

PALTRADE STRATEGIC PLAN

2013-2017



PalTrade Offices in Palestine:

Head Quarter Office
P.O Box 883
Ramallah, Palestine
Tel. +970 2 240 8383
Fax. +970 2 240 8370

Gaza Office
P.O Box 5180
Gaza, Palestine
Tel. +970 8 283 3539
Fax. +970 8 283 3549

info@paltrade.org
www.paltrade.org

TABLE OF CONTENTS	PAGE
An Introduction from the Chairman	3
Executive Summary	4
1. The Export Challenge	5
2. PalTrade’s Strategic Plan 2013-2017	7
2.1 The Evolution of PalTrade	7
2.2 The Current Export Marketplace in Palestine	7
2.3 Demand for PalTrade Services	10
2.4 Palestinian International Trade Relationships	11
2.5 An Institutional Assessment of PalTrade	12
3. PalTrade Vision and Strategic Goals 2013-2017	14
4. Delivering PalTrade’s Strategic Goals	15
4.1 Strategic Goal 1	
– An Enabling Environment at National & International Levels	19
4.2 Strategic Goal 2	
- Increase the Number & Capability of Palestinian Exporters	20
4.3 Strategic Goal 3	
– Convert Opportunities into Sustainable Palestinian Exports	22
4.4 Strategic Goal 4	
– Build the Corporate and Service Capabilities of PalTrade	23
5. PalTrade Delivery and Services 2013-2017	26
5.1 Service Delivery Model	26
5.2 PalTrade Functions and Services	29
5.3 Partners & Networks	30
6. The Journey to Export Excellence	31
7. Performance Management and Reporting	33
8. Conclusion	34
Annex 1 – Overview of the Palestinian Economy	
Annex 2 – Current Palestinian Export Sectors	
Annex 3 – PalTrade Services Report September 2012	
Annex 4 – Institutional Assessment of PalTrade – Key Recommendations	
Annex 5 – Hs products’ matrix	

An Introduction from the Chairman

As we commence our new strategy, we celebrate the completion of our 14 years of hard work and commitment to our national mandate and our members.

In a complex business environment such as the one in Palestine, it goes without saying that an institution such as PalTrade, shouldn't lack the initiative, creativity and the continuous exploration and development of the right strategies to address the huge challenges that Palestinian exports are facing.

This new strategy provides a strategic shift of Paltrade's work from trade development to export development; from information to intelligence management and results based management. It is not only a strategy for PalTrade, but one which provides a leadership role for the implementation of the National Export Strategy of the State of Palestine.

To become the standard of excellence for its industry is an aspirational goal for any organization, especially one such as ours. This is not an option, but rather a goal that we must achieve.

The export challenge can only be faced and overcome if we all work hand in hand, and work to ensure that a real public private partnership is in place. We ask for all stakeholders support in contributing towards the future of PalTrade, and in achieving its renewed inspiration and ambition.

This institution is unique in its absolute commitment to its mission. It remains loyal to the idea of independence, and that good governance and transparency ensures that the right strategies and initiatives are carried through effectively and to the very highest socio-economic and ethical standards.

Chairman's

Signature to be inserted

Executive Summary

This document sets out PalTrade's vision, role and strategic objectives for the period 2013-2017, within the context of the emerging National Export Strategy for Palestine. It builds on the current and future demand for PalTrade export services and support, and sets out an ambitious and challenging agenda for its contribution over the next 5 years to grow Palestine's exports, and to significantly increase the number of Palestinian companies exporting to foreign markets.

Section 1 sets out the significant export challenges faced by the State of Palestine, both in terms of the high dependency on the Israel economy, the lack of export capacity and capability across businesses, and crucially the absence until recently of a National export Strategy to harness and drive the export effort.

Section 2 provides an overview of PalTrade to date, and recent studies and work undertaken to review PalTrade itself as an organisation, and importantly the needs of exporting businesses, and how best PalTrade can support these businesses within the current Export Marketplace of Palestine, and respond to the export challenges facing Palestine.

Section 3 & 4 set out the vision, mission and values, and strategic goals for the 5 year strategy; the robust methodology which has been used to identify the priority product export sectors and market opportunities for Palestine; and the primary objectives of each Strategic Goal. The new strategic approach highlights and differentiates also three firm's levels with export potentiality ;Those firms are categorized either as firms producing within the priority sectors , promising companies or Sunrising Industries .

Section 5 focuses on the Service Delivery Model now in place for PalTrade, and sets out the main service level programmes, and the transition towards an account management approach which should see businesses progress their export capability and development through a number of stages from export awareness through to Palestinian Ambassadors. A number of the services require to be developed or improved, and aligned to the Service Model, and similarly the transition to account management will be a progressive one over the lifetime of the Strategy.

Section 6 goes into further detail around the PalTrade journey and transition, and sets out a the Sustainable Growth model proposed for the organisation. The section also seeks to begin to address how sustainability can be addressed for the organisation.

Section 7 provides an overview of the Performance Measurement Framework, and reporting process in place, and the move to a results based measurement process across PalTrade's activities. It highlights the principal objectives and targets of each Strategic Goal, and provides a sample of indicators against each target area.

Section 8 concludes with a summary of the Strategy's aspirations and goals for 2013-2017.

The Annexes provide further information on the Palestinian economy, and the current trade performance, and the main findings from the PalTrade Exporter Survey in 2012, and the Institutional Assessment of PalTrade also carried out in 2012.

1. The Export Challenge

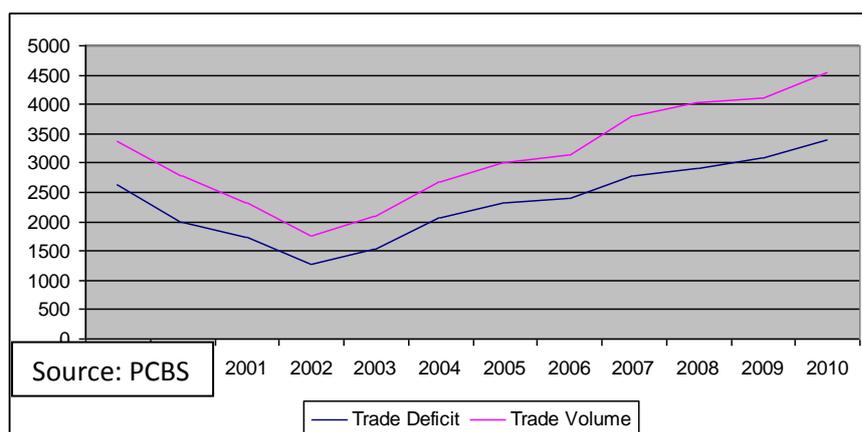
In today's global marketplace, it is clear that future prosperity and sustainable economic growth depends on the ability of countries to compete successfully in foreign markets. The pressing need to develop and increase Palestinian exports, and address the negative trade balance of Palestine, will be critical both in enhancing and growing a sustainable and inclusive Palestinian economy.

Palestine is a small dynamic economy, with a prime geographical location at the centre of the Middle East, but it faces a number of significant export development constraints, particularly given the strict import and export controls imposed by Israel; and Palestinian dependency on Israel as a market for Palestinian products and services in its own right, and as the primary route to other international markets.

In 2010, Palestine GDP was USD 5.7 billion, but the average exports/annum over the period 2008-2010 were only USD 372.5 million. Around 85% of Palestinian exports currently go to Israel, with Jordan the next biggest export market at only 6%. Markets in the US, Europe, and particularly the Arab region all offer significant opportunity for Palestinian exports, but to date these potential markets have not been successfully developed by Palestinian businesses despite the number of bilateral trade agreements now in place.

The Palestinian economy is highly import-dependent and has faced a constant trade deficit since the establishment of the State of Palestine. In 2010, the trade deficit reached a new high level of \$3,383.0 million. In addition to the Israeli control over ports and crossings, Palestinian products and exports are often not well-diversified and lack good quality. They are also very much reliant on imported raw materials for the manufacturing process, reducing the competitiveness of the final product for export markets.

Figure 1: Trade Deficit and Trade Volume in the Palestinian Territory, 1999-2010 (\$ million)



The primary reasons for Palestine's limited export activity and performance to date can be summarised as:

High Dependency on the Israel economy

- political instability and the occupation by Israel
- the significant constraints and barriers in relation to movement of goods

Limited impact of Free Trade Agreements to date

- the high volatility of the Palestinian economy and GDP
- the existing sectoral approach to exporting which has not focused on matching the market opportunity with the capability and aspiration of Palestinian exporting businesses

Lack of Capacity and the High Transaction Costs for Palestinian products

- the small number of Palestinian businesses currently exporting, and the under-representation in the active local and export economy of women and young people
- the policy and regulatory constraints many Palestinian businesses continue to face
- lack of international market knowledge, experience and access to markets
- the inequalities in wealth creation and wealth distribution within Palestine

Lack of focused export support infrastructure

- access to capital and investment for exporting businesses and an integrated support environment to allow the development of the export capacity and capability of Palestinian businesses
- lack of co-ordinated and comprehensive information on Palestinian export performance
- the lack of developing and new industry sectors able to compete and succeed in the international marketplace

Overall, whilst there have been elements of progress, the primary lack of an overarching and comprehensive national export strategy has severely constrained efforts to develop and support Palestinian businesses in export markets, and to grow the export performance of Palestine.

The occupation of the State of Palestine presents unique challenges to developing a national export strategy (NES) given issues of state sovereignty, mutual recognition of trade standards, border crossings and trade facilitation, among others. The absence of a national export strategy has also hindered the settings of national export growth targets which address export wealth creation (eg. sales volumes) and wealth distribution objectives (eg. the number of exporters and the geographic distribution of exports).

As a result of this strategy vacuum, trade support agencies which might have a role to play have hesitated to commit resources, given possible duplication of efforts. The concept of this national trade support network is still fragile and will not evolve further until a national export commitment is made and goals are set.

The central export challenge remains to grow the number of Palestinian businesses with the capability and aspiration to export, and to support these businesses effectively to identify export market opportunities, access these opportunities, and increase the export sales from Palestine.

There is also a need to continue to work with those Palestinian businesses who are active exporters in international markets to further increase their export sales and penetration of international markets; and a clear requirement to increase the value add of Palestinian product and service exports.

2. PalTrade's Strategic Plan 2013-2017

2.1 The Evolution of PalTrade

PalTrade was established in 1998 as a non-profit, membership based organization to “lead the development of Palestinian trade as a driving force for sustainable national economic growth”. Over the last 14 years PalTrade, as the mandated National Trade Promotion Organization (NTPO), has worked with its membership, the wider trade support and national partner network, international donor agencies and the international trade support network, to deliver a positive impact on Palestinian trade performance.

PalTrade's membership base has now grown to a network of over 300 Palestinian businesses located throughout Palestine, and the organization has provided a wide range of export support and information services, export development programmes and activities, and trade advocacy and lobbying activities for Palestinian exporting businesses.

In 2011/12, supported by the *Export Development in the West Bank* donor programme through CIDA, PalTrade commissioned a full survey of the needs of existing and potential exporters, and has reviewed its remit and portfolio of services and programmes in light of this work. The organization also undertook a full Institutional Assessment to inform how it can best support the development of Palestinian trade performance, and Palestinian companies exporting internationally in future.

The PalTrade Strategy 2013-2017 re-focuses the organization, and its remit and operations, towards a clear focus on export development and the growth and diversification of Palestinian exports to international markets.

The Strategy signals a clear shift towards a more demand driven and client led export support service, with priority given to working with those Palestinian businesses and product sectors who wish to develop and grow their export performance, and their export sales into existing and new international markets.

2.2 The Current Export Marketplace in Palestine

Despite significant economic and political challenges, the State of Palestine has witnessed a moderate overall economic growth rate of 39% between 1999 and 2011, but unemployment rates, particularly amongst women, remain high, as do overall poverty rates with one quarter of the population living below the poverty line in 2011. A brief overview of the Palestinian economy is provided in Annex 1.

Within the economy, the majority of Palestinian businesses are family run MSMEs (micro, small and medium enterprises), working in traditional sectors such as agriculture and food, textiles, and handcrafts. Most serve only the local market, and face significant financial, skills and knowledge gaps in terms of growing their businesses, and developing their businesses into export markets.

