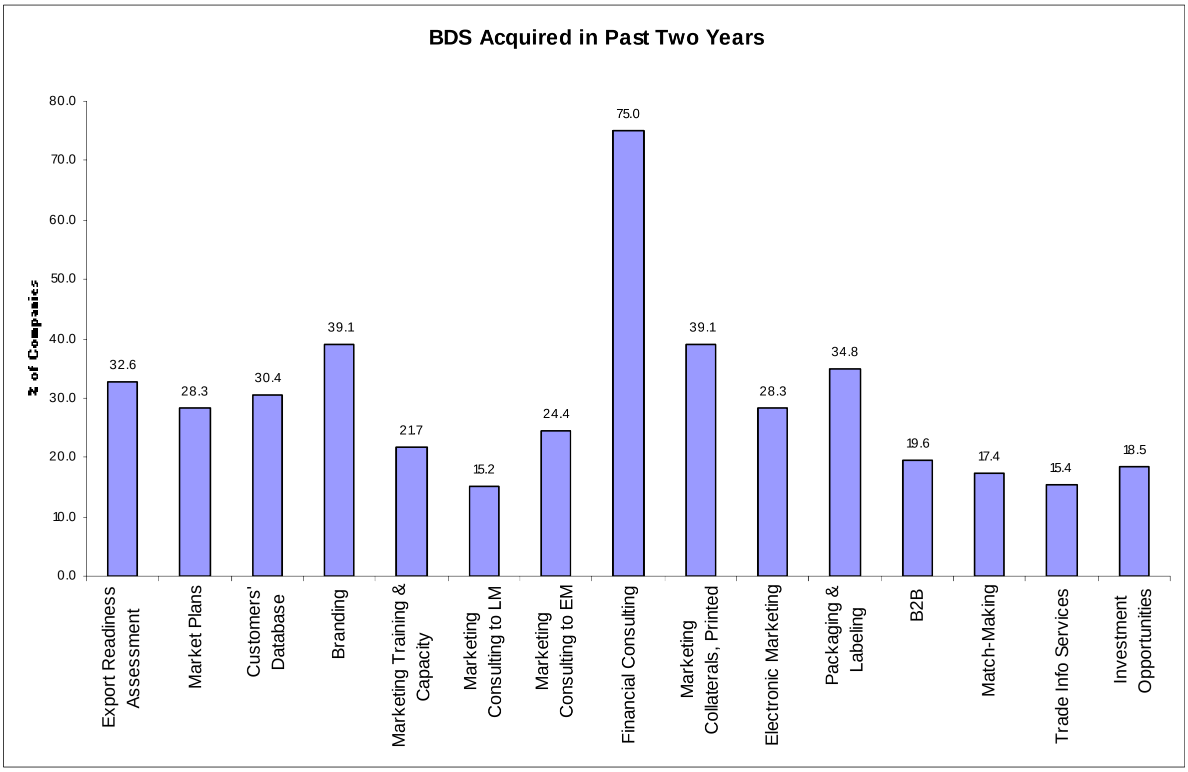
The survey results emphasize the need for BDS services under the umbrella of "Marketing Categories". It is clear though that export readiness is not as highly perceived as marketing categories – but access to markets requires good company operations across areas such as: packaging and labeling, export finance, product competitive pricing and export sales and distribution networks.

7.2 – Availability of BDS in the Local Market and their Assessment

Around 69% of the companies believe that financial services are widely offered, while 60% of the surveyed companies think that marketing collateral (hard copies) development services are available and 46% claim that branding services are accessible. The least offered services are trade information services (15.2%), followed by B2B services (20.9%), and marketing consulting for the local market (27.5%)

7.3 – Recent Acquisition of Offered BDS

The survey has identified the acquired BDS in the past two years by local companies were financial services, attracting 75% of surveyed companies, followed by marketing collateral development (hard copies) and branding (39.1%).

