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COMPETE PROJECT MONTHLY REPORT

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DAI

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ACRONYMS AND ABBREVIATIONS

AHA	Arab Hotels Association
API	Abraham's Path Initiative
B2B	Business to Business
BBJ	Breaking Bread Journeys
BSO	Business Service Provider
CCHP	Center for Cultural Heritage Preservation
CEO	Chief Executive Officer
COP	Chief of Party
CHS	Certified Hospitality Supervisor
DACH	Department of Antiquities and Cultural Heritage
EOI	Expression of Interest
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
MIDHC	Marketing Intelligence and Distribution Hub Company
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
TTC	Technology Transfer Company
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency For International Development
USDA	U.S. Department for Agriculture
USM	Union of Stone & Marble
USMAC	US Market Access

KEY ACCOMPLISHMENTS

Trade Show Participation – This month USAID’s Compete project supported the participation of Palestinian companies in two international trade shows. Five Palestinian companies showcased Palestinian fresh agricultural products in Fruit Logistica Trade Show 2014 in Berlin, which was attended by 60,000 visitors from 140 different countries. Later in February, six Palestinian firms exhibited their products at Gulfood in Dubai, the largest exhibition of food products in the Middle East with over 4200 exhibitors and 77,609 buyers in attendance. Between the two trade shows, participating companies report a total of 419 contacts made, 117 of which look promising, and they are negotiating 25 future business deals.

PITA Employability Program – This program aims to create an extensive capacity building program that addresses the gaps identified in a market skills needs assessment to bridge the gap between a fresh graduate’s skillset and the real needs of the market. PITA has finished the first round of training in the employability program; 14 of the participants obtained long term employment contracts while 35 were placed in internships. Overall, the participants gave a positive evaluation of the first session of the employability program—81% said they were satisfied with the program and 90% would recommend it for new graduates, indicating that the employability program gave them additional skills and experience, interview practice and insight into current needs in the market.

Urban Rehabilitation for Tourism – The major urban rehabilitation project for Bethlehem, Burqin and Bethany, undertaken by the Center for Cultural Heritage Preservation (CCHP) with support from USAID was launched in February at an event in Bethlehem. This project will ensure key tourists sites are updated to enhance the visitor experience drawing more visitors and increasing length of stay. The event was attended by USAID West Bank/Gaza Mission Director Dave Harden, who praised Palestinian culture, history, music, dance, food, and more, saying that Palestinians have what it takes to attract more visitors to the West Bank.

Women in the Stone Industry – The Compete Project is supporting a new Palestinian company Fonoon—Arts of Carved Stone in Bethlehem. Leading members of the group marketing consortium (supported by Compete) observed at recent tradeshows the need for specialty stone production (such as outdoor decorative items, sculptures, mosaics and tiles cut to specification for indoor applications), and established Fonoon to meet this gap with an initial investment of \$ 2 million. Fonoon has applied to Compete for a grant to support hiring a predominantly female team, including designers, autoCAD engineers, technical & mechanical engineers and international export experts. The company will be the first of its kind state of the art facility, and the first stone company to hire predominantly female staff in a traditionally male-dominated industry.

SUMMARY OF PROGRESS BY SECTOR

AGRIBUSINESS

Summary of Activities

Dubai Marketing Hub – Following the completion of a comprehensive legal due diligence and technical assessment for a Marketing Intelligence and Distribution Hub Company (MIDHC) in Dubai, the project’s agriculture team in coordination with Equity Law conducted a dissemination workshop, attended by 21 participants, to present the findings to the main Palestinian exporters to the Gulf markets from the following sub-sectors:

- Fresh Herbs Sector
- Date Sector
- Fresh Produce Sector
- Olive Oil Sector
- Traditional Products Sector
- Meat and Dairy Sector
- Nuts Sector

Currently the Compete Project is awaiting a response from the interested companies to submit a request for a full business plan on a cost share basis.

Milestones

- Participation in two international trade shows: Fruit Logistica in Berlin, and Gulfood in Dubai.
- Raising awareness among Palestinian exporters about the Marketing Intelligence and Distribution Hub Company in Dubai.

Lessons Learned

Regarding delays that are characteristic of the USAID vetting process, the agricultural team has learned that for time sensitive projects, particular involving international travel dates and trade show participation, there needs to be a clear cut-off-date for vetting of participating companies. While the Compete Project team works hard to ensure vetting applications are submitted with enough time for processing, if the companies are not vetted by this cut-off-date it would be better for those companies to be dropped. This is because the logistics of arranging last minute participation, including samples, publications, booth design, etc. is too complicated.

TOURISM

Summary of Activities

Trail Development – Rozana Association conducted two training workshop, which falls under their grant to develop the Nablus- Jenin trail extension of the *Abrahams Path Initiative (API)*. One of the workshops was dedicated to house stays, training 38 Women Association members on food safety and housekeeping topics; and 16 local community members participated in a 5-day guide training (3 days in the field, 2 days theory) course that covered an introduction to wild plants & wildlife, local history, culture and architecture in addition to

first aid. The project's tourism team also conducted a field visit to evaluate progress on the development of the northern extension of Abraham's Path implemented by Rozana Association and API, meeting with representatives of the local communities and the municipalities involved in this initiative, and confirming their interest and commitment to the success of this activity.

Supporting Equitable Tours – The project's tourism team met with Christina Samara and Elisa Moed to touch base on progress achieved to date with the *Breaking Bread Journeys* (BBJ) initiative. They indicated that press coverage generated in target markets has been very good, with examples from Germany and Spain. They have participated in trade events in the UK, Germany and the Netherlands the US.

Urban Rehabilitation – The Center for Cultural Heritage Preservation (CCHP) has already begun substantive work on the project, having conducted its first community meeting with stakeholders in Bethany to introduce the interventions they will be conducting as part of their sub-contract with the Compete Project, and CCHP has engaged a contractor to complete the renovation of sanitation facilities in downtown Bethlehem.

Hisham's Palace – The Compete Project signed a contract with Palestinian company Al-Nasher for the supply and installation of the museum display cases. Additionally, the project team reviewed the tender documents and drawing designs for the museum renovations in preparation for issuing the RFP for the museum renovations.

Milestones

- Trainings completed for community members to participate in trail development.
- CCHP urban rehabilitation project launched.
- BBJ participates in international trade shows.

Lessons Learned

1. When planning events, it is a good idea to choose a venue that highlights the theme of the tourism project activity. For example, the launch of the CCHP project on Urban Rehabilitation was held in the Armenian Hall of the Nativity Church, which is a beautiful example of rehabilitation. Choosing this venue heightened the impact of the event and the urban rehabilitation project for participants.
2. There are 17 CCHP urban rehabilitation interventions, and USAID has requested to review the design of each intervention. Experience has shown that this is a time consuming process, especially if USAID has questions that CCHP needs answers. In order to ensure the implementation of the activities is more efficient, the project's tourism team proposes to advertise the RFP at the same time as USAID is reviewing the documents. Any changes required based on USAID comments can be incorporated into the contract before it is awarded allowing the processes to run in parallel will help to save time in the overall implementation of the urban rehabilitation activities.

ICT

Summary of Activities

Solidify Multinational Partnerships – Preparations are underway to launch activities of the Israel Business Development program which aims to increase partnerships between Palestinian and Israeli ICT companies. This month, the ICT team met with Peres Peace Center and with the Federation of Israeli Chambers of Commerce and discussed possible joint activities. A call for EOIs from Israeli companies to develop Israeli-Palestinian business connections was announced in Israeli newspapers and the Compete team is currently reviewing the submissions.

Technology Transfer Company (TTC) – Following the launch of the technology transfer company initiative, called “Ibdaa”, USAID through the Compete Project organized a study tour to Jordan and Dubai Feb 12-21 to explore existing modules of research oriented institutions and look at examples of most successful R & D entities. The delegation consisted of four university officials and Compete Project staff as well as USAID COR Ghassan Al Jamal. This tour will help lay the groundwork for launching the TTC in the Palestinian Territories; in particular, some of the examples of TTCs in Amman provided promising examples that are applicable in this context.

Microsoft IT Academy – As part of Compete’s initiative to bridge the gap between academia and the IT industry, the Microsoft IT Academy activity offers industry-leading technology skills to efficiently meet the IT sector’s skill demand. In February, 29 participants were successfully trained in the mobile software development component of the IT Academy, which will continue throughout March.

Arabreneur has selected 8 out of 13 startup applicants to participate in the upcoming pitching event tentatively scheduled for early April. The selected startups will go through a basic mentorship period with Arabreneur staff to prepare them for the pitching event.

Milestones

- Study tour to Amman and Dubai for TTC complete.
- 49 participants completed the PITA Employability Program, and successfully obtained either an internship or long term employment.
- 29 participants completed the mobile software development component of Microsoft IT Academy program; the IT Academy continues throughout March.

Lessons Learned

The recently concluded PITA Employability program proved to be a success in matching graduates with jobs, with 28% of participants landing jobs immediately after the training was finished, and 70% entering internship programs. Each year there are 2000 Palestinian university graduates with computer science degrees, and yet only a very small percentage are able to find gainful employment upon graduating. This type of specialized capacity building program that focuses on developing skills that are immediately applicable in the market has proven to be an effective method of ensuring the skill set of graduates meets the requirements of the job market, leading to more employment in the Palestinian ICT sector.

STONE AND MARBLE

Summary of Activities

Cooperation with USM – The Stone & Marble team is engaging the Union of Stone and Marble (USM) to discuss proposed strategies for development of the sector, upcoming activities for this year, the exact role of (USM) and potential cooperation. This month's meeting highlighted the need and importance of supporting the establishment of a marketing department within the union, which will offer new services to current members; the initial plan is to have a pilot project employing 10 marketing managers from the sector (both male and female) at the factory level.

Sludge New Product Development – The Stone & Marble team spent much of February following up with potential investors who expressed interest in developing new products from sludge. There appears to be strong interest in "sludge new product development" from within the industry and we are expecting at least five applicants to submit proposals to implement the full feasibility study. At this point, we have already submitted three applicants for vetting.

Milestones

- Receiving applications for grant for full feasibility study for new product development.

Lessons Learned

This month the Stone team recognized the importance of developing the service division of the Union of Stone & Marble in order to strengthen the industry. The USM plays an essential role in the sustainability of progress within the Palestinian stone sector because its ability to provide enhanced services to its members, particularly in the area of marketing, will lead to further growth in the industry. The USM needs to be sustainable, to ensure continuity of this support to the industry, and by offering needed services to their members they will generate income for the union, guaranteeing that sustainability.

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 worked with business service provider **PalCircless** to support the participation of Palestinian companies in Fruit Logistica in Berlin, February 5-7, 2014. PalCircless assisted with the design and construction of the booths, marketing, logistics and shipping samples.

The agriculture team also worked with **Paltrade** to support the participation of Palestinian companies in Gulfood trade show in Dubai, February 23-27, 2014. PalTrade worked with the selected companies and to design and construct the booth as well as organizing logistics.

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. In February, M.A.K. International, in partnership with the Compete Project prepared an RFQ for the traceability software.

The project's agriculture team is employing the services of Palestinian company **Equity Law** to explore the possibility of establishing a Marketing Intelligence and Distribution Hub Company in Dubai. Previously, Equity Law assisted the agriculture team in organizing the logistics of an investigation trip to Dubai. In February, in coordination with the Compete agriculture team, Equity Law conducted a dissemination workshop, attended by 21 participants, to present the findings of the investigation trip to the main Palestinian exporters to Dubai.

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 managing an employability program that provides training on niche technologies and links young people to internships in IT companies. The first round of graduates from the PITA employability program have successfully obtained either internships or long-term employment following their participation in the program.

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 has begun preparations for its second pitching event in March 2014, initially selecting 8 companies to participate in the pitching event. Arabreneur provides basic mentorship leading up to the pitching event, assisting the startups in developing their pitches and a sound business plan.

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 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.

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.

STONE & MARBLE

The Stone & Marble team works closely with the **Union of Stone & Marble (USM)** in an effort to improve their services to their members. Through wider exposure to the trends in marketing and the stone industry and potential opportunities for Palestinian stone companies, the USM has been encouraged to create a service department from within their organization that, among other services, assists with marketing and promotional services such as trade show participation. In February, the Compete stone team met with the USM to discuss strategies to further develop a sustainable framework that will ensure there is a strong foundation on which to develop future activities and services that will serve to strengthen the entire industry.

GENDER STRATEGY IMPLEMENTATION

In November 2013, the Compete Project produced a Gender Strategy aimed at promoting and advancing gender equality and participation among women in the Palestinian Territories. The Compete Gender Strategy rests on four pillars:

- Pillar #1: Promote the success of women in business in the Palestinian Territories, especially those operating within Compete Project sectors.
- Pillar #2: Identify new entry points for women within the Project's four value chains.

- Pillar #3: Encourage private sector support for the economic participation of women through financial and technical cost share models and incentives.
- Pillar #4: Expand efforts to increase the full participation of women in training and capacity building programs.

This section describes the activities that took place throughout the month in line with the gender strategy and these four pillars within each of the four sectors.

Under the first pillar, the strategy indicates that Compete’s agribusiness component will work to promote and disseminate the success stories of women role models taking leading roles in the sector. This month two women represented their companies at international trade shows from Palestinian companies Nakhleel Palestine and Maslamani.

Fitting under pillars 1 and 2, the ICT sector is partnering with software company H+W Mena to open a software development center in Hebron that exclusively employs female software developers.

Fulfilling pillar 4, the tourism component supported 38 women in training opportunities under the trail development activity. Members of women’s associations, the women received training in hospitality and food safety to develop business opportunities through home-stays and meals for hiking tourists.

In a traditionally male-dominated sector, an exciting new business venture is underway in the Stone & Marble sector. A new company called Fonoon—Arts of Carve Stone has recently been created. This company will focus on specialty stone products and is looking to hire predominantly women staff as designers, engineers and experts in international exporting. The Compete Project is providing financial support and incentives to help this project get off the ground.

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 February, the Tourism Sector held one event and three trainings:

- 02/03/2014, Local Guide Training for Masar Ibrahim between Nablus and Jenin: 16 attended, 3 of whom were female youths; in total 11 youth participated.
- 02/03/2014, Introduction to Hospitality was attended by 38 people, all of them women; 5 were youth.
- 02/06/2014, Introduction to First Aid for Guides: 6 males attended, 5 of them were youth.

¹ Defined by USAID as aged 14 to 29

- 2/19/2014, Inauguration of CCHP Urban Rehabilitation Project: 59 attended the ceremony, 5 were female and 6 were youth.

The agriculture team held a workshop on the Marketing Intelligence and Distribution Hub Company (MIDHC) in Dubai on 2/11/2014; 21 people attended, 1 was female and 3 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.

As the tables below and the tracking graphs reflect, since the low point in July 2013, we were seeing 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 has stagnated in the last three months, showing little change since December 2013, even though the response time still falls short of previous levels in February 2013.

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 has not shown improvement in the last three months, and continues to lag behind previous levels.

Figure 5: Vetting Times for Individuals

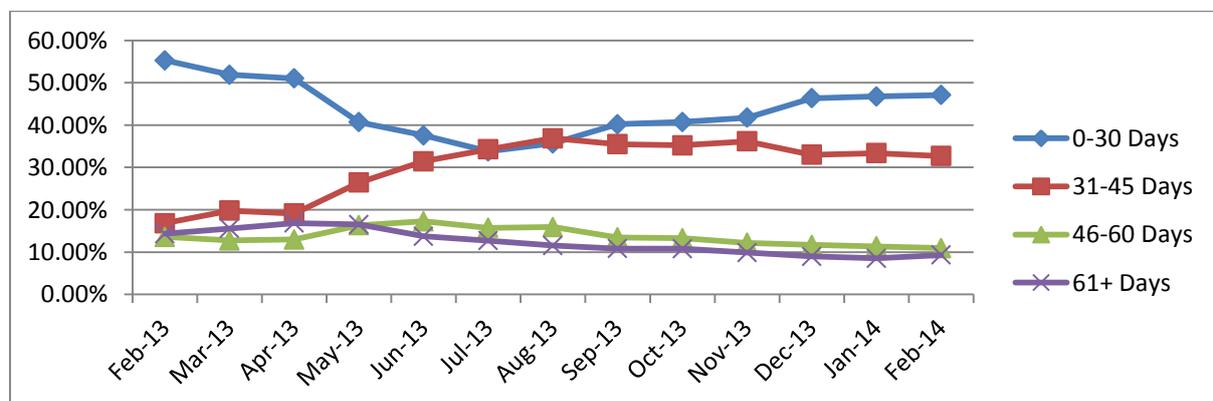
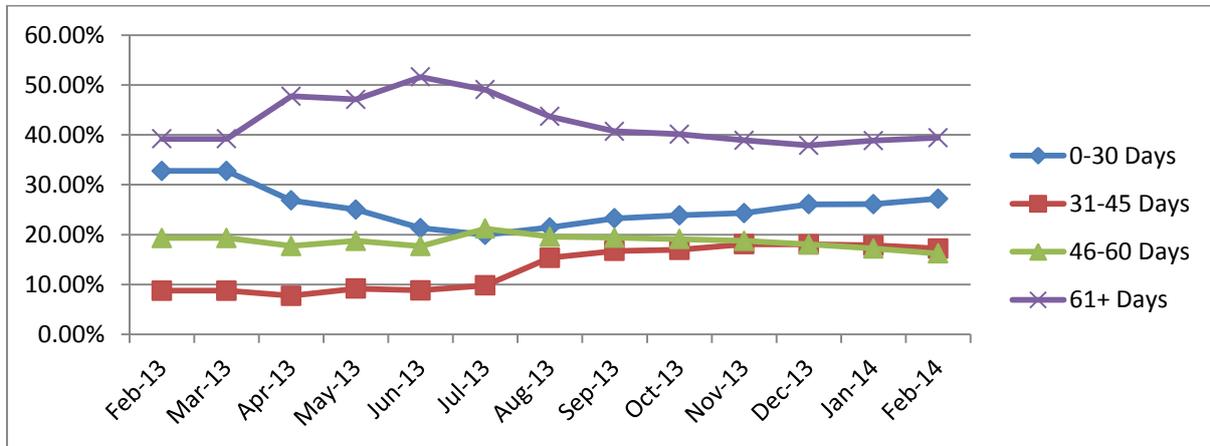


Figure 6: Vetting Times for Companies



USAID Compete Calendar February 2014

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
2	3	4 USM Meeting	5 Fruit Logistica trade show	6 Fruit Logistica trade show. PITA Employability Program Graduation	7 Fruit Logistica trade show	8
9	10 USM Meeting	11 USAID Visit to Nablus - Ag	12 Dubai Distribution Hub workshop-Ag	13	14	15
16 National Tourism Association (NTA) Trade Show in LA (HLITOA and Breaking Bread Journeys)	17 NTA Trade Show	18 NTA Trade Show USAID PR visit to Dead Sea area	19 NTA Trade Show Inauguration of CCHP contract	20 NTA Trade Show	21 NTA Trade Show	22 NTA Trade Show
23 NTA Trade Show Gulfood trade show	24 Gulfood trade show Stone-Meeting with Fonoon, Art of Carved Stone	25 Gulfood trade show	26 Gulfood trade show Stone-meetings with Al-Omraniey and Fonoon in Bethlehem	27 Gulfood trade show Stone-meetings with Al-Omraniey and Fonoon in Bethlehem	28	

March 2014

Agribusiness Sector	Tourism Sector	ICT Sector	Stone & Marble Sector
<ul style="list-style-type: none"> March 13: Ata Abu Rub Nursery Opening March 18: USAID Trip to Tubas Chive Farm – with Dave Harden March 25: Opening of Nablus Ag Lab & Al Juniedy Nursery 	<ul style="list-style-type: none"> March 13: Burqin Church opening 	<ul style="list-style-type: none"> March 19: Payment Gateway Launch March 27: Hebron All Women Software Development Center Opening 	<ul style="list-style-type: none"> March 23: USAID visit to Beit Fajjar