For the majority of Palestinian economic sectors and businesses, sustainable economic and business growth will only come through increased competitiveness, innovation and the development and growth of new markets.

Under the Palestinian National Plan 2011-2013, policy priorities include the development of Palestinian products and expertise, innovation support, and promoting the role of the private sector in economic and social development. The State of Palestine and the Ministry of National Economy (MONE) continue to assist MSMEs through extensive cooperation with the private sector, the provision of business support centres and programmes; and the provision of support to access finance.

The Ministry of National Economy has also begun a series of consultations to formulate a national export strategy and create the required mechanisms to drive the national export effort. PalTrade as the national trade promotion agency has been playing an active role in shaping this strategy with support from the Canadian government (CIDA).

The success of this effort has been recognized by other donors and now the European Union is assisting PalTrade, the MONE and other partners to finalize, operationalize and rollout the strategy. Decisions will be required to promote effectiveness and efficiency among the various export service providers in the national trade support network. A preliminary mapping of the capacities of public and private institutions to deliver the services exporters require has already been done.

Proposals for the creation of a National Export Council (NEC) are being considered to fully engage all the relevant public and private sector actors. The NEC—is to be chaired by the Minister of National Economy and co-chaired by the chairman of Palestine Trade Centre- PalTrade .PEC secretariat): PEC secretariat Supports the PEC in the daily operational work related to the NES. The secretariat will assume the management function of the PEC activities. The PEC secretariat is to be mandated for and managed by Palestine Trade Center - PalTrade. PalTrade will be responsible for the effective functioning and managing the allocated financial resources provided by the government or the different donors to fully operate the secretariat.

The role and responsibilities of the PEC secretariat

The core responsibilities of the NES secretariat should be:

- Select the issues to be discussed at the PEC meetings and preparing a detailed report on those issues in order to inform the PEC and facilitate its deliberations;
- Ensure implementation of the PEC resolutions;
- Develop annual and bi-annual work plans for approval by the PEC;
- Collect information from project implementation and prepare regular monitoring and evaluation reports to be submitted PEC;
- Provide recommendations on the NES if needed;
- Collect, centralize and preserve all archives and documentation of the NES and the PEC;
- Provide inputs to the elaboration of projects proposals including budgets for implementation of activities of the NES;
- Prepare communication plans and material to promote the NES;
- Contribute to advocacy in favour of the NES to public and private partners;

- Execute any other tasks required by the PEC.

The central purpose of the Strategy is to achieve “Export led prosperity, made in Palestine”, and this National Export Strategy will come into place in 2013, with four key objectives:

- 1) To promote a dynamic business environment enabled by a policy and regulatory environment to support innovation and investment in the export sector.
- 2) To build the capacities of the exporting sector to diversify and penetrate international markets.
- 3) To maximise the contribution of exports to socio-economic development through enhanced export competitiveness.
- 4) To build and promote the image of Palestine as a supplier of value added quality products and services.

The National Export Strategy will seek to address and mitigate many of the challenges faced by Palestinian businesses, harnessing the work of PalTrade and its national partners and the wider trade support network, and using the ITC Export Competitiveness Assessment process as the primary driver for export development in Palestine.

This process has been used to establish a framework looking at the wider supply side and business environment within Palestine, alongside the more specific and practical issues of market intelligence, market access and overcoming the development constraints and issues faced by exporting businesses.

There are also specific donor programmes in place, such as:

- The CIDA programme working with ITC-UNDP on export development in the West Bank, building the capacity of PalTrade to provide a high level of export service and support.
- The EU – Trade Diversification/ Competitiveness Enhancement Programme. The overall objective of this programme is to maximize exports’ direct contribution to economic growth and social development through enhanced competitiveness and increased export volumes of Palestinian goods and services. Three specific components of the programme will contribute to this overall objective as follows:
 - the Trade Corridors Facilitation Project which seeks to establish alternative trade corridors through neighbouring Arab countries, and provide improved market access for Palestinian businesses;
 - the Trade in Services project which seeks to improve the export performance and competitiveness of the Palestinian service sector; and to build the capacities of a team of public sector negotiators in trade in services, and prepare them to engage in market-driven negotiations;
 - The National Export Strategy which seeks to formulate a Palestinian National Export Strategy in Palestine and a five year road map for its implementation.

- the Islamic Development Bank funded programme with a focus on supporting Palestinian businesses to reconnect with Arab and Islamic Surrounding areas.

PalTrade is playing a critical role in delivering these and other donor programmes which support export development in Palestine. In addition, PalTrade’s export services are used widely by its member and non-member businesses, and those sectors currently active in export markets, which are set out briefly in Annex 2, although some export sectors such as agriculture and the majority of the service sector have made limited use of PalTrade’s services to date.

The PalTrade Strategy going forward will continue to address wider wealth creation through export, and will specifically target those business clusters which have the greatest export potential to ensure that wealth is distributed equitably.

Small and Medium Enterprises (SMEs) constitute over 90 % of the exporters by number, yet represent only 3% of the total export sales volume. A key objective of PalTrade going forward will be to grow these small companies so that they shift from being passive exporters to active exporters with a commensurate growth in employment and turnover.

These companies already represent the bulk of PalTrade’s clients but will now be treated more systematically to help them move through an export growth process.

Harnessing the untapped **export potential of women** is one such way to ensure that wealth creation and distribution objectives are met. This is not an artificial obligation, but recognizes that directing export efforts towards women can benefit all Palestinians. PalTrade’s export drive will widen the export base to involve women, both as owners of businesses and as the productive capacity to feed the export economy.

Women owned businesses and cooperatives with the potential to export in both the formal and informal sectors of the economy will be an important future customer base for PalTrade services and support.

PalTrade will work with partner organisations such as the Palestinian Business Women’s Forum and the Ministry of Women’s Affairs to ensure access to PalTrade services and support for those businesses which require export assistance, and specifically develop the opportunity for women MSMEs to market their products through existing exporter businesses.

Case study on Palestinian Business Women’s Forum Soap Company – emphasis on entrepreneurship and branding

2.3 Demand for PalTrade Services

The most recent PalTrade Services Report in September 2012 surveyed 360 member and non-member businesses, from across the industry sectors, both to evaluate the effectiveness of

PalTrade's services to date, and also to assess what services businesses would look to PalTrade to provide going forward. A summary of the main findings of the Survey are set out in Annex 3, and underpin the new strategic direction for PalTrade.

Overall, export promotion services were most highly rated, and will continue to be developed around priority markets, but there was also a strong demand across companies of all sizes and sectors for further export development support, and export information and intelligence services, allowing companies to better research, plan and implement their export activity; and to build their internal export capacity, skills and knowledge.



There was also widespread support for PalTrade's trade policy work in advocating and lobbying for a more efficient and business friendly environment and infrastructure to encourage exporting. There was further a clear requirement for PalTrade to raise awareness of the services it offers, particularly to the agriculture and service sectors, and put a comprehensive communication plan in place, and work with its partner organisations, to raise awareness and use of its services.

2.4 Palestinian International Trade Relationships

As set out within the Export Challenge, Israeli domination over all aspects of the Palestinian economy, and the high dependence of Palestine on the Israeli economy is most evident in its international trade activity, and the regulation of the Palestinian borders. Palestine sends around 85% of its exports to Israel and receives about 75% of its imports from Israel.

In order to improve this negative trade balance, Palestine has put significant effort into building trade relations with various countries and regions, to develop and diversify its economy and trade performance.

Since the establishment of Palestine, the Paris Protocol has been the only basis for regulating the economic relations between Israel and Palestine. Although it was designed as an interim agreement (1994-1999), the Paris Protocol remains in force to the present day.

Palestine has strategically prioritized initiating agreements with partners which already have free trade agreements with Israel so that Palestinian exports are granted preferential treatment. Meanwhile, imports from these countries enter the Palestinian market duty free based on their agreements with Israel and the quasi customs union between Israel and Palestine.

Currently Palestine has important bilateral trade agreements with the EU, the European Free Trade Association (EFTA), Turkey, the Arab States, the US, Canada, Russia, and de facto Customs Union with Israel.

However despite these trade agreements being in place for a number of years, Palestinian exports to these markets remain very low. This has been due to both Israeli restrictions on movement and access to and from Palestine, but also from recent exporter surveys and industry consultations conducted by PalTrade as above, it is clear that the limited export capability and capacity of Palestinian businesses is an important factor.

There remains the key challenge to increase the export capability of Palestinian businesses, in making effective use of the current trade agreements in place and those in the future to identified potential international markets.

The international recognition of the State of Palestine last November brings additional and significant opportunities that should be taken into consideration when designing the plans and strategies for Palestine in the future. The limited impact of the signed trade agreements should not lead to an amendment of recent signed ones. New agreements should be put in place, and should not only take into consideration the new needs of the state of Palestine but also treat Palestine as an equal partner. This will open the door for conducting new agreements with the priority international markets identified as important future export markets for Palestinian products and services.

Lowering the dependency on the Israeli economy and the need for export diversification is a main challenge and a strategic goal set by the national economic sectors strategy, and the **Palestinian National Plan 2011-2013 'Establishing Our State, Building Our Future'**. It is of utmost importance to consider the need for new agreements and new programs, and not to consider only the existing potential for Palestinian products, but also the potential for new investments that have potential in world markets.

2.5 An Institutional Assessment of PalTrade

Alongside the survey of the current demand for, and use of, PalTrade services; and the review of Palestine's International Trade Relationships, a full Institutional Assessment of PalTrade was conducted. This was undertaken by the International Trade Centre (ITC) under the CIDA funded Programme in late 2011 to review the capacity of PalTrade to fulfil its trade development mandate, and to examine its service portfolio, and the effective allocation of its resources, functions and services going forward.

A review of PalTrade management information and reports, together with wide consultation with staff, Board members, external stakeholders from the Palestinian business community, and the Palestinian trade support network and donor agencies was undertaken, and a summary of the main recommendations of this review are contained in Annex 3.

The recommendations cover across PalTrade's organisational structure and its key services, and focus particularly on defining PalTrade's role and its relationship with the wider trade support network; developing its services in a more effective and accessible manner, and creating specific export support programmes and the development of an account management structure in terms of the effective delivery of its services.

Many of the internal recommendations have now been, or are in the process of being, implemented, and ensure PalTrade has the necessary internal structures and processes in place to develop and deliver its strategic plan and objectives over 2013-2017.

The findings of the review were also taken forward at a Strategic Planning Conference in May 2012, which sought to develop the main components of PalTrade's Strategic Plan and Objectives over 2013-2017, and these are set out in Section 4.

In terms of defining PalTrade's role within the context of the National Export Strategy, and aligning its work with its trade support network partners, work is underway through the National Export Strategy to map and analyse the full trade support network in Palestine – bringing together all the Trade Support Institutions and business institutions which have an interest in, or bearing on, export development and competitiveness.

This will further help refine the distinct PalTrade service offering, and ensure that PalTrade establishes complementary export services and a close working relationship with key bodies such as Palestine Customs and Excise, the Palestine Shipper's Council, and the Palestinian Federation of Chambers of Commerce and Industry.

PalTrade's central delivery focus over 2013-2017 will be to work to support firms to identify and develop international market opportunities; and to assist firms new to exporting, and those businesses and industry sectors currently exporting, to develop and increase their export sales in new and existing markets.

PalTrade is developing its programmes of support and services to best enable this, and to create an organisational structure which is focused on working with businesses, and industry and donor partners, to lead the development and sustainable increase of Palestinian exports.

Paltrade also has an obligation to ensure that it makes its clients aware of the need to adopt good **environmental practices**. This makes sense in three ways to ensure that the export drive is sustainable. Firstly it ensures that manufacturing practices do not degrade the environment and protect the steady flow of high quality inputs and outputs. Secondly it also guarantees that the quality of Palestinian export products meet or exceed the standards set by other trading nations or international standards bodies. Last, but not least, it opens up possibilities for developing completely new businesses in environmental services to respond to growing worldwide demand for environmental services and technologies.

Specifically over 2013 and 2014, in responding to the export challenge set out above, and the demands of Palestinian businesses for export support services and information, PalTrade will:

- Use the ITC Export Potential Index for Sectors and Products, and the Export Market Attractiveness Index to identify and prioritise those products with the maximum export potential, and to assist the delivery of increased exports to selected high potential markets.
- Create and develop over the period of the Strategy an account management structure and service which will provide tailored export support to those businesses which are committed and focused to developing their export performance.