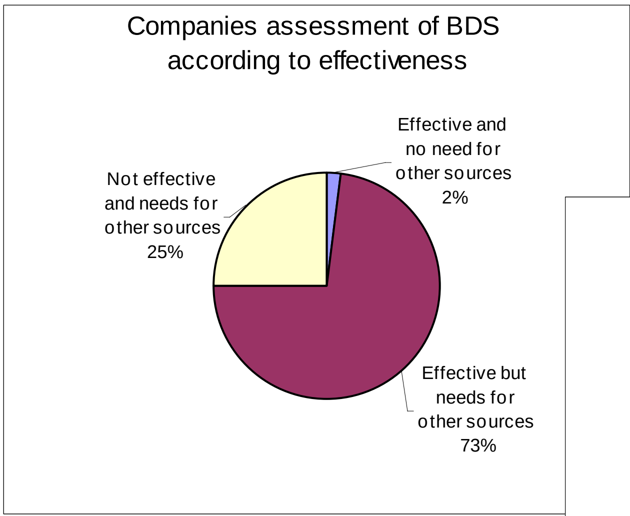


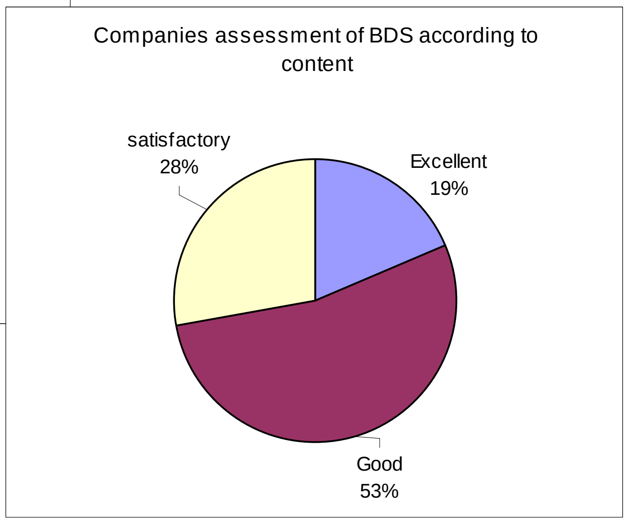
Financial consulting was perceived by those companies surveyed as being readily available in Palestine, and over the past two years, this category of BDS services topped the list of those which the companies have utilized (75% of companies responded affirmatively). However, the survey did not elaborate on the kids of financial services the companies obtained. It would be interesting to note whether these financial services were in the areas of basic accounting and auditing, or whether they included company financial management, cost accounting, or purchasing for example.

After financial consulting, the next two highest categories of services the companies indicated they had utilized were in the areas of Marketing Collateral and Branding. Comparing this to the needs identified by the companies in the marketing areas noted above, it would appear that there are ongoing or continuing needs for these services among the companies. Further, it may be that the companies are interested in broadening their capabilities in these two categories, or, on a continuing, yearly basis, “hire” these company functions out to specialized businesses in these fields.

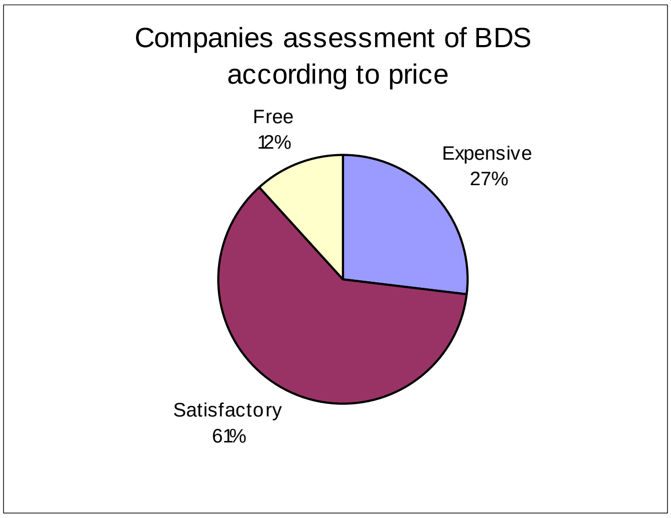
7.4 – Perception of Locally Offered BDS

The perception of surveyed companies with regard to locally offered BDS Services, in terms of both content and effectiveness, was generally positive. But what the survey report did not elaborate on was <u>which</u> BDS services were actually assessed. Perhaps just as important, 73% of companies surveyed stated that additional BDS services were needed. This raises the question as to why the companies perceived the need for additional services.



