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Compete Project Monthly Report

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COMPETE PROJECT MONTHLY REPORT

January 1, 2014 – January 31, 2014

DAI

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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
DACH	Department of Antiquities and Cultural Heritage
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 Understanding
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

Introducing New Crops – Palestinian Al Forat Farms harvested the first crop of broccoli in the Palestinian Territories from a 10 dunum demo plot. The broccoli was planted under a forward contract facilitated by USAID through the Compete Project between Al Forat Farms and Palestinian company Al Salam. Ten dunums yielded about 30 tons, which at the local market price is worth 90,000 NIS (approximately \$26,000USD). The success of this new crop is already opening market opportunities for Palestinian exports—Al Forat Farms is in negotiation with two Israeli customers for more broccoli!

Destination Development – Rehabilitation of the sewage and sanitation facilities at tourist site Burqin Church are complete. The rehabilitation comes as part of USAID’s efforts to enhance the quality of tourist destinations in the West Bank, ensuring facilities are adequate for tourists and contribute to a positive visitor experience.

Investment in Startups – Arabreneur invested in four startups a total of \$440,000 (\$80,000 to \$150,000 per startup). The pitching event (held in November) also generated interest among several other investors outside the Arabreneur circle—all of the startups that participated in the Arabreneur pitching event were approached by different investors including banks, leading to more than 30 pitching sessions for the participating startups.

Turning Waste into Profit – The stone team’s efforts to turn waste into profit continued with two investor workshops in Bethlehem and Ramallah following the announcement inviting interested investors to apply for a grant from USAID covering up to 50% of a full feasibility study for new product development from stone sludge. The workshops, attended by 59 people, targeted potential investors in both the northern and southern parts of West Bank, inviting them to learn more about the completed pre-feasibility study, inspect the product line developed from dry sludge, and ask questions, as well as pick up applications to for the grant supporting investment in the full feasibility study.

SUMMARY OF PROGRESS BY SECTOR

AGRIBUSINESS

Summary of Activities

Innovation in the Fresh Herb Sector – Palestinian farmer Abu Mansour has received the fully computerized irrigation system called Plant Self-Management (PSM), purchased with support from USAID, to install in his newly completed state-of-the-art greenhouse, establishing the first Palestinian modern chive farm.

Expanding Exports – The Compete agriculture team organized a meeting between the USAID trade project and 25 agricultural aggregators to explore the possibility of establishing a program offering logistical assistance and special arrangements for Palestinian agriculture exporters at the crossing points with Israel. The meeting was a good opportunity for the agriculture companies to give feedback to the trade project concerning impediments they face at the Israeli border.

Upgrading equipment – The Compete Project agriculture team selected the vendor to supply equipment for the Al Aqaba women’s cooperative to support their ability expand their exports and to meet the requirements of vendors selling their products. The equipment includes an herb drying machine, cutting machine, packaging line and wrapping machine.

Upgrading Packing Houses – Members of the project’s agricultural team visited the carrot and potato packing house in Tubas and the guava and avocado packing house in Qalqilya to inspect the progress on the construction of the packing houses; the construction is in the final stages and the installation of the cooling rooms is underway. The Compete Project’s agriculture team organized two meetings between bidders for equipment needed to upgrade packing lines to ensure products meet export specifications, one for purchasing cooling room equipment for four companies, and one for a salt packing line. The meetings gave bidders an opportunity to ask questions and meet with project technical and administrative experts.

Milestones

- New technologies delivered (PSM system)
- Vendor selected for equipment for Al Aqaba Women’s Cooperative.
- New crop (broccoli) successfully introduced and harvested.

Lessons Learned

In January for the first time during the project the agriculture team held several “bidders’ workshops” for companies interested in bidding on the procurement of equipment for packing lines. The companies had the opportunity to clarify the required specifications of the equipment and procurement procedures. This has proven to guarantee better submissions that meet the project’s requirements, thereby reducing the time required for procuring equipment.