- Work with partner organisations to raise awareness among Palestinian businesses of the opportunities and benefits of exporting; to identify new potential exporters; and to raise awareness and use of the export support services available through PalTrade.
- Develop high quality service offerings for new exporters; existing exporters to new markets; and regular exporters to increase their export sales to overseas markets, and further research and define the export opportunity for the Palestinian service sector.
- Develop the overall PalTrade service offering and value to clients to both improve the core export services offered, and increase the use of PalTrade services by Palestinian businesses, and thus contribute to the overall sustainability of the organisation and its services.
- Ensure PalTrade continues to play a critical and unique role in ensuring the views of Palestinian export businesses, and its members, are represented and influence the development of the national business environment and trade policy in particular, and the implementation of the NES.
- Ensure PalTrade promotes good environmental practice both in its own operations through the services it provides to clients.
- Co-ordinate the gathering and dissemination of comprehensive trade information on the export performance of Palestinian sectors and businesses on an annual basis.
- Ensure PalTrade itself makes a full contribution to the development and the delivery of the objectives of the National Export Strategy.

3 PalTrade Vision and Strategic Goals 2013-2017

PalTrade Vision:

- A competitive globally connected export driven Palestinian economy

PalTrade Statement of Purpose and Mission:

- To lead the development and sustainable increase of Palestinian exports as a driving force for sustainable national economic growth.

PalTrade Values:

- *Integrity* - PalTrade will adhere to the rule of law, and will not tolerate corrupt practices by members, clients and suppliers; or work with companies employing child labour.

- *Quality* - PalTrade services and products will be recognised nationally and internationally as best practice examples.
- *Equality* - PalTrade will be fully inclusive in delivering its export development mandate and our services will be available to all businesses interested in export, with specific emphasis placed on increasing women's participation in exporting and export activities, and ensuring gender mainstreaming across PalTrade's internal structures and external programmes
- *Sustainability* - PalTrade will work to ensure that staff and clients recognise the importance of environmental sustainability and work to identify export opportunities in this area.
- *Leadership* - PalTrade will honour a commitment to uphold honesty in all its business dealings, and work to enhance its reputation as an organization promoting best practice in business management, and in the consistent delivery of high quality services to its clients.

PalTrade Strategic Goals:

In order to lead the development and sustainable increase of Palestinian exports as a driving force for sustainable national economic growth, PalTrade will focus on four strategic goals:

Strategic Goal 1 – To work towards and contribute to an enabling environment for exporters at the national and international level to increase exports to new and existing markets

Strategic Goal 2 - To grow the number and export capability of Palestinian exporting businesses

Strategic goal 3 - To convert international market opportunities into sustainable Palestinian exports

Strategic goal 4: To build the corporate and service capacities of PalTrade to meet businesses' needs

4 Delivering PalTrade's Strategic Goals

Export sales from Palestine have been heavily dependent in recent years on a number of key industry sectors, such as marble & stone, agri- business, furniture and textiles. Within these sectors, export activity has often been confined to a small number of businesses, often the larger businesses in each sector, and the products and services exported have been primarily of low value.

In order to develop the growth and value of Palestinian exports, PalTrade has worked with the International Trade Centre of the UN and WTO to assess rigorously the international market opportunities for key industry sectors and products, and to prioritise those markets and sectors where there are clear market opportunities matched against the capabilities, and products and services offered by Palestinian businesses.

Manufacturing Sectors

Using the ITC trade and market access mapping tools, together with the knowledge and experience of PalTrade staff, and consultation with industry leaders and PalTrade members, a robust sector and product export potential index was created for the manufacturing sectors.

The first stage of this work considered both quantitative export performance and world demand data at sector level, supplemented by further analysis at individual product level as below:

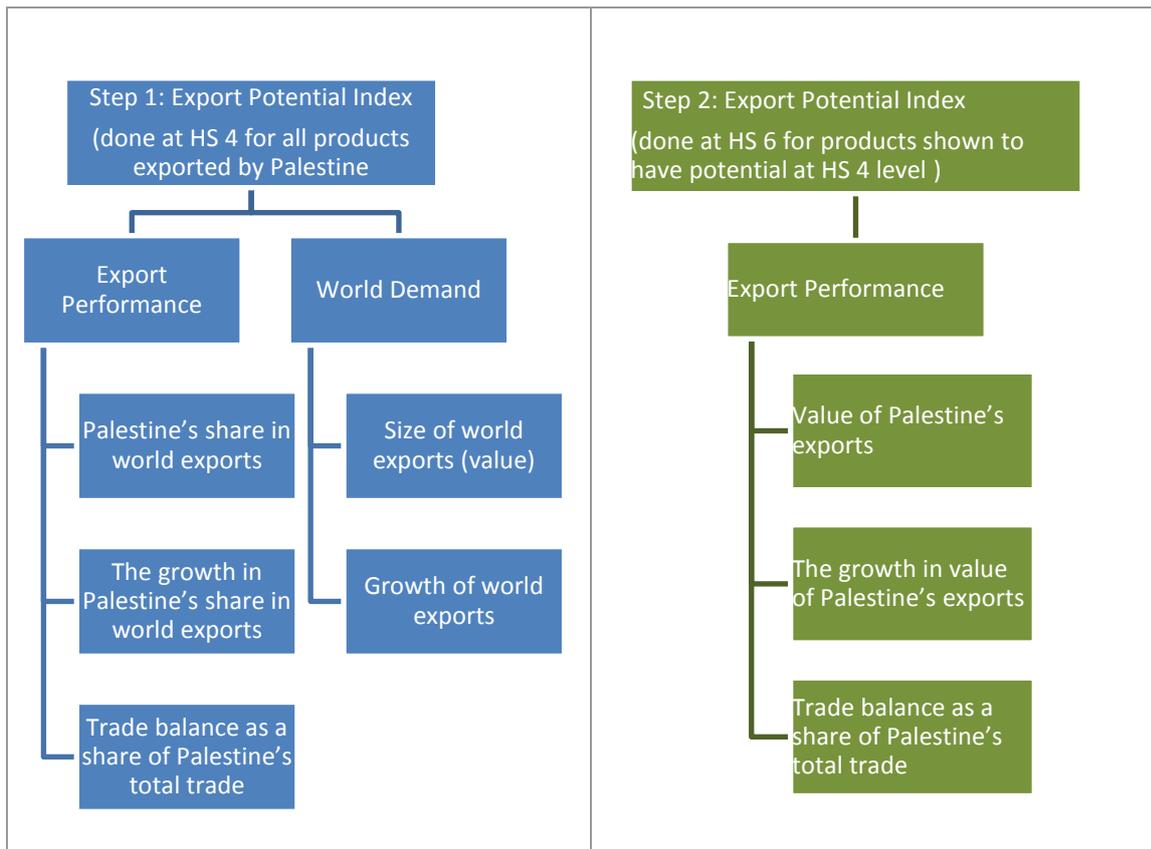


Figure 2: A breakdown of the EPI components.

The results of this first stage of work provided a ranking of Palestinian products and sectors in terms of their export potential. This was then further refined by considering again each product's export performance index, and where assistance from PalTrade would add most value to the export performance; and also using the following PalTrade indices, specific to the overall strategic objectives and values of PalTrade:

- The existing successful market diversification of individual products – *the market diversification index*
- The size of the businesses primarily involved in the production and export of individual products, with priority given to products where the majority of the production and export was carried out by MSMEs – *the employment index*
- Products which ranked high in terms of female employment – *the gender index*

This further refinement was carried out using both quantitative data wherever possible, and also using the knowledge and experience of PalTrade staff and member companies, and partner industry associations. Account was also taken of any government initiatives and development plans in place for specific sectors, and also where the EU granting in 2012 of preferential access to Palestinian products applied, and where it significantly enhanced the market access competitive advantage for particular products, such as virgin olive oil and sausages.

The final list of priority manufactured products and sectors which will underpin the growth of Palestine's exports over the period of the Strategy are:

- **Stone and Marble:** this includes marble and travertine; monumental/building stone and alabaster.

Worked monumental building stone (HS 6802) had a strong score in terms of Palestinian current export performance and with a large number of small firms in the sector; while marble and travertine (HS 2515) scored very well in terms of world demand. Stone and marble products have good potential based on there being a large overall value of exports, a large number of existing export markets, a strong supply base and solid global demand.

- **Agricultural Products and Food Processing:** this includes spices, sausage and similar meat products, cucumbers and gherkins, vegetables, fruit, dates, tomatoes, plant edibles, sesame oil and virgin oil.

A product worth particular mention in this group of products is virgin olive oil (HS 150910) which scored very well in terms of export performance (particularly Palestine's existing share in world exports). Other products which either had an important or fast growing world market share included: spices; sausages; sesame oil; cucumbers and gherkins. A number of the products in this cluster performed particularly well on the firm size index (large number of small firms).

- **Pharmaceuticals:** this is primarily medicaments formulated in bulk (HS 300390)

Medicaments in bulk had the highest overall export potential index score of 75. This was driven by Palestinian growth in world market share, and a strong growth in world demand. (Pharmaceuticals is one the sectors categorized as promising)

- **Leather and Shoes:** this includes waterproof footwear, outer soles and uppers of rubber, plastic and leather.

Footwear (HS 6405) performed well in terms of growth in world market share, strong positive trade balance and strong growth in world demand as well as again having a large number of small businesses across the sector. Waterproof footwear (HS 6401) scored particularly well in terms of Palestine's existing share in world exports.

- **Textiles and Garments:** this includes pullovers, cardigans and articles of man-made fibres, knitted

This product was retained chiefly because of its important contribution to female employment and the large number of small firms involved in production. Palestine has also grown its world market share and world demand is also sizeable and growing.

- **Handicrafts:** this includes statuettes; ornamental articles of porcelain, china and ceramics

Handicrafts were retained because of the large number of small firms producing them, and the important linkages with the tourism industry. Statuettes have also increased their world market share and the growth in world demand has also been strong.

Services Sector

Given the limited information and data available on the emerging service sectors in Palestine, PalTrade undertook a selection process where possible using the same ITC and PalTrade indices as applied to the manufacturing sector, but also considering factors such as the location of Palestine, linkages with other sectors and services, and where there is a core skills base and capacity to export.

The service sectors where it was felt clear export opportunity existed against growth in world demand and export performance to date were:

- **Tourism**
- **ICT**

This overall process to match the international market opportunity and growth in demand against the competitive advantage and value chain of Palestinian industry sectors; the socio-economic impact of each sector; and the potential within each sector to add value and to develop new products and services suitable for export markets, provides a robust and sustainable export development framework, against which the 4 strategic objectives of PalTrade will be implemented.

PalTrade will focus its primary export support programmes and assistance on those sectors which can deliver significant and sustainable export growth. We remain committed to working with individual businesses across the Palestinian economy, to build their export capacity, and to realise and develop specific export opportunities; but the robust analysis above will inform and prioritise PalTrade’s service offering over the period of the Strategy 2013-2017.

In summary, the existing sectors which offer the most significant export opportunity for Palestine over the next 5 years against these criteria are:

MANUFACTURING SECTORS	SERVICE SECTORS
Stone and Marble	Tourism
Food Processing	ICT
Pharmaceuticals	
Leather and Shoes	
Textiles & Garments	
Handicrafts	

Figure 3: Priority Export Sectors

PalTrade is working with the Business Associations and Institutions representing these sectors, to develop export plans for each product sector, and importantly to identify the export market opportunities for specific products and individual businesses within the selected sectors. PalTrade will then develop the necessary export support tools and services, and development and promotion programmes, to assist companies to develop their export performance in both new and existing markets.

The sectors identified include both sectors which already have a relatively strong export performance in goods and services; emerging sectors where there is significant export potential, such as the services sector; and sectors which are important to the wider Palestinian economy, and which will address some of the socio-economic challenges faced across the economy, in particular female employment.

Each product sector export plan will seek to identify the export market opportunity using the export market potential and market analysis undertaken; address issues such as market access, price positioning, and product adaptation and development to increase export value; and set clear objectives and actions for successful export development, including working to identify those businesses from within the sector who have the potential to export, and/or develop their exports.