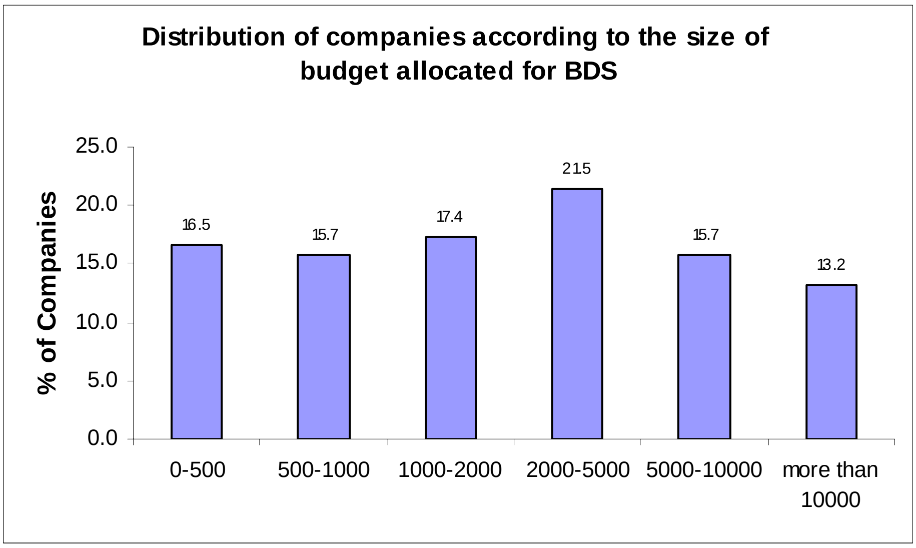


Pricing of local BDS services was seen as satisfactory by 60% of the companies surveyed, but 27% thought that pricing was expensive. Again, the question of <u>what</u> service the companies received might have a bearing on their perception of pricing.



7.5 – Budget for BDS Services

Given BDS potential costs, no matter what the services desired, the survey showed that spending by the companies on such services was pretty tight.
The possible budgets to be allocated in order to acquire BDS services per year were identified as follows: around 20% of the companies are willing to allocate US$2000-5000, nearly 17% of the companies are prepared to allocate US$1000-2000, and almost 16% of the companies are prepared to allocate S$5000-10000.



Two recent activities have served to put the PalTrade BDS Assessment survey into further perspective. First, a PalTrade ad hoc committee has just completed the selection of 21 companies in the West Bank and Gaza Strip to be the principal suppliers of business development services (BDS) to SMEs in both areas. Second, PalTrade staff and the consultant visited two potential beneficiary companies to review and evaluate the "Export Readiness Assessment of Beneficiary Companies" tool that has been developed to determine the status and needs of these potential beneficiaries. Both of these activities have served to underscore what the Assessment Survey identified as broad potential serviced needed by these companies (e.g. marketing), but, apparently the companies were not aware of the kinds of services PalTrade is, or will be, prepared to provide them.

Specifically, it seems clear that PalTrade has the challenge, now, to get the word out and promote its services to potential beneficiaries – and very importantly, the services that will be provided through the selected BSP companies. Also, it should be underscored that the services to be provided will be through local channels, which addresses the Survey finding that beneficiary companies expressed the need for more local services.

From the results of the survey and from discussions with the two potential beneficiary companies, it seems clear that both the range and content of services must be carefully targeted. PalTrade has the capacity to do this. The major challenge is to get the message of PalTrade's capabilities and available programs out to the beneficiaries through whatever means determined feasible and practical.