TOURISM

Summary of Activities

Supporting Capacity of Tour Operators – As part of its efforts to improve their services to members, HLITOA (with support from USAID through the Compete Project) has completed the drafts of four market profiles analyzing faith tourism in the US, Brazil and Mexico and adventure tourism. These market profiles will enable HLITOA to better assist their members with accurate and timely information.

Destination Development – The Compete Project supports several activities to enhance visitors' experiences at priority destinations. During January progress was made on the following:

- 1. Urban Rehabilitation** – The Center for Cultural Heritage Preservation (CCHP) has begun its work to beautify Bethlehem, selecting a company to renovate sanitation facilities in Bethlehem. CCHP has also submitted a concept design for the restoration of a historic building and the design for street lights in strategic locations in Bethlehem.
- 2. Trail Development** – Rozana has completed phase one of the work plan, including route scouting and community outreach, successfully engaging communities in establishing lodging and food options along the Abraham Path between Nablus and Jenin. Abraham's Path Initiative introduced Palestinian Rozana staff to GIS technology and methods for developing and mapping the trails.
- 3. Renewing Bethlehem Museum** – The Compete Project, signed an MOU with the Holy Land Christian Ecumenical Foundation (HCEF) to oversee construction to better equip the Bethlehem Gallery Center (formerly named Museum) for visitors. The Arab Women's Union, which owns the land of the Bethlehem Gallery Center, signed the MOU as a witness, signifying their agreement to changes made to the Gallery on their land. HCEF has submitted three deliverables, including the business plan, tender documents for the construction works, procurement of systems & equipment.
- 4. Hisham's Palace** – After gaining approval from MOTA on the design of the museum display cases, the project has advertised the RFP for supplying and installation of the display cases.
- 5. Burqin Church** – Rehabilitation of the sewage and sanitation facilities at tourist site Burqin Church are complete, with official handover taking place the last week of January. All parties were pleased with the work.
- 6. Civic Maps** – The project's team conducted a site visit with the contractor and Nablus Municipality and agreed upon the number and location of the maps within Nablus. The SOW for the civic maps has been modified, reducing the number of cities that will receive civic maps from 10 to 7.

Hotel Classification – Intercontinental Hotel in Jericho is the 5th hotel to be fully classified under the Palestinian Hotel Classification System.

Hospitality School – The contractor submitted four technical deliverables: the conceptual design converting an existing building in Jericho into a functioning 4 star hotel to serve as a hospitality school, a structural investigation and assessment, detailed survey assessment and assessment of the site condition, as well as the budget for equipping the first 40 (of 80) hotel rooms.

In-service Training – On January 30, 110 hotel managers that participated in the in-service training graduated in a ceremony attended by USAID Mission Director Dave Harden. The

graduation recognizes their breadth of knowledge and experience in the hospitality industry. These in-service trainings contribute to improving services provided by the Hospitality Sector, and in particular to support the service and quality standards across the sector in line with the new Hotel Classification system.

New Tourism Products – The Compete Project’s grant committee has approved a grant to support a new initiative that the organization Israel-Palestine: Creative Regional Initiatives (IPCRI) is undertaking to develop a new type of tourism targeted to Israeli citizens, and their family and friends and independent tourists to bring them to major cities in the West Bank through tours focusing on historical, religious, cultural and political narratives as well as day-to-day aspects of Palestinian society.

New Tourism Products – Breaking Bread Journeys (BBJ), offering joint Palestinian/Israeli Tours continues their ongoing market research and business development, participated in Vakantiebeurs 2014, a trade show in the Netherlands – with more than 1,400 exhibitors it one of the most important touristic consumer events in the world. They also submitted their December progress report highlighting results from their participation in the Germany Road Show, which included a radio interview with Das Reiseradio (broadcast direct to tour operators across Germany), meetings with over 10 tour operators, and leads with two tour groups. BBJ have also successfully confirmed two group bookings resulting from their participation in the World Travel Market in London last November.

Milestones

- Work on Burqin Church completed
- MOU signed with HCEF to contribute to the development of Bethlehem as a more attractive tourist destination.
- Grant approved for IPCRI to promote equitable tour options.
- BBJ secures new tour groups and reaches new markets.
- RFP for installation of museum display cases at Hisham’s Palace is advertised.

Lessons Learned

Due to different levels of knowledge among stakeholders and beneficiaries on environmental requirements for any infrastructure or construction work, it would be useful to bring them together for an environmental mainstreaming session to ensure the work is done within the environmental management plan.

ICT

Summary of Activities

Multinational Partnerships and Acceleration – Palestinian Startup AidBits has been selected by Microsoft Israel R&D for acceleration. AidBits will start the Microsoft acceleration program in February in Netanya, Israel for 3 months, where they will receive mentoring from top Microsoft employees as well as other industry leaders in Israel. At the end of the program, Microsoft will take the participant to the Silicon Valley to pitch to investors.

Investment in Startups – Arabreneur invested in four startups a total of \$440,000 (\$80,000 to \$150,000 per startup). The pitching event also generated interest among several other investors outside the Arabreneur circle—all of the startups that participated in the Arabreneur pitching event were approached by different investors including banks, leading to more than 30 pitching sessions for the participating startups.

Accelerating Startups – Three startups graduated from Leader’s acceleration program “Fast Forward” ready for investment with strong products and business models. Leader’s has already held its second selection event, choosing four teams to enter the acceleration program. Over three days, 15 teams participated, producing a “minimum viable product” (MVP), outlining their go-to-market strategy, and preparing a pitch of their business plan for the selection committee. Fast Forward clearly outlined the expectations of the teams, and provided them with detailed outline of all the judging criteria, which included: team, prototype, idea & market, and strategy & competition. The four teams that were selected to enter the Fast Forward program and access the E-Zone facilities are: FeeKash, Ustaz, iPush, and Sofrty. E-Zone was established with a grant from USAID through the Compete Project.

Supporting Multinational Partnerships – USAID, through the Compete Project supports multinational partnerships to ensure growth in the ICT sector; most recently, Palestinian company JaffaNet signed a new agreement with Israeli startup HeadTop. This is the first partnership of its kind in which JaffaNet received 20% equity; JaffaNet will be the technical arm of the Israeli startup, with expected revenues of \$2 Million USD in 2 years. JaffaNet also secured an additional contract with a new internal INTEL group called iSES with 3 additional engineers were assigned to the project.

Milestones

- Arabreneur invested in 4 Palestinian startups.
- 4 startups selected for E-Zone
- New multinational partnership signed.

Lessons Learned

As part of the multinational partnership program, the Compete Project supports the creation of business relationships through several mechanisms. In order to streamline the growth of jobs, a diversified strategy is needed to be able to tap into all potentials avenues for job creation and help make it a success, an example of this strategy would be supporting a customized internship programs, opening new leads with industries such as animation while at the same time supporting skill development in animation.

STONE AND MARBLE

Summary of Activities

Filter Press Program – The Compete Project worked in partnership with the Palestinian Union of Stone & Marble (USM) to conduct several meetings with beneficiaries of the filter press program to clarify updates regarding the program, while emphasizing the strict deadline for interested beneficiaries to sign and submit their commitment letters.

Turning Waste into Profit – The stone team’s efforts to turn waste into profit continued with two investor workshops in Bethlehem and Ramallah following the announcement inviting interested investors to apply for a grant from USAID covering up to 50% of a full feasibility study for new product development from stone sludge. The workshops, organized in partnership with the USM and attended by 59 people, targeted potential investors in both the northern and southern parts of West Bank, inviting them to learn more about the completed pre-feasibility study, inspect the product line developed from dry sludge, and ask questions, as well as pick up applications to for the grant supporting investment in the full feasibility study.

Milestones

- Two investor conferences held.

Lessons Learned

As the stone team has met with potential investors for the new product development, they have learned that while there are interested investors, it will require some work and encouragement to ensure these investors are ready and capable of undertaking the project. Investors will need to be connected with research consulting firms to collaborate on the full feasibility study. The stone team will need to be vigilant in ensuring forward momentum.

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, through the Compete Project, works with dynamic and representative BSOs to enhance their current direct market opening activities in the four priority sectors of Agribusiness, Tourism, ICT and Stone & Marble.

AGRIBUSINESS

The project’s agribusiness team is working with business service providers **PalCircless** and to support the participation of Palestinian companies in Fruit Logistica in Berlin, February 5-7, 2014. PalCircless is assisting with design and construction of the booths, marketing, logistics and shipping samples.

The agriculture team is also working with **Paltrade** to support the participation of Palestinian companies in Gulfood trade show in Dubai, February 23-27, 2014. PalTrade is working with the selected companies and designing the booth.

With assistance from USAID through the Compete Project in the West Bank, **the National Carton Factory** has become a local service provider of cartons to local farmers, especially for guava and avocado farmers. The Compete Project assisted them with applying proper carton specifications that comply with the food packaging and labeling norms of the (PSI) Palestinian Standardization Institution. A consultant hired by the Compete Project is working with them on attaining the ISO 9001 international standard which enables them to enter export markets.



USAID, through the Compete Project supports the design and implementation of an operational traceability system by **M.A.K International** for the fresh export produce sector following international best practices. The farmers will be trained on applying this system resulting in increased transparency and trust among stakeholders along the value chain. Dissemination of the software will be facilitated through partnerships with the fresh producers and packers groups. This activity will increase product standards, provide strong brands and good perceptions. It is a key success factor to the fresh produce industry export sector. M.A.K. International is working to increase awareness of traceability systems among Palestinian farmers.

USAID, through the Compete Project, engaged the services of the **Palestinian American Chamber of Commerce (AmCham-Palestine)** to recruit export managers for three Palestinian agricultural companies. AmCham Palestine has completed an assessment of the needs and profiles of the three companies and is soliciting CVs from qualified export managers in order to increase the market share of these Palestinian companies.

ICT

Through the Compete Project, USAID signed agreements with the Palestinian private IT sector representative, the **Palestinian IT Association (PITA)**, to connect the Palestinian IT sector with the international markets through the Palestinian diaspora. PITA is now a strong organization with a new managerial structure that represents more than 150 major companies in the West Bank's emerging ICT sector. PITA is also managing an employability program that provides training on niche technologies and links young people to internships in IT companies.

Arabreneur a regional and Palestinian seed fund network supports the local Palestinian IT eco-system by providing angel investment in addition to mentorship and office facilities. *Arabreneur Venture Fund* is investing in four companies, which will also benefit from mentorship and office facilities, allowing the startup companies to expand their market to a regional and international level. Arabreneur has begun preparations for its second pitching event in March 2014.

Leaders is a Palestinian NGO that aims to build the capacity and leadership of Palestinian youth. Leaders is managing Fast Forward, an acceleration program for Palestinian startups, providing seed funding, education, mentorship and coaching for young entrepreneurs. USAID, through the Compete Project, is working with Leaders to establish "E-Zone," a fully

equipped co-working space for entrepreneurs. Leaders has selected four Palestinian startups to benefit from the E-Zone facilities.

TOURISM

USAID, through the Compete Project supports the development of the two main representatives of the tourism sector: the **Arab Hotel Association (AHA)**, and **Holy Land Incoming Tour Operators Association (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. Specific activities under the contract include: creating better brand identity, developing market profiles, selling new destinations, participating in trade shows, and improving the digital presence of the Palestinian tourism sector. HLITOA also manages the tourism image bank hosted on Pinterest and Flickr sites.

HLITOA has completed the draft profiles of four market segments targeted for marketing and sales efforts through the Compete-funded initiative, including the faith tourism in the U.S., Mexico and Brazil and adventure tourism. Through the assistance of the Compete Project, **HLITOA** has improved the capacity of inbound tour operators to diversify and secure relevant market segments.