Over the life of the Strategy, PalTrade is also committed to working with its trade support network partners and industry associations to identify new and emerging product and service sectors where there is clear international market demand, and where there is the capacity within Palestine to develop the identified products and services for these markets – this may involve the development of new industry product sectors such as in environmental services where there is significant and growing global demand, or in the adaptation or combination of existing product sectors when new market opportunities are identified.

This process would involve the identification and testing of international market demand using the EPI methodology and framework above, and then working with the relevant industry and trade partners, and identified businesses, to ensure the products and services could be developed and produced within Palestine competitively, and what innovation and production support would be required.

The comprehensive export market intelligence provided by PalTrade will enable these specific opportunities to be identified, and PalTrade’s role will be to communicate the international opportunity and engage with the relevant businesses and industry sector partners as to what export support and additional export services would be required to realise the opportunities.

This identification and development of emerging competitive industry product sectors will be crucial to the long term sustainability and growth of the Palestinian economy and its export base.

As well as Paltrade’s adoption to a new concept **Sunrise industries** ,which are products that countries are not producing and when studied with the value chain turn to have high world demand. These products/industries provide a good platform for potential/new investments that could make a difference in the economic development of any country. It should have high export potential to specific attractive markets. The tools provided by the Export Potential Index EPI, and the Market Attractiveness Index MAI play a key role in identifying such products within the value chain .

Later ,Those products are compared with international counterpart products within the same value chain or within the same HS Code. Following that comparison , its is detected if those products :

- Exist within the country for “export as is strategy’
- Could be manufactured using the same facilities ‘modify and export strategy’ or
- Products that needs new investments.

These new investment opportunities should be based on the following:

- Proven world demand (size of imports, and proven growth in time).
- Proven potential for such products to be able to be produced in a feasible manner.
- Selecting the most attractive markets based on the market attractiveness index for such products.

Strategic Goal 1 – To work towards and contribute to an enabling environment for exporters at the national and international level to increase exports to new and existing markets

A key function of PalTrade will remain its advocacy role for the development of laws and regulations that reflect businesses' export interests and priorities in order to enhance export growth in the priority sectors and markets identified. This will be achieved through the current reviews of member interests, and the further development of further business export forums and surveys which allow businesses to identify both national and international constraints to export growth.

In terms of the national constraints identified to export, PalTrade will feed these into the National Export Strategy, and work with its trade support network partners and national bodies to influence and address the necessary changes in national regulation, or to facilitate practical solutions or services to the issues raised.

Closer relationships will be formed with Government Ministries and partner organisations to ensure this dialogue is maintained on an on-going basis, and facilitated solutions are achieved in a positive and proactive manner, and delivered effectively through the appropriate institution.

A key objective of the Strategy remains to reduce Palestinian dependence on the Israeli export market. This will be addressed by focusing export development and promotion programmes on those markets where there is strong demand for Palestinian products and services, identified through the Market Attractiveness Index, and the knowledge and experience of PalTrade staff.

There will be an initial focus on those markets with whom bilateral trade agreements are in place such as the EU and EFTA, Turkey, the Arab States, and the US and Canada, and where there is clear and growing demand for Palestinian products and services at competitive prices.

Raising awareness of the opportunities and advantages for firms to trade in these specific markets will be important, as will understanding and responding to the export constraints businesses face in taking advantage of these market opportunities. PalTrade will contribute to the development and refinement of trade agreements through representing exporter interests and creating effective public private sector partnership models which can help shape the policy development and negotiation phases of international trade agreements reflecting the priorities of the exporter businesses.

Whilst the opportunity remains for Palestinian businesses to exploit export markets under the current bilateral trade agreements in place, future negotiation and prioritisation of trade agreements will be targeted at those markets which offer the most potential for Palestinian products and services, such as Russia and Japan, and will be driven by product and sector demand, and the exporting businesses themselves.

This process will be enabled by the international recognition of the State of Palestine in November 2012, and the ambition is to put new trade agreements in place which reflect the new ambitions of the State of Palestine, and treat Palestine as an equal partner to the agreement.

The development and promotion of cost effective and alternative trade routes to identified priority overseas markets continues to be a focus for PalTrade, both in terms of advocacy and feeding this back into the National Export Strategy priorities, and in the development and implementation of donor programmes to research and facilitate new trade routes.

PalTrade will undertake market studies and further research into identified priority markets, which can then be developed and used by businesses looking to enter or develop these export markets. An increased trade information and market intelligence service, study tours, and market and trade visits for key industry sector stakeholders and businesses to understand what is required to enter these markets successfully, will be developed within the context of the National Export Strategy.

Strategic Goal 2 - To grow the number and export capability of Palestinian exporting businesses

The development and growth of exports from Palestine, and into new international markets, will ultimately be dependent on Palestinian businesses themselves. Palestinian exports at the current time are dependent on a relatively small number of businesses in traditional industries.

A focus of the strategy will be to identify a pipeline of potential and new exporting businesses from across the industry and service sectors; and to provide effective service programmes to these businesses, and existing and regular exporters, who have the ambition and capability to significantly grow their exports.

A first priority will be to raise awareness of the opportunities and benefits of exporting among Palestinian businesses. Over 2013 and 2014, work will be undertaken to create and encourage an export culture across the business community, with a particular focus on the priority product sectors and international markets identified above.

Opportunities exist for the creation of an Annual Export Day, led and championed through the NES with PalTrade and its partners facilitating a range of export events, briefings and export discussion forums and events across the Territory; the distribution of annual exporter awards and certificates recognising success in international markets; and an annual calendar of market and exporter briefings taking place at regular intervals over the year.

PalTrade will work with the Palestinian Business Associations and Federations, the Chambers of Commerce, and other stakeholders to identify those businesses which have clear export potential and capability. These will most likely be businesses which already have built a solid trading history, are competitive in the local market and have a clear “export offer”, primarily from the priority products and sectors identified.

A Company Export Readiness Assessment is being developed by PalTrade, and already a pilot Certified Trade Advisor Programme has commenced. This will assist partner organisations working with industry sectors and businesses to identify both export capable and export ready businesses, and to refer these businesses to PalTrade for the appropriate export support and services.

PalTrade’s service portfolio will be further developed with a focus on export plan development; and export assistance programmes which increasingly support the development and implementation of businesses’ export plans.

PalTrade is also working with its partner organisations under the National Export Strategy to identify and help build the necessary export capabilities and skills within new exporter businesses. The delivery of a dedicated new exporter programme for businesses, and export capability workshops, will become a core service offering, with a particular focus on women exporters and youth.

A significant number of Palestinian businesses also export sporadically and do not continue to develop and grow their export activity after making initial export market sales. PalTrade will seek to work with these businesses proactively to assist them in developing clear export goals and export development plans focused on continuing to develop and grow their exports where there are clear export market opportunities, and where there is the opportunity to increase the added value of their exports and to become regular exporters.

Over the period of the Strategy, PalTrade will develop an account management approach for those companies actively exporting and looking to develop new export markets; and those companies developing new and value added products and services for existing export markets. This will provide the business with 1:1 assistance in helping to define and explore the additional export opportunity; what steps the business needs to take to realise the export opportunity; and provide support and a progression through the levels of export development services and programmes available.

Whilst the account management approach will be developed and managed by PalTrade, and businesses selected for account management by PalTrade, it will be contracted to external service providers initially to allow PalTrade staff to build up their own capacity and capability in this area.

Further export service programmes will be developed, and seek to provide the most appropriate export service support for businesses aligned to their export potential and the stage of export development the business is at. Services will range from market intelligence and knowledge through to export capacity building and assistance to enter and develop new export markets.

This client focus will ensure the resources and capacity of PalTrade are directed at working with those businesses, both new and existing exporters, most likely to export successfully into overseas markets, and become regular exporters.

Strategic Goal 3 - To convert international market opportunities into sustainable Palestinian exports

PalTrade are committed to ensuring that export market opportunities identified by exporter businesses and product sectors are fully realised with effective and timely support of PalTrade services. This will be driven by a combination of existing export promotion services, and services further developed in the areas of national and international trade events, and the development of targeted inward and outward trade mission and meeting programmes, co-ordinated with the wider trade support network.

The wider trade support network and partner organisations will also be fully engaged and utilised in the dissemination of export focused marketing and communications materials developed by PalTrade, aimed at identifying and communicating the international market opportunities, and how businesses can be assisted to develop these market opportunities, and achieve sustainable export sales and diversify the export markets they serve.

Export promotion programmes will increasingly be developed and targeted based on the sector and product priorities identified, the market attractiveness index, and the export opportunities identified through a combination of in-house PalTrade expertise, and extensive use of the trade support network and the Palestinian diaspora.

As stated previously, the international recognition of the State of Palestine brings significant opportunity in both trade facilitation and negotiation of trade agreements, but also in terms of the image Palestine presents to world markets. This new sovereignty and recognition will offer over time access to new markets, and the opportunity to re-brand Palestine in its overseas export markets.

Work will be undertaken to both build a more positive brand image and awareness through targeted campaigns at national and international level, and of Palestine and Palestinian products and services in export markets. Whilst this re-branding will ultimately be led by the State of Palestine, encompassing areas such as international relations, tourism and the inward investment opportunity, PalTrade will play an important contribution in developing the “Made in Palestine” branding of products and services for export markets, and building on work already underway in sectors such as ICT.

This will be of particular importance and relevance to regular exporters, who already have an export plan in place and export successfully, but wish to further grow their exports into new markets and achieve deeper penetration and added value in existing export markets or indeed diversify into new market and product areas where there are clear market opportunities.

Consideration will also be given over the strategy period to re-establishing an overseas trade network to assist Palestinian companies in priority export markets, providing further in depth and current export market intelligence for businesses, and more focused in market support for existing and regular exporters particularly, and again utilising and providing a channel to access the Palestinian diaspora.

It will also ensure PalTrade itself builds a strong international network and relationships with other Trade Promotion Agencies, and continues to gather and learn from best practice and new developments in export development and trade support, and provide a further resource in identifying and developing the export market opportunities which can deliver sustainable Palestinian exports in both existing and new product and market sectors.

Strategic Goal 4: Build the corporate and service capacities of PalTrade to meet businesses' needs

PalTrade continues to build its organizational and staff capacity to deliver maximum value to its membership and export client base. 2013 will be a year of transition for the organization as it moves to a more direct customer focused export organization, with a clear focus on raising the export performance of Palestinian businesses, and building and developing its service offering to exporting businesses at each stage of their export development.

Internally, PalTrade will put in place a human resource development plan that enables it to move towards a seamless delivery of services to clients. This will include a revision of all job descriptions, instituting a full performance appraisal system and training needs analysis for staff, and a subsequent plan and provision for professional career development structures.

The enhanced relationship management framework which will evolve over the period of the Strategy, will be at the heart of PalTrade delivery, and will be assisted by a combination of the evolving account management approach, active marketing and customer communication through social media tools such as Facebook, LinkedIn and Twitter, and evolving its original membership structure and strategy to match the focus which will be given to priority export product sectors and the progression of exporting firms at each stage of their development.

A priority for year one of the strategy will be the embedding of the new corporate structure, and the move to a more customer facing organizational structure, with the implementation of cross working across the departments driven by client demand and export market opportunity. This will also involve the development of a targeted mobilization strategy on four levels:

- departmental, linked to specific activities
- senior management at cross sectoral and event specific levels
- chief executive level with a focus on working with key partner organisations and donor agencies
- and at Board level with an emphasis on private sector sponsorship, and supporting the CEO in achieving financial sustainability, and operational efficiency across PalTrade.

PalTrade is also a leading partner in formulating the NES, and will play an important role in the implementation of the strategy within the scope of its mission and mandate, and in providing the required support to monitor, evaluate and respond to the NES. Consequently PalTrade capacity will be built in a manner that can effectively implement the assigned responsibilities within its own remit, and the functions required of PalTrade in support of the NES.

In particular, PalTrade will have a specific role to monitor the implementation of the NES, and providing regular reports to the National Export Council. This is consistent with PalTrade's own internal capacity building in results based management (RBM) funded under the CIDA project.

In terms of PalTrade's own service delivery the initial focus will be on developing the account management process, with appropriate training given to staff in export capability assessment, and account management and client engagement skills; and developing and implementing export service programmes at each of the three service level for PalTrade clients, which can be drawn down to fit with businesses' export plans, and priced appropriately to allow equality of access but also revenue contribution.

