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WEST BANK/GAZA

Compete Project Monthly Report

May 1, 2013 – May 31, 2013

June 2013

This publication was produced for review by the United States Agency for International Development.
It was prepared by DAI

COMPETE PROJECT MONTHLY REPORT

May 1, 2013 – May 31, 2013

DAI

Contract Number: AID-294-C-12-00001

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ACRONYMS AND ABBREVIATIONS

AHA	Arab Hotels Association
B2B	Business to Business
CEO	Chief Executive Officer
COP	Chief of Party
CHS	Certified Hospitality Supervisor
EU	European Union
FY2	Fiscal Year 2 (USAID Compete)
Geo-MIS	Geographical Management Information System
GLOBALGAP	Global Good Agricultural Practice
HCCI	Hebron Chamber of Commerce and Industry
HLITOA	Holy Land Incoming Tour Operators Association
ICT	Information and Communications Technology
IOS	Internet Operating System
MBA	Masters of Business Administration
M&E	Monitoring and Evaluation
MEPS	Middle East Payment Services
MIT	Massachusetts Institute of Technology
MoA	Ministry of Agriculture
MoTA	Ministry of Tourism and Antiquities
MoU	Memorandum of
NSFT	National Association for the Specialty Food Trade
PCARD	Palestinian Center for Agricultural Research & Development
PITA	Palestine Information Technology Association
PMEP	Performance Monitoring and Evaluation Plan
PPIS	Plant Protection Inspection Service
PPSQ	Plant Protection Safety and Quality
PSI	Palestine Standards Institute
RFQ	Request for Quotations
SME's	Small and Medium Enterprises
SOW	Scope of Work
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency For International Development
USDA	U.S. Department for Agriculture
USMAC	US Market Access

KEY ACCOMPLISHMENTS

- USAID Compete officially launched the New Filter Press Program in May, enabling qualifying Stone & Marble producers to cost-share the purchase of critical filter press machines.
- The ICT team launched the “Export Manager for Hire program” this month to help Palestinian companies expand and reach new markets.
- This month the Tourism team organized three workshops to raise awareness for the Palestinian Hotel Classification system; 12 hotels have submitted 1st phase self-assessment declarations.
- In May the Agribusiness team distributed over 200,000 m² of insect nets to 13 fresh herb growers on a cost-sharing basis.

SUMMARY OF PROGRESS BY SECTOR

AGRIBUSINESS

Summary of Activities

Trade Show preparations – The team is actively preparing Palestinian companies selected to participate in the New York *Fancy Food Show* (June 30 – July 2) and the Tel Aviv *Fresh AgroMashov* exhibition (June 11-12) this summer. The *AgroMashov* show, known for attracting high-quality international buyers, will include a pavilion for participants to showcase their products to buyers, agents and exporters from Israel and abroad.

Accelerating Market-Led Growth – In May the Agribusiness team distributed over 200,000 m² of insect nets to 13 fresh herb growers on a cost-sharing basis. The nets are expected to increase production by 100 tons and will enable the growers to comply with market demand and with USDA requirements.

Saline Water Treatment Workshop – In cooperation with the MoA, USAID Compete organized a workshop in Jericho this month to discuss the Saline Water Treatment system and announce the results of the 9-month experimental demonstrations at 5 field locations. Sixty-three participants from the public and private sector agribusiness community attended the workshop. USAID Compete’s water expert Dr. Amer Sawalha delivered a presentation on water salinity issues in the Jordan Valley including a detailed assessment of the results of using this innovative technology.



Saline Water Treatment workshop, Jericho, May 2013

Milestones

- Distributed 200,000 m² of insect nets to 13 fresh herb growers.
- Organized a workshop in Jericho to announce the results of saline demos at 5 field locations.

Lessons Learned

Working with stakeholders – when meeting with beneficiaries, do not expect unanimous agreement on common issues. If unanimous decisions cannot be reached, the activity leader should be prepared to step in adequately and impose middle ground decisions.