Diyafa, a highly regarded Palestinian hospitality consultancy firm, is the local partner implementing a series of in-service training to enhance the quality of service in the hospitality sector. Diyafa has conducted different training sessions, ranging from improving the skills of hospitality supervisors, to certifying Hotel Room Division Executives, to Hospitality Educators. This series of in-service training courses aims to entrench high quality service within the Palestinian hospitality sector, improving visitor experiences throughout the West Bank. Diyafa, in partnership with the project held a graduation ceremony for the participating managers.

The Arab Hotel Association (AHA), with assistance from USAID through the Compete Project, has assessed 54 hotels according to the star rating system and five hotels have been fully classified. USAID, through the Compete Project, is working with the **AHA** and **HLITOA** to establish a Palestinian Hospitality School in Jericho. **AHA** and **HLITOA** registered a non-profit company consisting of the board members of the two entities that will eventually own the school once it is finished.

PalClean is working with AHA and participating hotels from Bethlehem, Ramallah, Jericho and the northern West Bank to improve the level of cleaning services at member hotels by evaluating and inspecting the service quality, documenting the gaps, investing in human resources through delivering training programs, and developing a manual for cleaning procedures and standards.

STONE & MARBLE

The Stone & Marble team works closely with the **Union of Stone & Marble (USM)**, which represents the industry, and **PalTrade** as a trade service provider, to increase the Palestinian natural stone exports. PalTrade and USM are cooperating effectively to provide services for

exhibitors and marketing assistance that enables them to reach new segments of the market and expand their businesses.

Through wider exposure to the trends in marketing and the stone industry and potential opportunities for Palestinian stone companies, the USM is thinking about creating a service department from within their organization that, among other services, assists with marketing and promotional services such as trade show participation.

The USM worked closely with the project's stone team to implement the investor conferences, targeting members who may be interested in, and have the ability to invest in developing new value added products from industry byproducts. The investor conferences provided a good learning opportunity for the USM to improve its services for members.

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 innovation¹. The following section highlights project activities this month with a youth and gender impact.

Gender & Youth

In January, the Tourism Sector held the Graduation Ceremony for managers in the hospitality industry. 90 people attended the event, 19 female and 26 youth (9 of the youth were female).

The Stone & Marble Sector held two investor conferences to drum up interest in new product development from sludge.

- Bethlehem, 21/01/2014: 33 people attended, all male, two of them were youth.
- Ramallah, 23/01/2014: 26 people attended, 2 were female, 4 of the males were youth.

ISSUES THAT MAY INHIBIT OR ENHANCE PERFORMANCE

Vetting

In the final audit report that the USAID Compete Project 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/ June Q3 time period, and has yet to recover fully.

¹ Defined by USAID as aged 14 to 29

As the tables below and the tracking graphs reflect, there has been gradual improvement in the time period between the submission and receipt of vetting approval for the category of individuals submitted by the Compete Project for vetting under Mission Order 21. However, the response time still falls short of previous levels.

Regarding the most critical company partners of the USAID Compete Project, nearly 40% of firms submitted for vetting still require at least 60 days or more before a response from the USG vetting system is received, delaying the ability of the Compete Project to engage in implementation. This ongoing delay in response damages credibility of the project and USAID with client beneficiaries leading to lost momentum as well as the questionable effectiveness of the vetting system’s ultimate purpose to defend legitimate and timely security concerns.

The tables below and the tracking graphs reflect how the time period between the submission and receipt of vetting approval continues to lag behind previous levels.

Figure 5: Vetting Times for Individuals

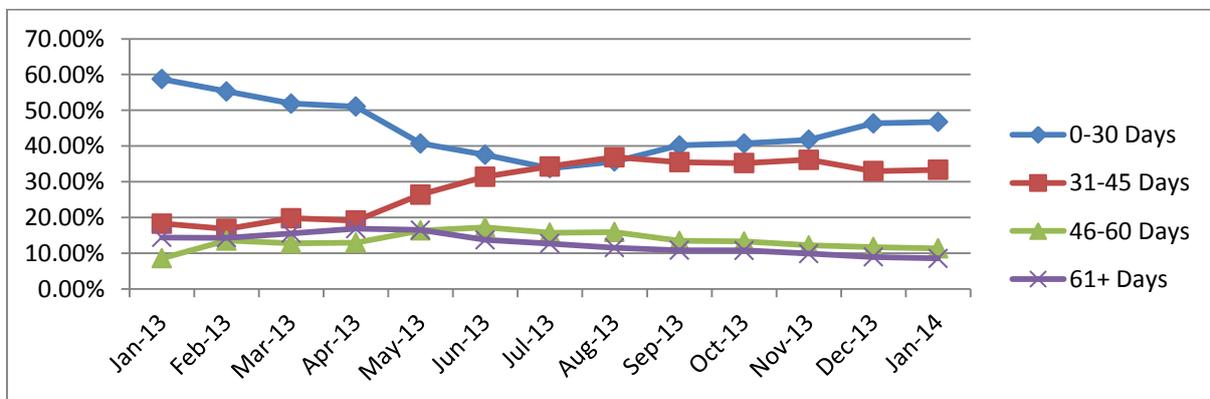
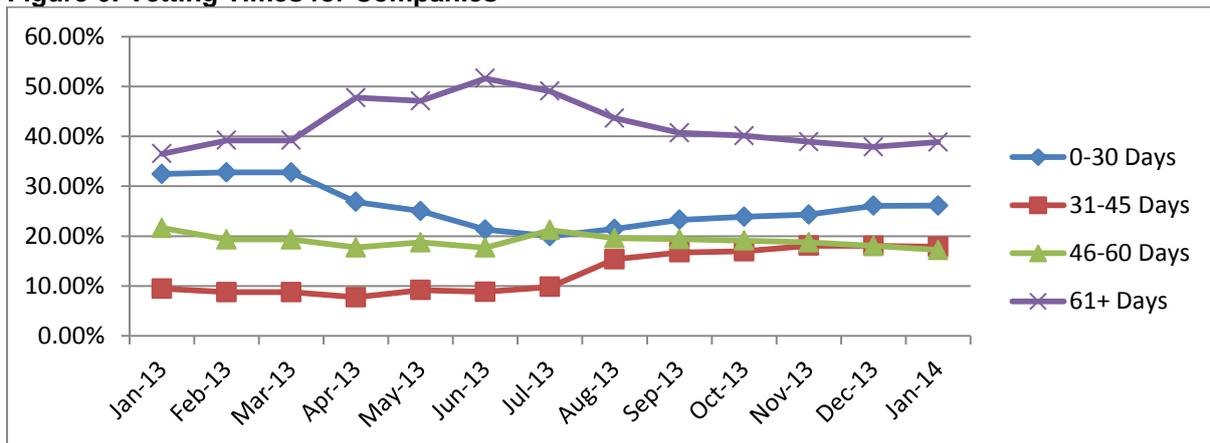


Figure 6: Vetting Times for Companies



USAID Compete Calendar January 2014

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	2	3	4
5	6	7	8	9 Fast Forward E-Zone Selection	10 Fast Forward E-Zone Selection Start Up Cup Workshop	11 Fast Forward E-Zone Selection Start Up Cup Workshop
12	13	14	15 Women Entrepreneur Event	16	17	18
19	20	21 Stone investment conference-Bethlehem	22	23 Stone investment conference-Ramallah	24	25
26	27 Meeting with Union of Stone & Marble	28 Ibdaa Presentation at Al-Quds University (ICT)	29	30 Garage Event (ICT) In-service Graduation (tourism)	31 Garage Event (ICT)	

February 2014

Agribusiness Sector	Tourism Sector	ICT Sector	Stone & Marble Sector
<ul style="list-style-type: none"> Gulfood trade show, Feb 23-27 Fruit Logistica trade show, Feb 5-7 USAID Visit to Nablus, Feb 11 USAID PR visit to Dead Sea area Feb 18 	<ul style="list-style-type: none"> Inauguration of CCHP contract, Feb 19 National Tourism Association trade show in LA, HLITOA & BBJ participating 	PITA Employability Program Graduation Feb. 6	USM Meeting Feb 10