Whilst much of the support to develop the core business capability and capacity across key product sectors and businesses will be undertaken by partner organisations, and the account management process will be delivered initially through external service providers, and will take time to evolve fully; PalTrade is developing a range of export service programmes and a core service offering designed to assist businesses effectively at each stage of the export process.

Export market and product information and intelligence will be made more readily available and accessible to exporting and export ready companies to assist them in defining the export opportunity; and exporters provided with high quality verified market intelligence drawing on trade information resources sourced by PalTrade, ensuring a more accurate appraisal of export opportunities.

PalTrade will make effective use of trade information databases to keep up to date with emerging international market trends and opportunities, and develop effective means to disseminate this information to exporters in a timely and accessible manner. Market intelligence services will form part of the service package to exporters at the different stages of their export development, using off the shelf, built to standard and built to order delivery dependent on the stage of export development the business is at.

Export development programmes will complement the sector and business capacity building work of industry federations and associations, and focus on what is required for companies to enter and develop selected export markets, add value to their export offering; and to comply with market standards and customer demand.

At an organisational level PalTrade will implement a CRM system which captures client information based on export plans and achievements, and the organisation will introduce results based management tools and training designed as above to monitor and evaluate PalTrade activities and outputs to ensure that reporting is accurate and can also be used to leverage resource mobilisation efforts.

A final but crucial element of internal capacity building will be the improvement to PalTrade's website functionality and content to encourage greater use and ease of access to market intelligence and services by Palestinian businesses. The development of the website content will be driven by the Palestinian businesses' requirements for information which was the focus of a study conducted by PalTrade and ITC in 2012.

The website development will be complemented by the development of a new trade information portal with the central aim to support existing and potential exporters to penetrate or expand their shares in foreign markets. New services will be provided in the areas of trade promotion, market information and intelligence, and specific trade opportunities for Palestinian businesses.

It is proposed over the next year the trade information portal will evolve into a one-stop information platform where businesses can find relevant and up-to-date information, facilitating their export decision making; and it will also become a gateway to information on Palestinian trade environment and economy for the use of foreign partners.

It is clear that PalTrade needs to raise awareness of the export support and services it offers, particularly to companies in the agricultural and services sectors, and more widely, and alongside the website and trade portal development, PalTrade will work in partnership with the Business Associations and Chambers to develop its capacity and linkages to better communicate and provide easier access for companies to its services.

PalTrade will continue to offer a core export service to its membership base, building on the member service offered to date, and particularly enhancing the service provision for regular exporters and founder members through the development of the diaspora and international network services proposed.

Members also continue to have input and influence in terms of feeding in their views to the National Export Strategy Priorities, and helping to shape the target markets and services for PalTrade, as well as receiving an agreed discount on export programme and market access programme fees.

PalTrade will review its membership plan and service offering over the early period of the Strategy to seek further alignment with the refreshed strategy and strategic goal, particularly in terms of the need to prioritise PalTrade services to provide the most effective export support to Palestinian businesses and priority product sectors at each stage of their export development.

Opportunities will be explored to ensure membership continues to increase over the 5 year strategy period through a clear alignment to the overall strategic goals of the organisation. This will be driven by the increasing awareness and interest from businesses in export markets, and the export and business value delivered by PalTrade's service offering. This will be an important element in addressing the sustainability of PalTrade going forward.

As set out above, the organization will be structured on a horizontal business model, ensuring business customers are aware of and have access to the relevant services and support, and the PalTrade customer facing departments work collectively to provide the most effective package of export support and value to individual clients, as illustrated in the diagram on the following page:

The intention is that businesses would progress through the service levels as they develop their export ambition and potential; that the services are targeted at the right time and right level for each business customer; and that the outputs of each service level are fully assessed and measured through the results based management process. Services at each level will be a mix of contracted services, outsourced services and in-house delivery as PalTrade capacity is built up.

Export Awareness Services will primarily be delivered in partnership with national partners and the wider trade support network, ensuring businesses in all sectors of the economy have more awareness and access to PalTrade export services, and are encouraged to consider the export opportunity.

New Exporter Services will include both identifying those businesses with the potential to export through export readiness assessments, particularly in key product sectors; and developing their approach and planning to export, ultimately assisting them to achieve their first sales in export markets.

Exporter Competitiveness will be targeted at those businesses currently exporting but who require assistance to develop new export markets, or aspects of their export delivery and knowledge – ultimately building their capacity as exporters.

Export and Market Development Services will provide support and services for businesses in terms of export promotion programmes, trade missions and business to business meetings; and will be targeted at businesses which have built up their export capability and can demonstrate clear export market opportunities.

Palestinian Export Ambassadors is a new development area which seeks to build strong links with the diaspora, and also reflects the export experience and knowledge of many of PalTrade founder member businesses, and how they can support Palestine's export performance, as well as benefitting from and promoting the brand and image of Palestine in export markets.

Alongside the development of the service programme levels, PalTrade will develop its capacity to introduce an account management process for key businesses over the next three years. Ultimately, it is proposed that each PalTrade "account manager" will work with 10 companies directly, and where possible work with companies from the same industry priority sector, thus allowing PalTrade to have a primary point of contact for each sector, and also to identify if there are sector and product export opportunities and initiatives alongside the individual export support provided to the individual business.

Ultimately each account managed business will develop an annual plan with PalTrade support, ensuring that businesses progress their export activity, and develop their export performance year to year thus becoming more regular and active exporters. The export plan will be reviewed at the end of each year in terms of progress and results against objectives, and the next year's action plan defined and agreed.

Whilst PalTrade already provide a significant number of export services, this model will allow added value export services to continue to be developed based on customer demand for services. The account managed process will be introduced in year one of the strategy for selected active exporters, and then developed for each level of exporter based on export growth potential.

The progression model is set out below, based on working with account companies to move them up the pyramid in terms of increased export sales and markets, from new exporters to active and regular exporters where exports will account for between 60-100% of their annual business turnover:



Non Exporters to New Exporters

The client base at this level will be companies new to exporting, but who have approached PalTrade or been identified by our partner organisations, and have undergone an export readiness assessment to show they are export ready and export capable, and have the ambition to grow into export markets. PalTrade will also work with complimentary donor programmes such as the DEEP programme, to build awareness of the opportunity in export markets, and develop entry routes for DEEP clients into the appropriate New Exporter programmes and services.

The support and services provided by PalTrade to new exporters will be primarily 1:many assistance and services, but this will be dependent on the business potential and export market opportunity identified. This client base will largely access a combination of **Export Awareness** and **New Exporter Services**. For smaller businesses, with limited resources, collaborative export promotion initiatives will be encouraged and developed.

Existing (Passive) to Regular (Active) Exporters

This client group offer significant potential to increase the export performance of Palestine. A significant number of companies currently do not build their export plans and activities strategically into their business plans, and further develop their initial export sales and networks.

The businesses in this client group will be those exporters who have successfully entered their first export markets, and wish to develop their export sales further; and those companies who have to date exported sporadically but have not proactively looked to develop their export markets. PalTrade will work increasingly on a 1:1 account managed basis with this client group, against an annual export plan and objectives for the business, with access primarily to **Exporter Competitiveness**, and **Export and Market Development Services**.

Regular (Active) Exporters

Regular exporters are those Palestinian businesses who export between 60-100% of their annual business turnover, and this includes many of the larger businesses in each of the priority export product sectors identified by PalTrade. These businesses will tend to have good export capability in company and significant experience in their export markets. The increase in volume and value of exports from Palestine will be heavily dependent on this client group over the short term, and businesses in this category are most likely to be both existing members of PalTrade and/or account managed by PalTrade as a priority group.

PalTrade services to this client group will seek to add value in key growth areas, alongside the existing company export experience. It is envisaged services to this client group will include both **Export and Market Development Services**, and the development area of **Palestinian Brand Ambassadors**, accessing the Palestinian diaspora and wider international network to develop new market opportunities; and building the brand development and recognition of Palestine in international markets.

5.2 PalTrade Functions and Services

The priorities and services of each PalTrade department are briefly set out below, reflecting the PalTrade Service Delivery Model set out above:

Export Development and Market Intelligence: - this department has the lead role in developing the delivery of the service level programmes and the progression of businesses through each export stage, and ultimately the development of the account management process and approach. The department is also putting in place the necessary support mechanisms to work with industry associations to identify, assess and develop the pipeline of exporting companies, and provide programme support for new exporters; exporters targeting new markets; and export capacity building for companies across product sectors.

The department also will establish a central information resource and library of market intelligence within the Ramallah office. Businesses will be to utilise this resource, and work with the officers to gather the export intelligence required for their export plans.

Export Promotion:- this department provides the specific expertise in enabling companies to prepare for and take part in selected international exhibitions and trade missions. An annual programme of tailored exhibitions and trade missions will be agreed based on business demand and their export plans, and delivery primarily contracted to external service providers.

The department focus will be to ensure the missions and exhibitions, and export development initiatives, are targeted at markets where there are clear export opportunities, and businesses are best prepared for the export promotion activity.

Trade Policy: - the Trade Policy department continues to engage members and wider businesses, and feedback their views and experience to policy makers in further creating an enabling environment for Palestinian exporters. It will lead the development of an effective diaspora network in overseas markets, working closely with the regular exporter client group and members. There will be an increased focus on working to create optimum trade conditions in the priority export markets identified by businesses, given the international recognition of the State of Palestine; and the support provided as part of PalTrade's services to inform and educate businesses of the relevant trade agreements in place. Trade Policy also leads PalTrade's executive support for the NES.

Corporate Services:- this internal department provides office services across the operational departments, including a strategic planning function; the development of an effective Customer Relationship Management system; the performance monitoring and results based management process; and the necessary finance, HR, legal and IT services to support PalTrade's operational activities. Membership services also sit within this function, ensuring membership services are maintained and developed, in accordance with the organisation's strategic direction as set out above.

Gaza Office:- the Gaza office remains as the first point of contact for companies in the Gaza strip and delivers the full range of PalTrade services to companies in the region.

5.3 Partners & Networks

A mapping and analysis of the trade support network in 2012 for the NES has provided a good overview of the role and services offered across PalTrade's Partners and Networks. This has assisted in shaping the final service delivery model to be offered by PalTrade, and in identifying where there is a need to develop renewed Service Level Agreements (SLAs) or brokerage arrangements with National Trade Support network partners, and Business Associations, to both raise awareness of PalTrade services, and identify businesses with export potential; and ensure there is a complementary service offering to the exporting businesses.

Similar to PalTrade, the capacity and delivery of many of these partner bodies will need to be developed over the period of the Strategy, and their respective roles set out clearly within the context of the NES, but increased co-operation and collaboration with its trade support network partners will be an important dimension of PalTrade's delivery over 2013-2017.

Paltrade also continues to benefit from significant International donor programmes which have helped build the capacity, delivery and export services of the organisation. These donor programmes will continue to underpin much of the work of PalTrade in delivering its strategic goals. The clear vision, mission and strategic goal areas set out by PalTrade, with a stronger client facing model, and focus on leading the development and sustainable increase of Palestinian exports, will also provide the solid and strategic foundation for future donor programmes, where they can add value and impetus to the delivery of PalTrade's strategic goals.

6. The PalTrade Journey to Export Excellence

This strategic plan marks an important step change for PalTrade as it responds to the export challenges set out at the start of the document; and the significant opportunities now presented by the launch of the NES, the international recognition of the State of Palestine; and the development of a coherent and comprehensive operating and service delivery model based on export market opportunity and capability.

PalTrade is fully committed to leading the development and sustainable increase of Palestinian exports, and robustly measuring and reporting on the results it achieves to its key stakeholders. PalTrade will also seek to address the sustainability of the organisation over 2013-2017 in delivering its key services and remit.

The proposed Sustainable Growth Model for PalTrade recognizes the difficulty in achieving full cost recovery from chargeable services to businesses. This reality has been confirmed by the International Trade Centre (ITC) based on its work with trade promotion organizations operating in developed, developing and transition economies. The opportunity for cost recovery in Palestine is even more difficult given the fragile finances of central government.

The revenue and funding streams PalTrade will seek to secure over the 5 year Strategy include:

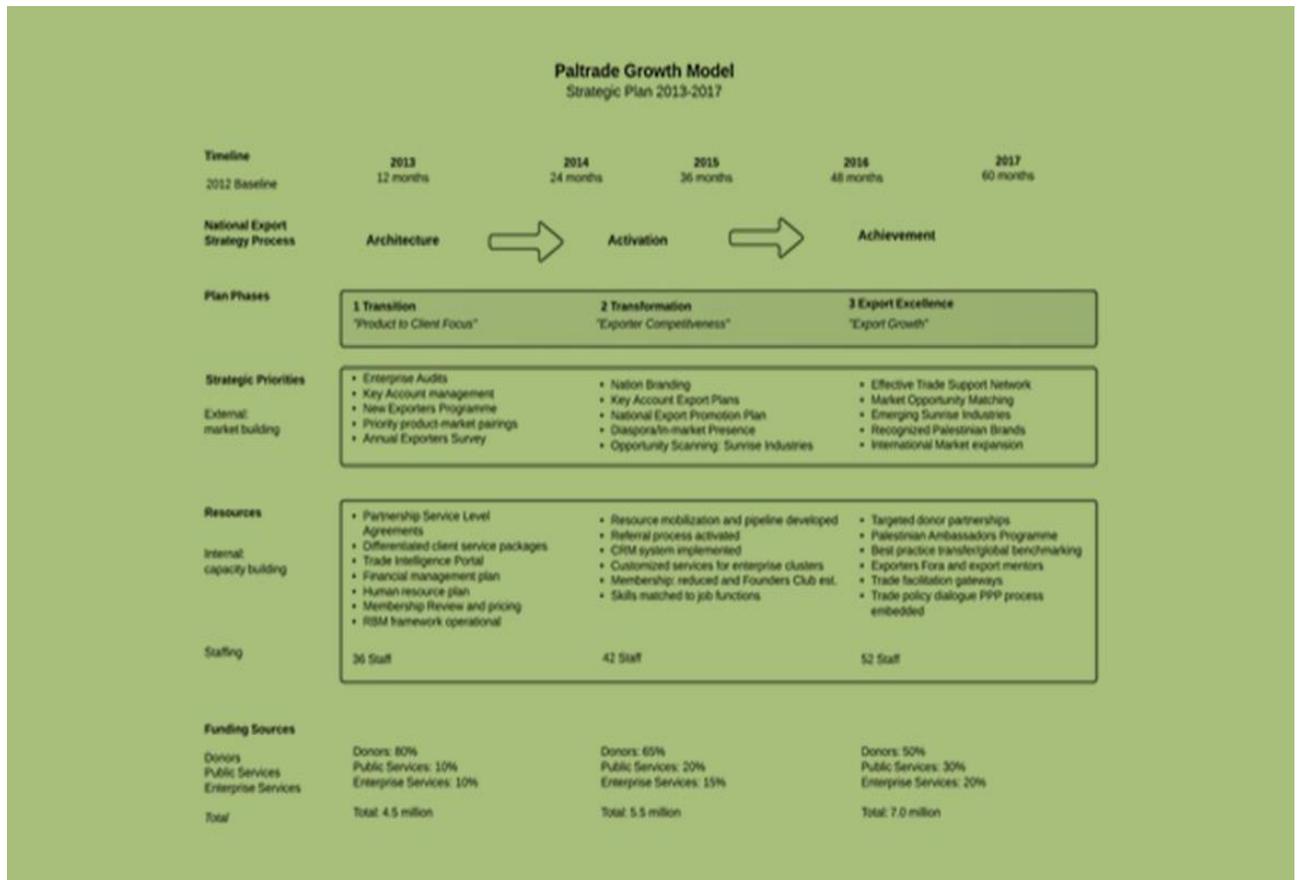
- Exporter fees for services rendered (eg trade promotion events)
- Fees from members (eg. tiered membership fees following review)
- Public sector core funding (eg MONE multilateral donor funding support)
- Fees for public sector services rendered to the Palestinian State based on outputs achieved (eg National Export Strategy monitoring)

This represents a departure from past practice in that it envisages more chargeable services offered to the public sector, particularly in the area of trade policy, business dialogue, and trade research. It assumes also that there will be a greater attempt by donors to jointly fund higher order objectives like the establishment and implementation of the NES, and the allocation of resources for the secretariat.

At the same time, financial and human resources will be required to implement a series of new business functions as set out within the Strategy, including the RBM unit which is fundamental to executing PalTrade's new vision. The staffing projections address these new requirements including the re-training of existing staff and the recruitment of new staff in frontline client facing roles (eg PalTrade trade advisers).

In addition to the above, a sensitivity analysis will be required to identify the pipeline of donor funded projects over the life of the plan, recognizing that the new strategy will move away from donor-driven delivery to better respond to exporter needs. This sensitivity analysis will be a priority in year one of the strategy and will feature an outreach programme to new and existing donors to communicate the new PalTrade strategic approach.

The proposed PalTrade Sustainable Growth Model over the five year Strategy is set out in the following diagram below:



The Model sets out the transition and journey of PalTrade to achieve sustainability over the 5 years of the Strategy, and to deliver a quality and high standard of export excellence and service provision. Indicative actions and timings are set out for the achievement of PalTrade’s export strategic goals, both externally and internally, and the resources required to deliver the Strategy.

Annual budgets and HR plans demonstrating the above transition will be set out in the 3 year Operating Plans which accompany this Strategy, and the Operating Plan will set out the key objectives to be achieved each year for each of the four Strategic Goals.

7. Performance Management and Reporting

PalTrade is committed to delivering its contribution to the achievement of the National Export Strategy, and its core strategic goals over 2013-2017. A central remit of the Strategic Planning function will be to establish a coherent and comprehensive Results Based Performance Management Framework in year one. This reflects the fact that there is currently no comprehensive and definitive baseline of Palestinian export performance and activity available.

The overarching PalTrade Performance Framework is set out below based on the 4 strategic goal areas, and will cascade into the annual operating plan each year:

PalTrade Performance Framework 2013-2017			
<ul style="list-style-type: none"> A competitive globally connected export driven Palestinian economy 			
STRATEGIC GOAL	KEY OBJECTIVES	TARGETS	EXAMPLE INDICATORS
1) To contribute to an enabling environment for Palestinian exporters	<ul style="list-style-type: none"> -Enhanced advocacy role -Priority given to key export product sectors, and businesses -New trade routes developed 	<ul style="list-style-type: none"> -PalTrade recognised as the representative exporter voice - Bilateral trade agreements in place for priority markets -New access routes to export markets in place 	<ul style="list-style-type: none"> -Number of export forums/surveys -Number of policies & regulations updated - Market access programs to 4 new export markets/ annum
2) Grow the number and export capability of Palestinian exporting firms	<ul style="list-style-type: none"> -Export awareness and reach across all sectors -Service level programmes and export progression route for businesses in place -Account management process implemented 	<ul style="list-style-type: none"> -Export Awareness Programme developed -80 new exporters achieved over the 5 year strategy - Increase in number of Palestinian exporting businesses 	<ul style="list-style-type: none"> -Number of new women and young exporter businesses -Number of SLAs in place with Network partners to identify potential exporters -Number of account managed companies
3) Convert international market opportunities into sustainable Palestinian exports	<ul style="list-style-type: none"> - Targeted & coordinated annual trade mission & exhibition programme - Strong Palestine brand image and recognition -New product sectors established based on market opportunity 	<ul style="list-style-type: none"> -- 30 businesses achieving sales in new markets -Number of export markets serviced by Palestinian businesses -Number of diaspora engaged proactively with PalTrade 	<ul style="list-style-type: none"> - Number of tailored promotion events in markets -Number of brand development initiatives -Number of product market opportunity fact sheets
4) Build the corporate and service capacities of PalTrade	<ul style="list-style-type: none"> - Deliver lead role in development & implementation of NES - Become customer facing and client driven operation -Robust and comprehensive information on Palestine's export performance 	<ul style="list-style-type: none"> -Increase in PalTrade membership and contract income -Increase in numbers of businesses using PalTrade services -New corporate structure in embedded 	<ul style="list-style-type: none"> -Levels of business satisfaction -Quality and detail of PalTrade reporting at NES and PalTrade levels -Staff satisfaction and turnover

This framework will ensure overall performance and outcomes are managed and monitored effectively on an annual basis, and progress against the strategic goals and operational objectives captured and reported as required by the Board, donor agencies, and critically to ensure annual targets and outcomes are being achieved.

Each of the above Strategic Goals is further defined in the annual Results Based Framework which has been developed by ITC and PalTrade, and will report on a quarterly and annual basis. Also set out in the annual operating plans is how the information to inform the annual report of progress will be gathered.

8. Conclusion

The PalTrade Strategy 2013-2017 is both ambitious and transformational for the organisation itself, and for the development of the export performance of Palestine. The export challenges Palestine faces are set out clearly, and the Strategy not only responds to these challenges, but sets out a robust methodology to ensure that the organisation, and the businesses it supports, are increasingly focused and driven by the international market opportunities for priority product sectors, and where Palestine genuinely has the opportunity to develop new internationally competitive product sectors.

The emerging National Export Strategy, and the international recognition of the State of Palestine, bring forward new possibilities to harness the wider partner and trade support network to work together to increase the number, capability and performance of businesses exporting from Palestine over the period of the Strategy.

The extensive work done by PalTrade, and through the NES, supported by the donor agencies over 2011 and 2012, has ensured that the strategy is based on the evidence base and baseline which exists; the demands of the business customers, and recognises where PalTrade needs to address issues and challenges within its own organisational structure and service delivery, and indeed its sustainability over the longer term.

A clear and ambitious vision is put forward, and four priority strategic goals to be achieved over the 5 year Strategy, which if successful will significantly improve the export capability of Palestinian businesses, and the wider trade support network which serves these businesses, with PalTrade the lead institution for the provision of export support and services.

Alongside the ambition is a clear commitment to build the corporate capability of PalTrade, and to measure and report on progress against robust baselines which remain to be fully developed over the first year of the Strategy through the results based management process now in place.

The Strategy marks the start of an ambitious journey and transition for PalTrade, but one which has the opportunity to have a transformational effect and impact on Palestinian exports and export market development over the coming 5 years.

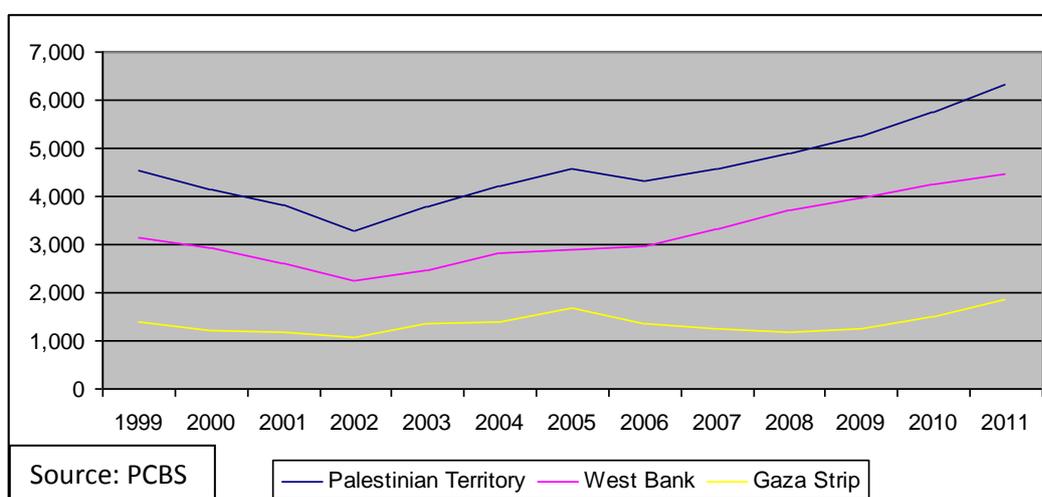
Annex 1 - A Brief Overview of the Palestinian Economy

1.1 Palestinian Gross Domestic Product

Since the occupation of Palestine in 1967, the economy has faced significant challenge and instability. Following the outbreak of the Second Intifada in 2000, Palestinian economic indicators sharply declined after achieving an impressive growth rate of 8% in 1999. By 2002 GDP had decreased by 27% from 1999 levels, and the unemployment rate continued to rise, with the recession having a strong negative impact on all economic indicators.

During the relative political stability in 2003-2005, the economy started its recovery with a gradual growth in GDP, although remaining below the 1999 level until 2006.

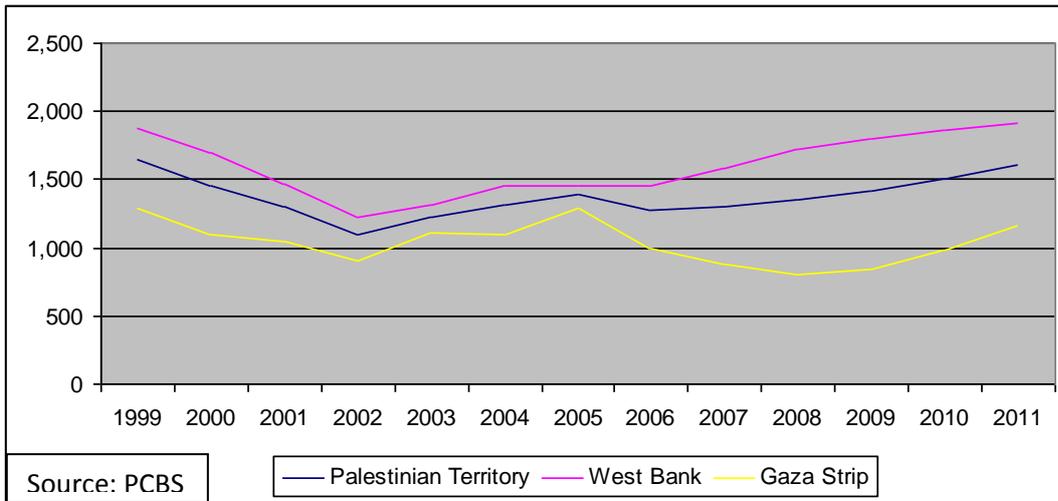
Figure 1: GDP at Constant Prices (Base Year=2004), 1999-2011 (\$ million)



In 2006 the economic situation deteriorated once again following the political and economic instability after the parliamentary elections. GDP dropped by 5% from the previous year, while the decrease in Gaza was as high as 20%. The period 2007-2011 marked the beginning of a more optimistic period with annual growth rates of between 5% and 10% across the Palestinian Territory, primarily driven by the West Bank, whilst the economy of the Gaza Strip was much slower to pick up from a low initial base and due to the blockade which started in 2007. In 2011, the Palestinian Territory overall experienced an annual growth rate of 10%.

GDP per Capita suffered even more severely than GDP as a result of the Second Intifada as the effect of the initial slowdown was exacerbated by the rapid demographic growth. Despite recent growth as shown in the chart on the following page, current GDP per capita remains lower than in 1999 because the overall economic growth has been unable to catch up with the increase in population.

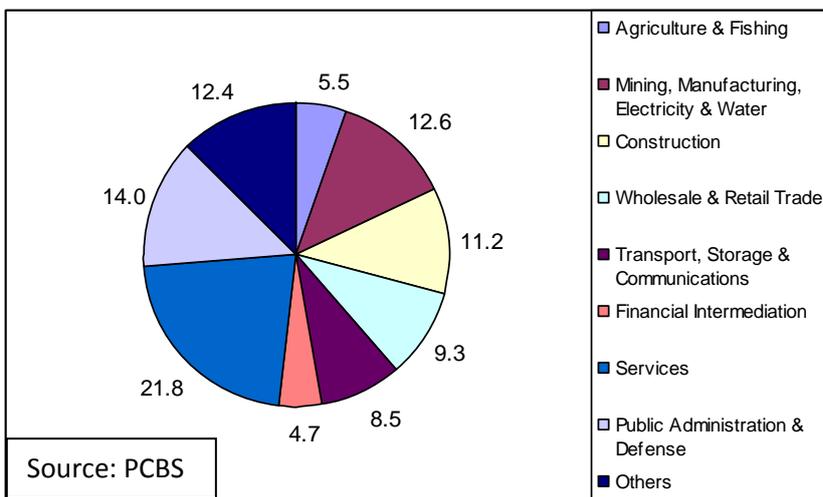
Figure 2: GDP per Capita at Constant Prices (Base Year=2004), 1999-2011 (\$)



1.2 The Palestinian Economy

Despite the political turmoil in the early 2000s, the Palestinian Territory has witnessed an overall economic growth of 39% between 1999 and 2011. Across the economy, the service sector retained its position as the most significant sector, contributing 21.8% of GDP in 2011; with the second most significant sector being Public Administration & Defence with 14% of GDP. Mining, Manufacturing, Electricity & Water remained the third most important sector with 12.6% of GDP, followed by construction with 11.2% of GDP.

Figure 3: Contribution to GDP by Economic Activity in the Palestinian Territory, 2011 (%)

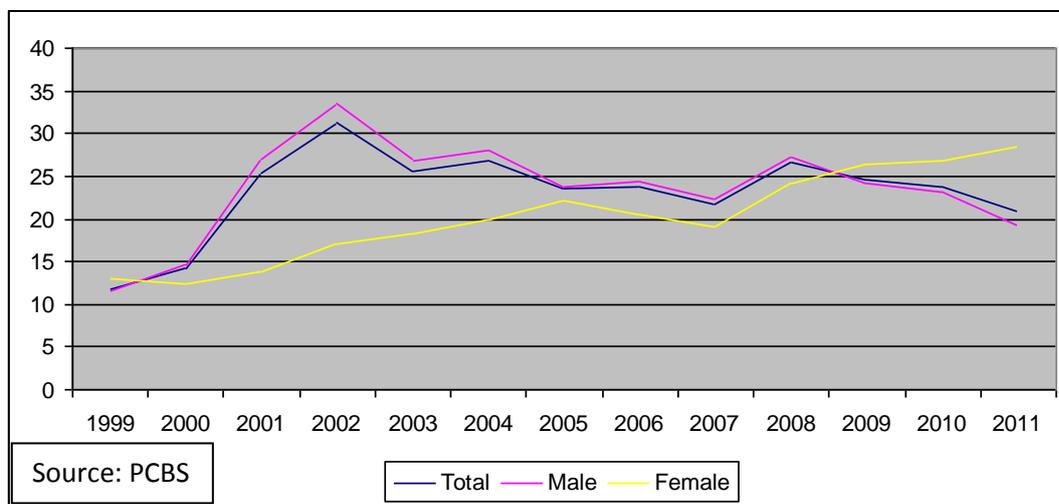


Within the economic sectors, the majority of Palestinian economic establishments comprise of micro-, small-, and medium-size enterprises (MSMEs). The Palestinian definition of MSMEs is based on the number of employees: enterprises with nine or fewer employees are considered small, while enterprises ranging from ten to nineteen employees are considered medium. Between 1997 and 2007, the number of overall Palestinian business establishments increased by 43% to 109,686, and the number of employees engaged in them grew by 55%.

Most Palestinian MSMEs are family-run and work in traditional businesses, such as food and beverages, clothing, minerals, and furniture. These businesses suffer at present from limited marketing possibilities for their products in local and foreign markets, limited technical support and inadequate access to finance. The Israeli occupation continues to be the major obstacle to improving the competitiveness of Palestinian businesses due to the restricted flow of capital goods and raw materials, and the controlled movement of goods and people.

The Palestinian labour market has followed the overall developments in the economy. Overall unemployment has almost doubled from 11.8% in 1999 to 20.9% in 2011, peaking at 31.2% in 2002, with female unemployment constantly on the rise since 1999. Women in Gaza have the highest unemployment rate of 28.4%.

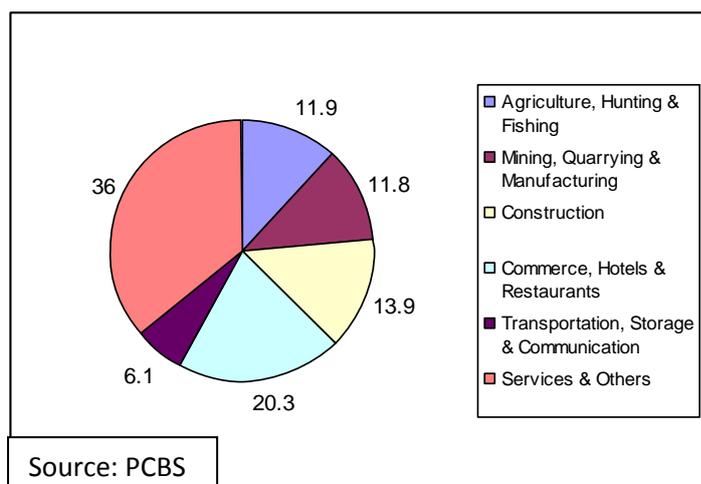
Figure 4: Unemployment in the Palestinian Territory, 1999-2011 (%)



Currently there are approximately 1.1 million employed persons in the Palestinian Territory. The private sector is the major employer, hiring 67.5% of all those employed in 2011, while the public sector provides 22.5% of employment.

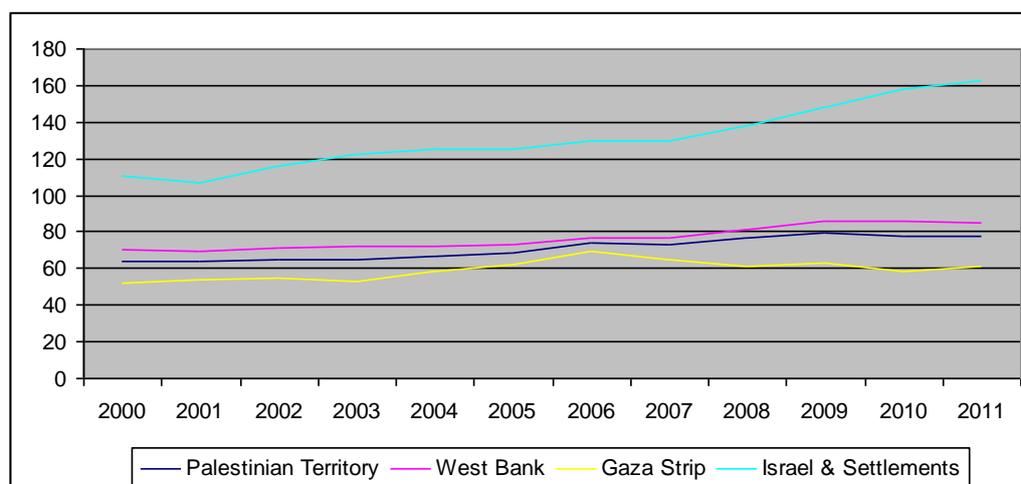
In terms of economic sectors, the services sector remained the major provider of employment, accounting for 36.0% of employment in 2011. Commerce, hotels & restaurants replaced construction as the second most important employer, providing almost a fifth of total employment in 2011.

Figure 5: Employment Distribution by Economic Sector in the Palestinian Territory, 2011 (%)



In terms of wage levels, the average daily wage has slowly increased over time until 2009, when it experienced a minor decline in 2010/2011. Wages in Gaza remain consistently lower than in the West Bank, as shown below.

Figure 6: Average Daily Wages, 2000-2011 (NIS) (Source: PCBS)



Note: The figures for the Palestinian Territory, the West Bank, and the Gaza Strip exclude those for Israel and the settlements.

Overall poverty rates remain relatively high in the Palestinian Territory, with one quarter of the population living below the poverty line in 2011. Poverty is particularly acute in Gaza with 38.8% of the population living below the poverty line, as compared to the West Bank where 17.8% of the population are classified as in poverty.

In 2011, 12.9% of the Palestinian population lived below the deep poverty line – 7.8% of the population in the West Bank and 21.1% in the Gaza Strip.

