



USAID | **WEST BANK/GAZA**
FROM THE AMERICAN PEOPLE

Compete Project Quarterly Report

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COMPETE PROJECT QUARTERLY REPORT

October 1, 2013 – December 31, 2013

DAI

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ACRONYMS AND ABBREVIATIONS

AHA	Arab Hotels Association
B2B	Business to Business
CIBER	Competitiveness Impact of Business Environment Reform
COP	Chief of Party
DQA	Data Quality Assessment
EU	European Union
FY1	Fiscal Year One of the USAID Compete Project
FY2	Fiscal Year Two of the USAID Compete Project
Geo-MIS	Geographical Management Information System
GLOBALGAP	Global Good Agricultural Practice
HLITOA	Holy Land Incoming Tour Operators Association
ICT	Information and Communications Technology
iOS	Internet Operating System
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MoTA	Ministry of Tourism and Antiquities
MoU	Memorandum of Understanding
NSFT	National Association for 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
FY2/Q3	Third quarter of USAID Compete Project Fiscal Year 2013
RFP	Request For Proposal
RFQ	Request for Quotations
SME's	Small and Medium Enterprises
SOW	Scope of Work
TAMIS	Technical and Administrative Management Information System
USAID	United States Agency for International Development
USDA	United States Department for Agriculture

EXECUTIVE SUMMARY

The last three months of 2013 proved momentous for the Compete Project with the visit during November of the USAID Administrator Dr. Rajiv Shah and his senior managers to four major project supported activities over a two-day period. The quarter began following the revamping of the strategic framework of the Compete Project in early September following a retreat with our USAID colleagues, while throughout the period the Compete team together with USAID saw an acceleration of activities to support economic competitiveness of Palestinian businesses that underpins the promise of the Palestinian Economic Initiative of Secretary Kerry.

In the following sections of this report the reader will find a plethora of technical and financial details describing the support of USAID through the Compete project to a variety of Palestinian firms, organizations, and individuals in activities that drive economic growth through increased exports and jobs. Emerging from this breadth of activities are key themes that help guide the Compete team's instigation of development momentum that must in the final analysis be self-sustained within the Palestinian business and civil society communities.

➤ Driving industry growth by encouraging innovation:

If innovation is to be associated with youth, and as it is often an outcome of overcoming adversity, then Palestinians, whether young or young thinking, present fertile ground for sowing the seeds of innovation.

During the last months of 2013, USAID through the Compete Project continued to play a disruptive and positive role in the ICT sector by supporting upstarts (startups!) through our ongoing Hi-Tech Hub events; launching the 1st high-tech Angel Investor Fund (Arabrener); and continuing our leadership development activities through the 3rd Mini-MBA in collaboration with Kellogg-Recanati School of Tel Aviv University.

In the more traditional Stone industry, USAID through Compete launched an exciting effort with a tagline "from waste to profit" that focuses on developing new products out of residual and environmentally damaging sludge (left over from stone cutting) that will target local and regional markets for building materials. This activity holds great promise of innovation, mastering a long-standing problem with damaging environmental, social, and political dimensions.

Supporting innovators who combined business savvy and gender sensitivity, the Compete team seized the obvious with the launch of "Breaking Bread Journeys" a joined-up venture of two leading ladies of the Israeli and Palestinian tourism industry whose story in this report makes fascinating reading.

Going from strength to strength, the Compete agriculture team's effort to support the rapidly growing Palestinian commercial agro-business sector is based entirely on leveraging innovation to compete in challenging markets. This report highlights an array of activities ranging from computerized irrigation and fertilization in the herbs industry, the investigation and purchase of high tech machinery that promotes exports from modern pack houses; to the introduction to farmers of the methods and benefits of using treated waste water to irrigate crops.

The bottom-line for the activities of Compete is that Palestinian business must innovate to be competitive for faster growth in exports, leading to new investments and new jobs.

- Laying the groundwork for comprehensive and long lasting change by investing in infrastructure and skill development:

If exports and jobs growth are the immediate and coalface goals of the Compete Project, then building in tandem the foundations for industrial supply chains as well as vigorous “ecosystems” in the high tech sector are vital if the Palestinian business community is to reach those goals.

Translating innovation to profitable investments requires the private sector to plan for the long-term supply of new products and services as well as the skilled people to deliver a profit. USAID through the Compete Project continues to ramp up support by stimulating or when needed co-financing with the private sector commercial infrastructure that includes:

- Site renovation and urban rehabilitation in key tourism destinations of Bethlehem, Jericho, and the northern West Bank with Nablus as a hub;
- Supporting a private sector “not-for profit” owned hospitality hotel school designated for the Jericho area;
- Linking our “forward-contract” scheme between food industries and commercial farmers to major investments in state of the art pack house machinery and accredited testing facilities to meet or exceed food safety and labeling requirements demanded in export markets;
- Pushing the boundaries of skills development and high tech start-ups by challenging Palestinian universities and established ICT firms to look beyond computer engineering to content rich applications and animation services that leverages specialty food production as well as the Palestinian story in the rich mosaic of the Holy Land for the regional and international visiting tourist.

These highlights and others contained in this report show well the effort of USAID through the Compete Project to generate momentum for sustainable change in focused investments that will lead to competitive products, services, and jobs.

- Pushing Palestinians out of their comfort zone and into global competitiveness:

The Near East, the Levant, or the Holy Land is possibly the most fascinating and dynamic region of the world inhabited by amazingly talented Palestinians and Israelis. It is also tension filled with many physical and emotional impediments that can stymie translating talent into stable and long term economic and human growth.

During the last months of 2013, USAID through the Compete Project took the lead by injecting into the Palestinian business and community leaders the challenge and opportunity of doing the familiar, differently.

The resounding success of the Bethlehem Christmas Festival 2013 in terms of growth in visitors and money spent can paradoxically hide the lasting benefit of how USAID through the Compete Project helped dramatically raise the standards and the expectations for both visitors and the Bethlehem communities alike of an annual local tradition but world-wide 2000 year-old event.

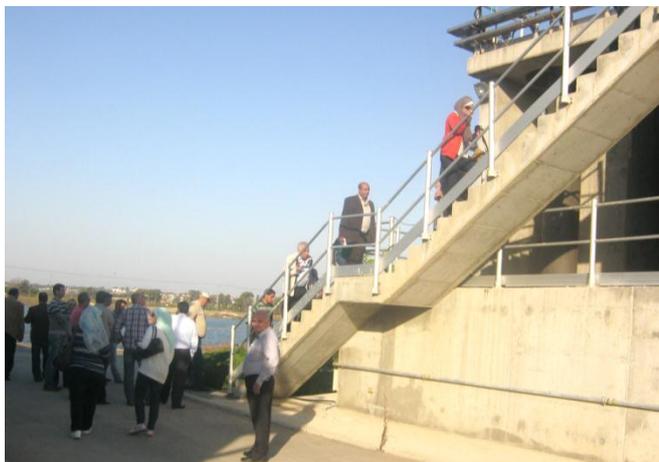
Likewise, the last months of 2013 saw Palestinian industries winning praise for outstanding exhibitions at the major regional Big 5 Stone in Dubai, UAE, the Marmomacc Fair in Verona Italy and in late September the WorldFood Fair in Moscow—all heavily supported by USAID through the Compete Project.

Lastly, USAID’s discreet support to the two brave innovators leading the “Breaking Bread Journeys” venture may be a welcomed indicator of the practical and possible overcoming the negative comfort zone all too evident in the “holy land.”

KEY ACCOMPLISHMENTS

AGRIBUSINESS

Treated Wastewater for Agricultural Use – Water shortages and the increased salinity of available water in the West Bank is an immediate threat to sustained investment and growth in agriculture. To help mitigate this threat USAID, through the Compete Project in the West Bank, is launching the first treated waste water reuse project to irrigate export crops, including guava, avocado, pomegranate, almonds, and mangos that are exported internationally. USAID is assisting Palestinian farmers in using treated waste water for the first time ever, contributing to overcoming the key impediment for agricultural development. The impact of this initiative is expected to be transformative for the agriculture sector. This quarter, in cooperation with the Palestinian Center for Agricultural Research and Development (PCARD), the Compete Project aimed to raise the level of awareness and expertise among Palestinian agronomists, farmers and community leaders regarding the use of treated wastewater (TWW) for agricultural use. With a grant from USAID, PCARD conducted a three-day workshop for fourteen participants focused on developing technical and managerial guidelines for using TWW on a large scale, and a one day study tour to Israel for 68 farmers.



Touring the wastewater treatment plant in Netanya, Israel.

Driving Export Growth – The Palestinian agriculture sector is characterized by many small producers. In order for them to compete in the international markets USAID, through the Compete Project, has encouraged the formation of companies that can act as aggregators, including the Green Qalqilya Company (representing 17 guava and avocado farmers) and Tubas Company for Packaging and Marketing (representing seven potato, carrot and onion farmers). With financial assistance from the USAID these companies are establishing packing houses with washing, packaging, storing, grading and cooling facilities, which will ensure the Palestinian produce is export grade and ready for international markets. The Palestinian companies have begun construction of the packing houses and the Compete Project has procured the equipment. This quarter, Tubas Company was able to accompany the project's agricultural team to Italy to receive training, and inspect the specifications of the equipment.

Investigating New Technologies and Techniques – The Compete agricultural team, accompanied by representatives from the Ministry of Agriculture, and Palestinian companies Tubas Company for Packaging & Marketing and Al Juneidi Nursery, traveled to Italy and Germany to research new technologies and market leads in order to better integrate Palestinian agribusiness into the world market. The trip included studying food packing houses, investigating opportunities for capacity building in partnership with leading olive oil

and fruit producers and nurseries, as well as building business relationships with food processing companies interested in buying Palestinian products.

Showcasing Success: Accessing Export Markets –

Thirteen leading Palestinian agribusinesses, which have successfully entered international markets with support from USAID, showcased their products at a mini exhibition in Hebron during USAID Administrator Rajiv Shah's visit to the West Bank. The participating Palestinian producers sell their products to well-known international companies including Lays, Whole Foods Market, Lush Cosmetics, William Sonoma, John Vena Inc., Ben & Jerry's (UK), Nature's Pride (EU), Kwee Gee (Singapore), MOR Cosmetics (Australia), and Yaffa (UK).



USAID Administrator greets Palestinian farmers who are selling their potatoes to Lays.

Developing the Palestinian Value Chain – The Compete Project signed an MOU with UNDP and PADICO hotels to support Palestinian women cooperatives selling their products in PADICO hotels. The Compete Project will provide technical assistance for the women cooperatives to ensure their products meet the required specifications and quality. The joint efforts of the Compete Project and UNDP, in cooperation with PADICO are expected to have a significant impact on improving the quality of goods marketed by the women's cooperatives and creating more sales opportunities.

Innovation in Packaging and Labeling – Under the slogan of "Encouraging Ingenuity," The Palestinian Food Industries Union (PFIU) and USAID, through the Compete Project in the West Bank, held a ceremony to honor the winners of the first Palestinian StarPack Contest 2013, a contest for designing creative and innovative packaging for food products. The ceremony also aimed to shed light on the redesign of the packaging of 13 Palestinian food products. The Palestinian StarPack 2013 was modeled on the Lebanese StarPack and was carried out under the supervision of the Lebanese Packaging Center. Mr. David Harden, West Bank Mission Director of USAID West Bank/Gaza attended the awards ceremony.

Innovation in the Fresh Herb Sector – USAID, through the Compete Project in the West Bank, is undertaking a number of activities to enhance the competitiveness of the Palestinian fresh herb sector, among them is assisting Palestinian farmer Sami Abu Mansour to install new technology using artificial soil (perlite) and a fully computerized irrigation system called Plant Self-Management (PSM) to establish the first Palestinian modern chive farm on 20 dunums the Jordan Valley. Abu Mansour has completed the greenhouse, including installation of the drip irrigation system, ground plastic, collecting pool and a standby generator; the Compete Project procured the perlite for the farms. This technology will enable Abu Mansour to sell his chives in global markets.

TOURISM

Enhancing Tourist Services – A strong and sustainable tourism sector starts with attention to hotel quality and service. USAID, through the Compete Project in the West Bank, continued its support of a series of in-service trainings for front-line hotel staff, and supervisors with a

program designed in cooperation with the American Hotel & Lodging Education Institute, the Arab Hotel Association and the Hospitality Management Consultants Group “Diyafa”. During this quarter Diyafa conducted four different training sessions for nearly 45 participants. The courses included: the Certified Room Division Executive training, the most prestigious certification

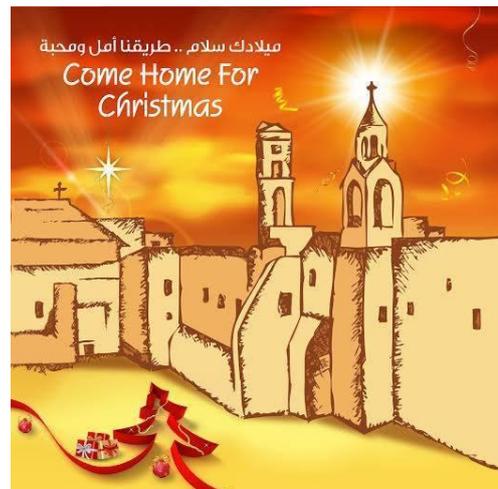


Hospitality In-service Training

available to a rooms division executive (responsible for housekeeping and front desk management); the Pre-Certified Hospitality Administrator training for managers of food and/or lodging in the hospitality industry; CHA and the Certified Hospitality Educators training, a professional development opportunity designed for hospitality educators.

Establishing a Hospitality School – To further institutionalize quality service and standards in the hospitality sector, USAID, through the Compete Project, is working with the Arab Hotel Association and HLITOA to establish a Palestinian Hospitality School based on the Jordanian example of a functioning 4 star hotel that provides training for hospitality employees. AHA and HLITOA recently registered a non-profit company with the Ministry of Interior to own and manage the hospitality school.

Bethlehem Christmas Festival – Through the Compete Project in the West Bank, USAID supported the Bethlehem Municipality as part of its broader strategy to develop a vibrant tourism industry in Bethlehem and throughout the West Bank. The Christmas Festival presents a solid opportunity to increase the number of tourists visiting Bethlehem, length of stay, and dollars spent. In addition to bringing five high profile performers, USAID supported infrastructure for the more than 50 performances throughout the Christmas Season as well as for the Christmas Market, capacity building for the Bethlehem Municipality and assisted with the outreach and promotion of the festival events. Manar Aranki, Programs Manager of the Compete Project team, spent the month of December in Bethlehem to assist the Municipality and ensure events ran smoothly.



Manar Aranki, Programs Manager of the Compete Project team, spent the month of December in Bethlehem to assist the Municipality and ensure events ran smoothly.

With support from USAID, the number of visitors to Bethlehem during the Christmas season increased by over 40% (nearly 30,000 more than the previous year), which increased revenues by 55%, an additional \$6 million dollars compared to the previous year.

30,000 more visitors came to Bethlehem for Christmas 2013, resulting in an additional \$6 million in revenue.

The Christmas Market, with 22 kiosks supported by USAID, ran for 8 days (compared to only one day in previous years) and revenues reached \$10,000 for participating businesses. For more information see the Project Highlights section.

Site Renovation & Destination Development – To enhance the overall visitor experience in the West Bank, thereby improving the image of the West Bank as a tourist destination, and increasing length of stays and dollars spent by tourists, USAID, through the Compete Project, is undertaking the renovation of key historical sites and ensuring the required infrastructure and services are in place to support a positive visitor experience. These projects require extended periods for implementation, but in this quarter, significant progress was made in the following areas:

- **Hisham’s Palace:** Tourism success depends substantially on the quality and presentation of the tourism products it can competitively bring to the international market and specifically priority sites with highest tourism. This activity focuses on improving the interpretation and displays at Hisham’s Palace in Jericho one of the most important site of the early Islamic period in the Levant. The Ministry of Tourism & Antiquities (MOTA) has approved the English text for the museum’s interpretation panels and the translated Arabic text was just submitted for approval.
- **Trail Development:** As part of the efforts to appeal to adventure tourists, Palestinian company Rozana is developing the Abraham Path between Jenin and Nablus under the supervision of the Abraham Path Initiative (API) USA. In this quarter, Rozana connected with municipalities, village councils and women’s associations along the proposed route to develop services for tourists, securing two sustainable accommodation options along the trail. API introduced Palestinian Rozana staff to GIS technology and methods for developing and mapping the trails.
- **Historic Site Preservation and Urban Rehabilitation** – USAID, through the Compete Project, is working with the Center for Cultural Heritage Preservation (CCHP) for site renovation and urban rehabilitation in Burqin, Bethany and Bethlehem. CCHP will address some of the infrastructure problems that detract from the visitor experience at these sites, including improving urban pedestrian walkways , tourist facilities and repurposing historical buildings for tourist services. Work has now begun on renovating sanitation facilities in Bethlehem.

Developing New Tourism Products – Breaking Bread Journeys was officially launched at the World Travel Market (WTM) in London, Nov. 4-7. USAID is supporting this initiative as part of its strategy to offer more equitable tours in the region. This project breaks new ground with an entirely new type of Holy Land tour which essentially divides their time between Israel and the Palestinian Territories and gives participants a deeper experience with an 'insider’s view' of the local culture, featuring classical and off-the-path sites. The women, one a Jewish Israeli, and the other a Christian Palestinian, are offering topical Holy Land tours where each day provides participants with a different cultural encounter.



ICT

Startup Seed-Fund Makes First Investment – USAID helped bring the first angel investor seed fund network, *Arabreneur*, to Ramallah. After their first pitching event in November,

Arabrepreneur Venture Fund investors have invested \$440,000 in four of the six companies that pitched their ideas, marking the first ever angel investments in startups in the Palestinian territories. The startups will also have access to mentorship and facilities which will enable them to expand their market to a regional and international level. Supporting the operations of *Arabrepreneur* is part of USAID’s strategic efforts to create a complete eco-system that is conducive to entrepreneurship in general and to the information technology sector in particular.

Accelerating Startups – USAID, through the Compete Project, signed a grant agreement with Leaders, a local NGO that aims to build the capacity and leadership of Palestinian youth, to help create “E-Zone,” a business accelerator for Palestinian startup companies. E-Zone has selected the first four Palestinian startups to participate in the acceleration program, providing mentoring and consulting services to assist with administration, marketing, networking, and more. Two other startups, after participating in a pre-acceleration program were able to obtain venture capital funding.

Supporting Startups – Aimed at enriching the entrepreneurial ecosystem, USAID, through the Compete Project supported the launch of the Palestinian Startup Cup in partnership with *ConnectME*, an American firm specializing in market development for the Middle East. Startup Cup is a global network of locally-driven accelerators, which takes a slightly different approach by focusing on building the capacity of local Palestinian mentors, who will then provide support to 50 individual entrepreneurs, which will be filtered down to 12 promising startups by the end of the 6 month program, finishing May 2014.



USAID Administrator Rajiv Shah addresses the crowd at Hi-Tech Hub

Encouraging Innovation – The third Hi-Tech Hub, which called for solutions for the tourism and gaming sectors, led to the creation of seven applications. Fledgling entrepreneurs presented their prototypes to a panel of judges, in addition to over 300 youth interested in the event. USAID Administrator Rajiv Shah attended the Hi-Tech Hub event, meeting with young entrepreneurs and the developers in order to celebrate young entrepreneurs and connect them with investors and/or mentors.

Skill-Development – Through the Compete Project, USAID supported the participation of 19 middle managers from both the Ag and ICT sectors in the 3rd Mini MBA. The Kellogg-Recanati program ran for 12 days over a period of six weeks and was adapted to meet industry needs to improve the management skills of leading Palestinian



USAID Administrator Raiiv Shah at the Mini MBA

companies, better enabling them to do business on a global scale. The training program helps Palestinian companies understand the complex international business environment and how to introduce services in a targeted manner rather than the current approach of open-ended marketing strategies. USAID Administrator Rajiv Shah, Assistant Administrator Alina Romanowski, and Chief of Staff Margie Sullivan, together with USAID West Bank/Gaza managers attended the mini MBA on Thursday, Nov. 7 and met the Palestinian participants and Tel Aviv University management for a lively Q&A.

Expanding Market Linkages – Through the Compete Project, USAID assisted Andalous Software in hiring an export manager to expand their markets in Saudi Arabia and northern Iraq, which has led to an increase of \$65,000 in revenues in just three months. Andalous is a software development that has a portfolio of seventeen software packages suited for many industries and company sizes.

STONE AND MARBLE



New Product Development – The Compete Stone team hosted the "Sludge New Product Symposium" in cooperation with UNIDO and the Palestinian Stone & Marble Union. Experts in the properties of the industry's sludge byproduct presented ways to turn waste into profit with nearly 20 samples of commercial products made from stone sludge. The new products offer business opportunities for Palestinian stone producers and interested investors. 69 people attended the event, which, according to the Union of Stone & Marble, "is by far one of the best, if not the best event, in the history of the Palestinian stone industry." USAID Mission Director, Dave Harden congratulated the industry on its success, saying: "the Palestinian people have an opportunity to really make something from nothing." Please

refer to Project Highlights for more information.

Increasing Exports through Trade Shows – With assistance from USAID through the Compete Project, 6 Palestinian stone companies successfully showcased their products at the Big 5 Trade Show in Dubai the last week of November. The participating companies made significant connections with buyers, received orders and submitted bids for major international projects. More than just a sales opportunity, participating in Big 5 allows stone producers to learn about new technology, market trends, and obstacles in the stone industry, as well as build relationships with other stone companies and potential clients, which enables the Palestinian stone producers to integrate



Holy Land Stone Group Display at Dubai Big 5

more fully into the world of stone.

Filter Press Maintenance Program –USAID’s Compete project is putting the Palestinian Stone and Marble industry back on the path to prosperity by evaluating and subsequently upgrading, fixing and replacing filter presses, a machine that converts liquid slurry into dry sludge, part of a key value-chain in the industry. The focus on filter presses is the first step in transforming the industry and complying with environmental regulations. Work continues with both the service provider and the project’s monitoring engineer to implement the final stages of implementation, which this quarter included conducting maintenance on 14 machines.

ALL SECTORS

Private Sector Investment Leveraged - Since the beginning of Compete Project in the West Bank the M&E team has worked to capture the value of capital investments from our partners leveraged as a cost share of the project activities. As of December 2013, private sector investment for three of the four sectors has reached a total of 21.5 million USD:

- \$ 13,550,000 in the Ag Sector
- \$ 5,150,000 in the Stone & Marble
- \$ 2,800,000 in the ICT sector

The approximate investment in the tourism sector will be captured in the coming reporting periods, awaiting hotels to finish their refurbishment and construction work under the classification system developed by USAID through the Compete Project, which will give a better indication of leveraged investment.

PROJECT HIGHLIGHTS

This section contains highlights from select USAID Compete activities during the period of October 1, 2013 to December 31, 2013.

QUARTERLY HIGHLIGHTS – TURNING WASTE INTO PROFIT



Super light concrete made from stone sludge.

“Palestinians are making something from nothing! Once Palestinian companies begin to look at the sludge produced in the cutting process as a valuable input for the production of other goods, they’ll stop seeing it as a waste product. This creates a long-term solution for the industry’s slurry problem, which is not only possible, but also profitable!”

-Dave Harden, Mission Director USAID West Bank/Gaza

On December 10, Palestinian stone producers gathered at the new Palestinian Stone Center, part of the Palestinian Polytechnic University in Hebron, to learn about how they can turn the waste of the stone industry into profitable commercial products. The US Agency for International Development teamed up with UNIDO (UN Industrial Development Organization), the Polytechnic University and the Palestinian Stone & Marble Union to fund a feasibility study implemented by Palestinian company ExpoWorks Plus in cooperation with the Carrara Stone Center in Italy and a MTI Consulting in Bahrain.

The stone industry is crucial to the Palestinian economy, but unchecked disposal of slurry into wastewater lines was causing problems for both Palestinians and Israelis. USAID helped to find a solution to address this common environmental problem, assisting Palestinian stone companies to rehabilitate filter presses. The filter press is a machine that converts liquid slurry into dry sludge or cake, which enables the reuse of water and protects the environment.

Sludge, however, is not only a byproduct, it presents an opportunity to the stone industry. Due to its clay-like makeup there is potential to turn sludge into commercially viable products, including paint, artificial stone, superlight concrete, ceramics and more, as presented by Italian stone industry experts.

Proud of the event, held in the new Palestinian Stone Center, Mr. Nour Eldin Jaradat, Vice Chairman of the Union of Stone & Marble, commented that “this merging of science and industry marks a new stage for Palestinian business. Stone slurry has been a burden on stone factories; it has been a burden on farmers because of its environmental impact. But today we turn it into an opportunity.”

Palestinians produce natural stone that is distinguished globally for its quality and uniqueness, and has real potential to compete globally. USAID, through the Compete Project in the West Bank, is working on several fronts to address the major sector challenges and create business opportunities. Developing new products from a waste product presents a sound business investment that will drive job creation and increase sales within the Palestinian stone industry, which feeds into our larger goal of ensuring the prosperity of the Palestinian economy for the Palestinian people.

QUARTERLY HIGHLIGHTS – Enriching the Startup Ecosystem



Mentors and investors discuss the Palestinian startup ecosystem at the Palestinian Startup Cup launch.

We cannot underestimate the ambition and creativity demonstrated by Palestinian entrepreneurs and the contribution their businesses make to the lives of Palestinian people.”

–USAID Administrator Rajiv Shah, addressing the crowd at the 3rd Hi-Tech Hub in Ramallah.

“The hardest part is surviving long enough to get the first customer,” said Palestinian entrepreneur Feras Nasr, one of six Palestinian entrepreneurs who pitched his business idea to Arabreneur, a new angel seed fund established in Ramallah with support from USAID.

According to the World Bank, Palestinian youth unemployment has reached an alarming 38% in 2013. In the US and Europe, studies show that new firms and young businesses account for 60% of job creation, suggesting that entrepreneurs like Feras Nasr present the best solution for Middle Eastern unemployment—if they survive to get that first customer. There are 450 million people who speak Arabic in the Middle East; 70% of them are under 34 and 190 million of them are connected to the internet – it’s a golden market opportunity. But in the West Bank startup companies have had difficulty finding funders and breaking into the market with their new ideas.

“It is not only the Palestinian entrepreneurs who are young, the entire startup ecosystem in the Palestinian territories is still immature,” commented Randa Masri founder and CEO of ConnectMe, a private business partnering with USAID to support the Palestinian StartUp Cup. USAID, through the Compete Project, hosted myriad targeted activities this quarter aimed at nourishing the growth of the ecosystem.

To build the capacity of mentors and ensure the development of strong business models for new startups, USAID supported the launch of the Palestinian StartUp Cup. E-Zone, a local Palestinian program, is also building the strength of local mentors while supporting entrepreneurs in their early stages of incubation.

USAID organizes Hi Tech Hubs that rally youth to generate ideas, and change the mindset of budding entrepreneurs to ‘fail fast and start again.’ The 3rd HiTech Hub was held in November.

Finally, USAID is supporting the operations of the Arabreneur Seed Fund in Ramallah, which fills the angel investment gap in the ecosystem. Arabreneur recently announced its investment in four promising Palestinian startups that will also have access to mentorship, office space and wider markets through Arabreneur’s network.

With this cross-ecosystem approach that aims to promote organic growth, Palestinian entrepreneurs have a better chance at reaching those 450 million Arabic speakers with their new products, and to become job creators.

QUARTERLY HIGHLIGHTS – Come Home for Christmas in Bethlehem

Bethlehem Christmas Festival revenues up by \$6 million!



Christmas tree lighting in Manger Square, December 1, 2013.

"Not only is our goal to increase the number of visitors to Bethlehem, but we would like to help the municipality improve the experience of the tourists, have tourists stay longer, spend more money," he says. "We think that the whole opportunity is extraordinary."

--Dave Harden, USAID West Bank/Gaza Mission Director

"This year our motto is 'Come home for Christmas,'" said the Mayor of Bethlehem, Vera Baboun, "which means: take the time to wander around the alleys of the Old City, talk to the residents, help them to live here," Baboun explained.

When the Bethlehem Municipality invited in the world for this year's Christmas season, everything except the tree was bigger. The giant Christmas tree in Bethlehem's Manger Square was lit up during an official ceremony on Dec. 1, 2013, attracting an estimated 6600 visitors to Bethlehem on the opening day of the Christmas Festival. The Christmas Market opened that same day in Manger Square with 22 kiosks and lasted for 8 days (compared to only one day the previous year). The entire month of December featured entertainment with more than 50 performances, including five high profile performers.

"It was important to give more life to the city, said Baboun, "enhancing the Christmas decorations and the number of activities in the city has helped to do that," she continued.

USAID, through the Compete Project in the West Bank, worked closely with the Bethlehem Municipality to help scale up the Christmas Festival. In addition to infrastructure support, USAID supported capacity building for the municipality and assisted with the outreach and promotion of the festival events.

This assistance comes as part of a larger vision to boost the Palestinian economy. Tourism plays a major role in the economy, particularly in the city of Bethlehem at Christmastime, and the added investment more than paid off. Despite the record 70cm of snow that blanketed Bethlehem for three days prior to Christmas, resulting in significant changes to the performance schedule, 40% more visitors came to Bethlehem for Christmas, nearly 30,000 more than the previous year, resulting in an estimated \$6 million more in revenues for local businesses, including hotels, restaurants and shops.

UPDATE ON COMPONENT B

Component B is a core part of the Compete work plan targeting assistance in developing Palestinian Business Support Organizations (BSOs) and commercial business service providers (BSPs). 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 and BSPs to enhance their current direct market opening activities in the four priority sectors of Agribusiness, Tourism, ICT and Stone & Marble.

AGRIBUSINESS

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. This assistance also included placing a consultant to work with them on attaining the ISO 9001 international standard which enables them to enter export markets.



Through the Compete Project, USAID awarded **The Palestinian Center for Agricultural Research & Development (PCARD)** a grant to conduct an awareness program for wastewater reuse for agricultural purposes. PCARD conducted 3 day training in Israel for 14 Ministry of Agriculture extension agents and others.

The Compete Project worked with **Equity Legal Group (ELG)** to conduct desk research and market analysis for the legal and technical tasks required for establishing a Marketing Intelligence and Distribution HUB Company (MIDHC) in Dubai that would represent and assist in the development of Palestinian agribusiness. ELG assisted with an investigative trip to Dubai, organizing meetings with relevant business partners and agencies.

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.

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.

USAID, through the Compete Project in the West Bank, worked with the **Palestinian Food Industries Union (PFIU)** to support the participation of six Palestinian companies in the second Arab Products Exhibition in Nazareth, Dec. 6-7. PFIU created linkages with the Nazareth Chamber of Commerce to promote the quality of West Bank products and increase the presence of these products inside Israel.



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 companies in the West Bank's emerging ICT sector. During the month of November, PITA conducted a trade mission to the United States between Nov. 4th and 8th. For this mission, PITA hired a B2B consultant to match 9 Palestinian companies with US-based firms in New York, Philadelphia and New Jersey. Several companies were able to come back with leads for new partnerships and contracts. PITA is also managing an employability program that provides training on niche technologies and links young people to internships in IT companies.



B2B meetings during PITA Trade Mission to US

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. Six promising startup firms pitched their events to the Arabreneur investors, hoping to win investment and access to Arabreneur facilities in Ramallah. 113 participants took part in the Arabreneur Launch Event; 23 were female and 34 were youth. *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.

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.

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.

Since signing the contract, **HLITOA** has made significant progress defining and profiling the four market segments targeted for marketing and sales efforts through the Compete-funded initiative. The U.S. faith tourism market profile is complete and consultants are engaged in Mexico and Brazil to profile the faith tourism markets there. 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, conducted five different training sessions from the curricula of the American Hotel & Lodging Education Institute for nearly 45 participants during this quarter. The courses ranged 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.

The Arab Hotel Association (AHA), with assistance from USAID through the Compete Project, has assessed 54 hotels according to the star rating system and four 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. PalClean is working on delivering a gap analysis report for 8 hotels which will become the basis for determining the cleaning needs and training requirements.

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.

Compete worked closely with the USM and PalTrade to develop new criteria for selecting the companies that participated in the *Big 5* Dubai trade show, November 25-28, 2013. Through wider exposure to the trends in marketing and the stone industry and potential opportunities for Palestinian stone companies, the USM was encouraged to think about creating a service department from within their organization that, among other services, assists with marketing and promotional services such as trade show participation.

SUMMARY OF PROGRESS BY SECTOR

AGRIBUSINESS

Progress Toward Indicators

The following chart outlines key achievements, impact and evaluation of Agribusiness activities during the period of October 1, 2013 to December 31, 2013.

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

Organize and Upgrade Fresh Herbs Sector	
<i>Description</i>	
<ul style="list-style-type: none"> • Create a fresh herbs organization to adapt a protocol of best practices in order to satisfy international market standards and USDA-APHIS requirements. • Upgrade fresh herb facilities to comply with Integrated Pest Management systems (IPM) and USDA requirements. • