



Executive summary

**Business Start-up Incubator Support (BSIS) Project**

**Palestine**

ETR

PZA120281T

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## 1 Presentation of the evaluation

The evaluation concludes that the BSIS project is something that ENABEL, the EU and the B&S consortium should be extremely proud of. Expected results were exceeded for a completely relevant intervention, and there is tangible impact on the economy to the extent that other donors are expressing interest in repeating it.

This success has not been achieved easily, however. The project was dogged with delays in mobilisation and a long inception period combined with a slow approval process put activities behind schedule. An administratively hungry voucher scheme delayed implementation to the point that the mid-term review expressed serious concerns about the quality of delivery and the capability of the contractor to achieve the expected results.

The difficulty in achieving concrete results over the first half of the project period as showed by the mid-term review damaged the credibility of the project and actually put its continuation in doubt. It also caused progress to be frozen for about 6 months until decisions were taken on its continuation. This negative impression has continued in spite of the results coming late and eventually exceeding targets. The evaluation team began work with an expectation of a poor project which was gradually altered as interviewees expressed their support and gratitude for the work carried out and donors pledged their support for continuation.

The organisational structure of the project was somewhat unwieldy, with a part-time team leader and a full-time coordinator. This appeared to lead to confusion in the chain of command and an element of micro-management with excessive bureaucracy where the steering committee was effectively abandoned in favour of continuous control. This also focussed the project on activity rather than on outcomes.

In spite of these difficulties, the results achieved are of high quality and sustainability.

## 2 Results and conclusions

The evaluation concludes that the project was (and still is) highly relevant. It was effective and achieved all its expected results after an extension period. It has have robust and sustainable impact with a high quantity of throughput in the entrepreneurial pipeline through to receiving funding support and investment and even through to further activity for scaling up the emerging enterprises. It has left a legacy of well equipped functioning incubators with linkages to access to finance and attracting further funding which will help them to continue into the foreseeable future.

Excellent scores are setback somewhat by efficiency matters which nearly caused project closure and discredited the project, however, this was largely corrected by the wise decision to grant extensions to allow the results to be achieved.

### 2.1 Performance criteria

	A	B	C	D
Overall Result		B		
Relevance	A			
Efficiency			C	
Effectiveness		B		
Impact		B		
Sustainability		B		
Gender		B		
Results Oriented Steering			C	
Environment		B		
Monitoring			C	

### 2.2 Specific questions

**Relevance:** To what extent does the intervention conform to the needs and priorities of target groups and the policies of recipient countries and donors.

The intervention is in tune with the priorities and policies of the partner government at all levels including transversal themes. This is evident from the project identification document and the situation until now has changed little. Other donors (Koica and World Bank) are expressing interest in continuing the action by considering new proposals to blend incubator support together with access to finance, demonstrating that the relevance has not diminished over time.

**Efficiency:** To what extent have the inputs been managed with regard to efficiency  
 The project was constrained by matters of inefficiency which included: Delays in mobilisation, Delays in approvals. Efficiency was also hampered by structural issues including the top-heavy organisational structure with a confused chain of command and a part-time Team Leader. There were also issues with project design, including: An ill-conceived voucher scheme which was administratively complex and also insufficient funds to adequately support the targeted number of beneficiaries. Training was directed inappropriately for Business Advisers and Mentors

**Effectiveness:** To What extent were the development objectives achieved taking into account their relative importance.

All targets were reached and exceeded, after project extensions.

**Impact:** To what extent are long-term effects produced by the intervention

The project has delivered 52 new businesses and created 95 jobs within the lifetime of the project. Around 20 SMEs are in the process of scaling up; Around 50% of entrepreneurs entering the pipeline are still in progress and the process is ongoing. The infrastructure has been created for the process to further develop. Access to finance links have been developed and 52 entrepreneurs received financial support from external sources. The financing relationship will continue to produce enterprises and jobs.

**Sustainability:** To what extent with benefits from the intervention continue after the project is completed

The legacy of the BSIS Project is that three incubators have been equipped and enabled (Ramallah, Hebron and Gaza) and in the course of this, have developed strong links to access to finance for their clients;

- One incubator (Bethlehem) has been developed which gives useful support and which is well supported by the bank and the university and has the potential to reach the same quality as the other three.
- One incubator (Jerusalem) has been created and if it survives may follow the path driven by the others.

Other donors, in particular, Koica and World Bank are actively pursuing the possibility of creating a project which will effectively continue the work of the BSIS project combined with an active access to finance element. This is undoubtedly due to the demonstration effect of the BSIS Project. We propose that it would be beneficial if the EU were to consider replicating the project in a more efficient format, since it is the EU funds that have now created the platform for on-going support

#### **Summary of Conclusions:**

- The BSIS project had substantial relevance, impact and sustainability. It leaves behind benefits to the community and a model which others wish to follow;
- Delays in contracting and mobilisation risked the project becoming less relevant, but did not materially affect the impact;
- Elements of the project design were sub-optimal and presented a challenge to the contractor;
- The value of each voucher was insufficient to deliver quality support;
- The Mid-Term Review damaged the credibility of the project, giving concern that the results would not be achieved

#### *Conclusions: Project Management*

- There were significant delays between concept and delivery
- The use of a part-time Team Leader was sub-optimal
- The Organisational structure was inefficient and led to micro-management
- The processing of the extension took longer than necessary

#### *Conclusions – Project Implementation*

- The project extension was fully justified;
- Closing of the Nablus Incubator was fully justified in the circumstances
- The decision to support the Leaders Incubator was justified in spite of a conflict of interest

### 3 Recommendations

- Showcase the BSIS Project as a “Success Story”;
- Consider repeating or extending the project – Especially in Gaza<sup>1</sup>;
- Provide capacity building support to Government to improve the business environment;
- Provide support to the Ministry of National Economy to implement the recommendations for accreditation of business advisers.

### 4 Lessons learned

#### Lessons Learned – Strategic

- Move quickly and decisively from concept to delivery;
- Make sure that funds and targets are balanced (e.g. the value of the business advice fund / No. of business advices);
- The Task Manager should be a permanent ENABEL employee;
- Rely on the contractor’s contract – Don’t try to manage – Just buy the result
- Build steering committee requirements into the contractor’s ToR

#### Lessons Learned - Operational

- Keep the Inception Phase short – Only for Inception tasks;
- Avoid conflicts of interest;
- Indicators should be results based – Monitor results rather than activities;
- Reports are for presenting the facts and the plans – Don’t use them for making decisions – Approve them quickly if they present the facts accurately;
- Decisions regarding contract amendments should be expedited decisively and quickly
- Accreditation of business advisors is best left to the Government;
- Voucher schemes are administratively hungry and cause delays;
- Decentralise the delivery of business advice where possible;
- Use mentors fully – Don’t pile obligations on them such as induction and continuous professional development;
- Where infrastructure funds are used – Don’t select beneficiaries who don’t need the funds. Leverage will be lost;
- Agreements to provide technical assistance should have a strong binding contract which sets out the obligations of each party as well as the sanctions for non-compliance and dispute resolution.

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<sup>1</sup> Unfortunately, this may be too late as many other donors are considering support to incubators and effectively continuing the work of the BSIS project.