Annex 2 – Current Palestinian Export Sectors

The Palestinian industry sectors currently active in export markets or with the potential to export successfully to overseas markets, include:

Manufacturing Sectors

- **Agricultural products**, including olives, citrus fruits, vegetables, flowers and strawberries, and medicinal herbs, accounted for 5.5% of GDP, and 15% of Palestinian exports in 2011. The sector plays a key role in food security and female employment, and accounts for 11.9% of total employment.
- **Food Processing** remains a growth sector, and includes sweets and confectionery, dairy and meat products, beverages, snacks and a variety of grain products. Processed food output is estimated at \$636 million, with 90% marketed locally, and 10% currently exported to Israel, Jordan, the Arab Gulf Countries and Europe.
- **Stone and Marble**, particularly the bright coloured natural lime stone of Palestine, is in high demand in international markets. The raw materials used in the production of stone and marble products are 100% local, and the industry contributes around 3% of total GDP, with exports of \$116 million in 2010.
- **The wood and furniture sector** is one of the oldest sectors in the Palestinian economy and is characterised by high carpentry workmanship skills, quality and design, providing both home and office furniture, and construction related components. The industry's output is \$110 million annually across 1100 businesses, with 50% of production exported to Israel and other markets.
- **The handicrafts sector** is heavily concentrated in the Bethlehem and Hebron areas with over 500 businesses employing 10,000 workers, and delivering a wide range of high quality design products. Total sales from the sector are \$50 million annually, with 35% exported to Israel, and 35% to Europe, US and Arab countries. There is also strong local demand from tourists.
- **The pharmaceuticals sector** is primarily located in the Ramallah area, with 4 major companies dominating the sector. The sector as a whole employs 1,200 people with annual sales of \$50 million, and considerable investment has been spent on facilities and equipment to ensure the relevant international compliance and certification. The sector currently exports to over fifteen Arab, African and European countries.
- **The textile & garments sector** largely consists of sub-contract manufacturing for international brands, with a highly skilled labour force and quality of production. The sector employs 12,000 people and has an annual output of \$44 million, with good exports to a number of countries.
- **The Leather & Shoes sector**, largely concentrated in Hebron with 10 tanneries and 420 businesses, exports both to Europe, and to Jordan and Saudi Arabia.
- Other sectors such as the paper industry, metal & engineering, and wider manufacturing also offer a number of current and future export opportunities.

Service Sectors

- **The Information & Communication Technology (ICT) sector** in Palestine has grown rapidly since its establishment in the 1980s, based largely on local demand but also serving selected export markets. In 2010 there were 446 businesses working in the sector, and a total annual output of \$589 million.
- **Tourism** is an important sector for Palestine, but the occupation and security issues have largely prevented the full growth of the sector to date. The industry is seasonal with most activities concentrated in the second half of the year, and in 2010 a total of 4,735 businesses worked in the sector.
- **The Palestinian finance sector** in 2010 comprised of 48 businesses employing 6,618 people and with an annual output of \$404 million. The sector includes banks, microfinance institutions and insurance companies.

Annex 3 - PalTrade Services Report September 2012 – Main Recommendations

The overall findings of the Services report, based on a survey of 360 member and non-member companies were as follows:

PalTrade Services

The expectations of the large, medium and small exporting businesses did not vary significantly between members and non-members, and across industries. Palestinian businesses have the same expectations of PalTrade services, broadly categorized into export promotion, trade & market information, export development, and policy issues. There is a clear demand for more focused sector and product export market intelligence, and also in terms of capacity building for smaller businesses.

Export promotion is the most widely used service by exporters and non-exporters but also the service which companies expect most frequently from PalTrade in the future. This would suggest that PalTrade should continue to develop and expand its services in this area.

The analysis shows that all current exporters consider more local and international business-to-business meetings, attendance at domestic and foreign trade exhibitions, and the ability to network and coordinate with local and foreign businessmen, as very important in promoting Palestinian products, and opening new export markets (including in Palestine, the Arab countries, and Israel).

Importantly, the cost of participating in international exhibitions remains a significant constraint, and PalTrade should look at further means to ease the financial burden for Palestinian businesses participating in export promotion initiatives.

Export development is the second most used service and one of the most frequently sought future services. Firms expected PalTrade to support them through training courses (especially in management and production), assistance with compliance with international standards, and help in capacity building and financial support for export development.

There is a requirement for PalTrade to consider how best it can meet these demands and where its trade support network partners have a role in working with PalTrade to build the export capacity of firms and their readiness for export.

Trade & market information services is the third most frequently used service from the survey findings, but the second most requested for the future. Companies were especially interested in market studies, detailed information about targeted local and foreign markets, and timely and comprehensive information about domestic and international exhibitions, and this will be reflected in the development of the export market intelligence and trade information in future.

There remained widespread support for PalTrade's policy work in advocating and lobbying for a more business friendly environment and infrastructure to encourage exporting. For example, businesses would like PalTrade to work on developing the legislation related to trade (investment laws, incentives for exporters), and lobbying for reducing tariffs and non-tariffs barriers, advocating lower prices of industrial outputs (electricity and fuel), and cooperating more closely with the public sector institutions and representatives.

This again will be facilitated by PalTrade's central role in providing the Executive support for the National Export Strategy, and working with its national trade support network partners and business organisations to create a more supportive business environment for exporters.

Awareness and Access to PalTrade Services

Information on the services PalTrade provides, and access to these services, emerged as an important issue. Currently few members and non-members have access to the Exporters Directory, the Trade Magazine, and the PalTrade Agenda, but those who do find them very useful and informative.

Companies would also like to receive regular information from PalTrade regarding its activities, services and projects. PalTrade needs to develop an effective communication plan which incorporates various methods of reaching clients, including but not limited to emails, phone calls, faxes, the PalTrade website and Newsletter, local newspapers, and through its trade network partners and industrial unions and associations. Companies accessed this information through a variety of means, and the PalTrade communication plan needs to reflect this.

The survey also showed that awareness and use of PalTrade services across the agricultural and service sectors is very low. Agriculture has traditionally played a very important role in the Palestinian economy in terms of female employment and food security, and has an increasing number of enterprises and growing volume of exports as a sector. The services sector has also emerged as one of the pillars of future economic development, but very few service sector companies have utilized PalTrade services to date.

More effective communication of PalTrade services to these sectors will be important in the future, alongside a more consistent communication and awareness raising of PalTrade services to member and non-member businesses.

Annex 4 – Institutional Assessment of PalTrade December 2011 – Key Recommendations

Continuous improvement process: PalTrade will need to adopt a continuous improvement approach to addressing on-going operations, the roles and functions of technical and support staff, leadership and senior management, governance and operational efficiencies. ISO 9001 has been discussed at Board level and provides a sound platform from which to commence an internal quality management process.

Strategic planning: Effective strategic planning will enhance PalTrade’s operations and ensure organisational coordination and compliance; the development of good practice including from other export development agencies; and an overarching results based management framework ensuring monitoring and evaluation on both operational efficiency and measuring the impact of PalTrade’s work in export development.

Horizontal linkages: Stronger working relationships, and more sharing of information should be put in place across the key departments of PalTrade. Export Development and Trade Information should combine their capacity building, exporter education and trade information roles to ensure better preparation of enterprises for exporting. Policy is recommended to focus on ramping up its PPP activities, particularly with regard to how Palestinian exporters surmount existing trade barriers and take advantage of FTAs which are in place.

CRM system: A full upgrade of PalTrade’s CRM system will enable a move towards integration of both operational and administrative elements of PalTrade’s operations, and create a primary source of institutional knowledge. Results based Management will be critical for PalTrade both in terms of reporting to donors and for ensuring the organization is meeting its mandate. It is recommended that the RBM form part of the strategic planning function.

Enterprise Audits and Export Potential Assessments: Currently PalTrade does not have a defined enterprise audit methodology or “first contact” discipline in place. ITC recommends that PalTrade link its service offer to correspond to a client’s level of internationalization. This will necessitate the development of a client prospecting model, and an export readiness assessment. These reports should be standardized and delivered as the first point in the needs assessment service leading to the delivery of solutions offered from PalTrade and its network of trade support partners.

This will also help define when and how PalTrade should intervene and where it acts as a broker of services to its trade support network partners, as opposed to a direct delivery agent. This would allow PalTrade to intervene where it can bring its scarce resources to bear to greatest effect. This will also signal where there are “gateways” to PALTRADE services so that clients know how they enter (and exit) the system and what level of service they can expect.

Account management system: To enable better service delivery to enterprises an account management system is recommended. Using the enterprise audit as the stepping stone, officers dealing directly with clients can be assigned overall responsibility for managing the client relationship including the provision of direct export advice, working to identify international business opportunities and troubleshooting when an exporter faces a trade barrier.

Trade support network: Relationships with the trade support network in Palestine are good, with a collaborative approach in exchanges of information and core responsibilities in areas of mutual interest. Where formal MOUs are in place, it is recommended that these be reviewed and updated to ensure that PalTrade's mandate and export development responsibilities are clear. Where PalTrade does not have MOUs these should be put in place. Links with external export organizations in the region and beyond need consideration. These do not have to be formal but where possible best practice examples in such things as client management, financial management, revenue management and running trade missions should be sought and analysed. Information received can then be adapted to the requirements of PalTrade.

Diaspora Linkages: Efforts should also be directed in building business contacts with Palestinian Diaspora in the business communities worldwide. This provides not only business opportunities, but also links into the account management structure enabling further verification of PalTrade's import on the overall export growth of Palestine.

Development of a Trade Information Centre: Consideration should be given to the establishment of a permanent Trade Information Centre with internet access for use by staff and clients. A library of relevant trade related databases should be created and access should be granted to all clients and staff.

Export mentoring: The Board has also indicated their support of large exporters to provide business mentoring. Small exporters and new exporters will benefit from the experience of large companies.

Consolidation of support services: The organization will benefit from establishing an overarching Corporate Services department. Inclusion of the Finance and Administration functions within this department will better reflect the role in supporting other departments within PalTrade. A Corporate Services department could also involve consolidation of administration and HR support, legal advice, and IT support, which also requires upgrading.

Client services: The support services portfolio should be redesigned to include more direct service provision to exporters, particularly around workshops for export best practice, how to participate in trade missions, identification of trade barriers, how to get paid, quality management and compliance, trade finance and international trade law. PalTrade's Export Promotion Department should develop export related services which not only include facilitating participation of companies in international trade shows and exhibitions, but services such as generation of business leads, market linkages, etc.

Financial management: The Finance Manual should be updated, specifically with a review on internal payment and approvals procedures. The financial management plans could be further reviewed to help in the removal of debt and which can also lead to improved operational sustainability and reduce reliance on donor funding in the coming years.

Staff training: a formal induction programme for all new staff is recommended. This should take place within the first month of staff being recruited. All aspects of PALTRADE's operations are to be covered, with particular emphasis placed on using corporate tools such as the CRM and RBM. For existing staff where professional training opportunities directly related to their jobs are identified every opportunity for them to participate should be made available. Establishment of a staff training fund is recommended.

New exporter development: PalTrade has an excellent working relationship with the likes of UNDP and in particular the DEEP programme. This programme targets development of microenterprises, family oriented businesses and women in business. It is recommended that PalTrade develop a First Steps to Export programme for such businesses built around developing export awareness and particular export aspiration. The size of the DEEP programme catchment is huge estimated at some 12,000 families. If 1% of this number is considerable export capable this will provide PALTRADE with a significant new client base. Target groups should be in line with PalTrade's work to prioritise those sectors with most export potential.

Fostering a Development Perspective: Employment Creation and Women's Empowerment: The new PalTrade should be seen as a private sector enabler and champion with a strong social conscience and remit. This means that increases in exports should lead not only to a widening of the export base, but direct and indirect job creation. A development friendly PalTrade will therefore need to develop its intervention logic to provide more effective targeting of its services to those target audiences where the impact on women and employment creation is highest. This would naturally result in selecting export sectors which have the greatest potential for job creation.

Annex 5 – Hs products’ matrix with target markets

PRODUCT	HS CODE
Marble and travertine, crude or roughly trimmed	251511
Monumental/building stone, cut/sawn flat or even nes	680229
Monumental/buildg stone,cut/sawn flat/even,marble/travertine/alabaster	680221
Spices nes	091099
Cucumbers and gherkins,prepared or preserved by vinegar or acetic acid	200110
Cucumbers&gherkins provisionally presvd,but nt f immediate consumption	071140
Veg,fruit,nut&edible prts of plants nes,prep/presvd by vin/acetic acid	200190
Vegetables nes&mixtures provis presvd but nt f immediate consumptn	071190
Tomatoes fresh or dried	070200
Dates, fresh or dried	080410
Olive oil, virgin	150910
Waterproof footwear, outer soles/upper s of rubber or plastics, nes	640199
Waterproof footwear,outer soles&upper s of rubber/plastic,metal toe-cap	640110
Footwear with upper s of leather or composition leather, nes	640510
Pullovers, cardigans and similar articles of man-made fibres, knitted	611030
Medicaments nes, formulated, in bulk	300390
Medical Herbs, Export-related Facts from a Palestinian Perspective: Singapore	121190
Processed meat	160100