TOURISM

Summary of Activities

Site renovation – Taybeh, Burquin, Hisham's Palace, Bethany and Sabastiya were selected as priority sites for phase one of the site renovation activity. In May the Compete team along with USAID environmental officers conducted pre-bid visits to the Burqin Church complex. The first visit was with potential bidders for the construction of new water tanks, electrical cabling and water pipes. During a separate visit, the project team and USAID representatives examined the environmental aspects of work at the church complex, including the construction of new water tanks, electrical cabling and new water pipes.

Hotel Classification workshops – The tourism team continues to raise awareness about newly introduced hotel classification standards within the tourism sector through workshops in Bethlehem, Jerusalem and Ramallah this month. Members of the Hotel Classification Joint Committee managed the workshops and participants included local hoteliers, managers, investors, representatives from the Arab Hotel Association (AHA), Holy Land Incoming Tour Operators (HLITOA), and representatives from MoTA. This month the tourism team signed a grant for future cooperation with the AHA to assist capacity building activities for Hotel Classification assessors who will start awarding hotel star-ratings in June.

Milestones

- Conducted pre-bid visits with USAID environmental officers to Burqin Church.
- Organized 3 awareness workshops to introduce hotel classification standards within the tourism sector.
- Signed a grant with AHA to raise the capacity of hotel classification assessors.
- 12 hotels completed the 1st self-assessment phase of the classifications program.

Lessons Learned

Site renovation – Trail development should at its core include a community-based approach to develop small businesses coincident with developing trail management needs.

ICT

Summary of Activities

Export Manager for Hire – The launch of the ICT sector’s Export Manager for Hire Program took place this month. The program will help Palestinian companies to expand and reach new markets. The implementation process begins with hiring Business Sales Development Consultants located in target markets to help generate and finalize sales leads.

Employability Program – In May, USAID Compete signed a grant with the Palestinian Information Technology Association (PITA) to begin implementing the new “Employability Program.” Employability is a capacity building program that addresses the lack of skilled labor in the Palestinian market, especially among new graduates through offering them critical training courses.

“GloPal”/Diaspora Activity – The Diaspora activity’s communication platform has been re-branded as “GloPal”; the platform aims to connect Palestinian ICT companies and startups with diaspora living in the U.S. The platform’s members reached 50 and it is expected to increase to 150 by the end of June. Compete is working to engage the Palestinian diaspora to provide support, mentoring and investment to local ICT firms. This month USAID Compete development partner PITA selected a New York based company to facilitate a number of B2B meetings between 12 Palestinian companies and potential American counterparts during the upcoming trade mission in October 2013.

Milestones

- Launched the ICT sector’s Export Manager for Hire Program.
- Signed a grant with PITA to implement the “Employability Program.”
- PITA selected a New York based company to organize B2B meetings for the October 2013 trade mission.

Lessons Learned

Work with multinationals – One of the major pillars of economic and development support for the Palestinian ICT sector is building relationships with Multinational companies. Working with Multinationals may benefit Palestinian firms in terms of new skill development, rapid growth and easy scalability, yet approaching multinationals can be challenging. It is not easy to get the attention of these large companies and convince them of working with the local market. The Compete ICT team should understand the Multinational’s decision-making process and what they consider to be the factors of success for going ahead with a joint project. This understanding goes beyond commercial and business parameters normally used in securing deals between companies such as commercial offerings, competitive advantage, etc. – it is evaluating and understanding the company and the environment where the multinational operates, in order to get their attention and clearly highlight the opportunity gained through working with Palestinian companies.

STONE AND MARBLE

Summary of Activities

New Filter Press Program – USAID Compete officially launched the New Filter Press Program to an audience of representatives from USAID and the U.S. Consulate General office, the Hebron Governor, members of the Union of Stone and Marble and a number of stone producers. During the ceremony at the Hebron Governorate Headquarters Compete and 31 Stone producers from the Hebron Industrial Zone, Yatta and Samou signed a Memorandum of Understanding to begin the new filter press requisition process.

On May 20, the Stone team conducted a field visit to Beit Fajjar accompanied by a USAID team and a representative from the U.S. Consulate General, to review the status of quarries in Area C¹. The delegation also visited a number of stone producers to review processes and operations in the region, especially those processes related to slurry/sludge.



Site visit to Beit Fajjar, May 2013

¹ Area C denotes one of the administrative divisions in the West Bank. Under the agreements between Israel and the Palestinians, Israel has full civil and security control over Area C.

Coverings Trade Show – As previously reported (April 2013), USAID Compete supported four Palestinian companies to participate at the *Coverings* tradeshow in Atlanta, Georgia April 30 to May 2. *Al-Waleed*, *Verona Group*, *Asia Stone* and *Levant Marketing Group* displayed a range of stone products in a joint space branded “Stone from the Holy Land.” The companies made over 100 business contacts during the 3-day exhibition in addition to 15-20 business leads for export orders.

Milestones

- Launched the New Filter Press Program in Hebron.
- Successful participation at *Coverings* Trade Show

Lessons Learned

Trade shows – Companies typically see a trade show as a starting point to selling and exporting their products, however, participation and exhibiting products at a trade show is the last step of the journey. There is considerable pre-work that should be completed prior such as ensuring proper marketing materials; offering finished products that meet the quality needs of the targeted market; setting up B2B meetings; researching and making initial contact with major companies and distributors; as well as learning more about the culture and nuances of the host country.

CROSS-CUTTING INDICATORS

USAID Compete works across the Agribusiness, Tourism, ICT and Stone & Marble sectors to find opportunities to encourage gender equality and support youth innovation². The following section highlights project activities this month with a youth and gender impact.

GENDER & YOUTH

In the month of May USAID Compete sectors held skill-building trainings and workshops across the West Bank:

- The agribusiness team shared results of saline water interventions at a workshop in Jericho; of 63 total participants, 4 were female and 11 were youths.
- Hotel Classification workshops continued this month in Bethlehem and Ramallah; of 61 total participants, 11 were female and 10 were youths.

² Defined by USAID as aged 14 to 29

UPDATE ON COMPONENT B

Component B is a core part of the Compete work plan targeting assistance in developing Palestinian Business Support Organizations (BSOs). The Palestinian business environment has a strong presence of business, industry and professional associations that not only work as lobbyists with the government to protect the interest of their members but also as platforms on which to organize market access initiatives for their members. USAID Compete works with dynamic and representative BSOs to enhance their current direct market opening activities in the four priority sectors of Agribusiness, Tourism, ICT and Marble and Stone.

Agribusiness

USAID Compete is working with **Business Excellence Services Company (BESCO)** in adopting several quality systems for the fresh and processed foods industry. These international standards include GLOBALGAP (Global Good Agriculture Practices), BRC (British Retail Consortium) and ISO22000 (Food Safety). Compete has also subcontracted **Palestinian Trade Center – PalTrade** – as the main service provider to organize and implement tradeshow activities. Upcoming tradeshow activities include *WorldFood* Moscow in September 2013.

Palestinian Center for Agricultural Research & Development (PCARD) has supported the project in establishing 60 olive oil demonstration sites to increase oil productivity through supplementary irrigation and other agricultural practices. PCARD has disseminated the results of the demos by providing training to over 1,200 farmers across the West Bank. Moreover, USAID Compete procured 200 red palm weevil traps to monitor and control infestation. Through a grant, the **Palm Date Farmer's Cooperative Association (PFCA)** distributed the traps and provided training to date farmers. The **Palestinian Food Industries Union (PFIU)** assisted companies in upgrading and improving the packaging and labeling of 16 products to increase their competitiveness, compliance and market access.

ICT

Through the Diaspora project and Employability, USAID Compete's work has resulted in a positive impact on the **Palestinian Information Technology Association (PITA)**, who represents more than 150 major companies in the West Bank's emerging ICT sector. Through Compete support, PITA was able to improve their technical capacity by introducing new positions within the organization to specialize efforts in market development and expand the range of member services.

ICT work extends to other major economic sectors, such as Commercial Agriculture and Tourism. Introducing ICT solutions in these sectors has a disruptive impact in terms of return on value and streamlining operations. The ICT sector is working with tourism stakeholders to introduce digital tourism to the West Bank and Gaza through social media solutions such as the Facebook Destination App (to be managed solely by the **Holy Land Incoming Tour Operators Association – HLITOA.**) In agribusiness, the ICT sector will support the **Ministry of Agriculture (MoA)** to implement and automate ICT solutions to broadcast information to farmers at critical periods.

Tourism

USAID Compete is working with **Diyafa**, a highly regarded Palestinian boutique hospitality consultancy firm, to implement a training program for hospitality in-service employees in hotels across the West Bank. **Diyafa** is becoming increasingly capable of providing expertise on how to leverage capacity in hotels and raise the standards of the services provided to tourists.

USAID Compete also supports the development of the two main representatives of the tourism sector: the **Arab Hotel Association** (AHA) and **HLITOA**. Project activities are designed to increase capacity to better serve their members and provide tailored solutions that help tour operators and hotels attract more tourists to Palestinian areas.

Stone & Marble

The Stone and Marble team works closely with **PalTrade** as a service provider for trade shows like *Marmomacc* (Italy) and the *Big 5* (Dubai); this is a new approach for the industry. The project has set specific criteria standards and is implementing an average of 30% cost-contribution by the exhibiting companies. A good ratio of cost-contribution is an important element that forces companies to take trade shows very seriously and if proven successful will position them in the future to participate at their own expense and not to rely on “free” support. This approach supports the development and reliability of **PalTrade** among the sector.

ISSUES THAT MAY INHIBIT OR ENHANCE PERFORMANCE

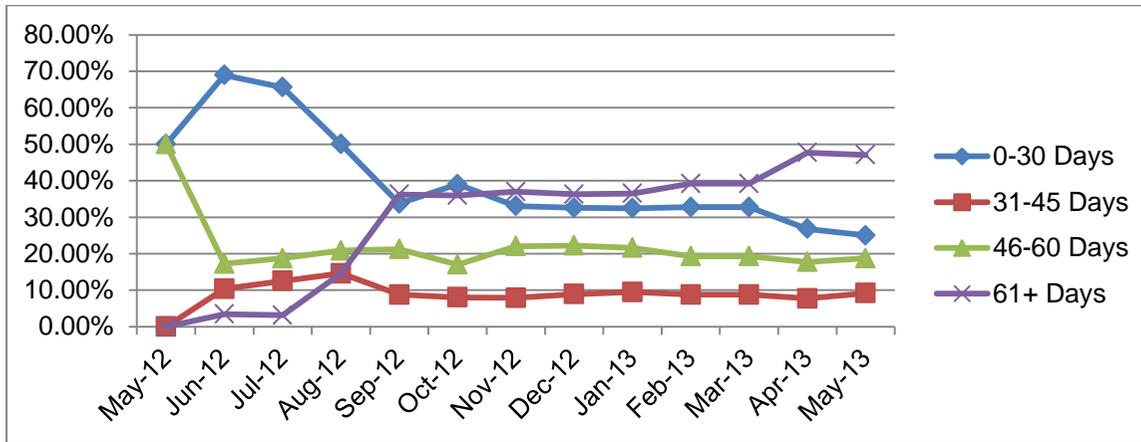
Vetting

In the final audit report on USAID Compete received on May 27, 2013 from the Regional Office of the Inspector General there was recognition that the project team was in full compliance with Mission Order 21 and that delays in the processing of the vetting requests together with delays in funding obligation had a negative impact on the pace of project implementation and impact. The report also stated that from March 2013 onward the vetting process had improved which unfortunately reversed in direction during the April/May time period.

As the tables below and the tracking graphs reflect, the time period between the submission and receipt of vetting approval continues to deteriorate especially in the critical company partners where nearly 50% of firm-level submissions take at least 60 days or more before USAID Compete can engage in implementation. The damage to USAID/Compete credibility with client beneficiaries, the lost momentum, and the questionable effectiveness of lack of timely alerts to possible security issues points toward the need to reconfigure the vetting procedures to enhance needed outcomes.

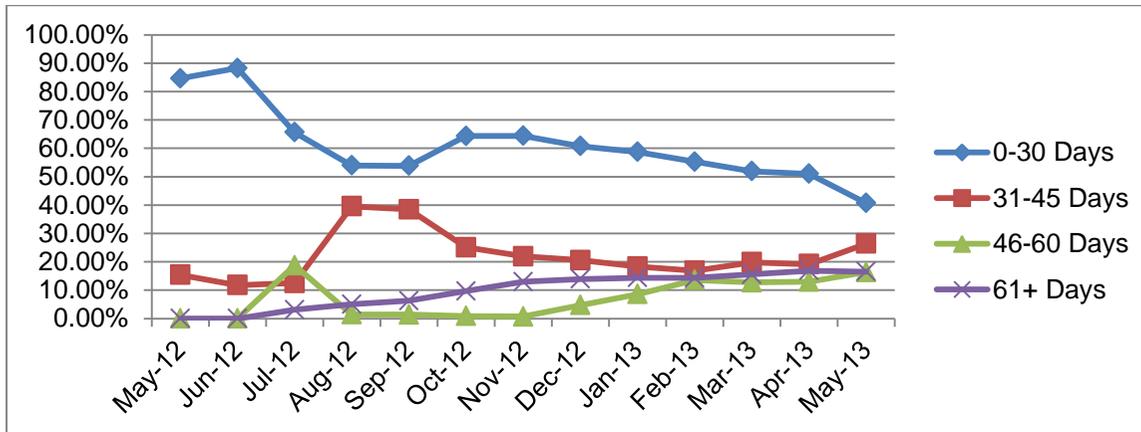
**TABLE 1: VETTING ANALYSIS – COMPANIES
COMPLETE PROJECT MAY 2012 – MAY 2013**

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
0-30 Days	50.00%	68.97%	65.63%	50.00%	33.75%	39.00%	33.07%	32.59%	32.43%	32.75%	32.75%	26.82%	25.00%
31-45 Days	0.00%	10.34%	12.50%	14.58%	8.75%	8.00%	7.87%	8.89%	9.46%	8.77%	8.77%	7.73%	9.17%
46-60 Days	50.00%	17.24%	18.75%	20.83%	21.25%	17.00%	22.05%	22.22%	21.62%	19.30%	19.30%	17.73%	18.75%
61+ Days	0.00%	3.45%	3.13%	14.58%	36.25%	36.00%	37.01%	36.30%	36.49%	39.18%	39.18%	47.73%	47.08%



**TABLE 2: VETTING ANALYSIS – INDIVIDUALS
COMPLETE PROJECT MAY 2012 – MAY 2013**

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
0-30 Days	50.00%	68.97%	65.63%	50.00%	33.75%	39.00%	33.07%	32.59%	32.43%	32.75%	32.75%	26.82%	25.00%
31-45 Days	0.00%	10.34%	12.50%	14.58%	8.75%	8.00%	7.87%	8.89%	9.46%	8.77%	8.77%	7.73%	9.17%
46-60 Days	50.00%	17.24%	18.75%	20.83%	21.25%	17.00%	22.05%	22.22%	21.62%	19.30%	19.30%	17.73%	18.75%
61+ Days	0.00%	3.45%	3.13%	14.58%	36.25%	36.00%	37.01%	36.30%	36.49%	39.18%	39.18%	47.73%	47.08%



USAID COMPETE CALENDAR MAY 2013

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2 Hotel Classification Workshop	3	4
5	6 New Filter Press – RFQ Deadline to submit proposals	7 Field visit with the Israeli Civil Administration to the Jordan Valley	8 Saline Demo Workshop	9 Hotel Classification Workshop	10	11
12	13 Meeting with HEPPCO	14 New Filter Press Program Field Visit	15 New Filter Press Field Program Visit	16	17	18
19	20 Field Visit with USAID & US Consulate General in Beit Fajjar New Filter Press – MOU Ceremony, Hebron	21	22	23	24	25
26	27	28 Fancy Food and AgroMashov Pre-Show Meetings	29	30	31	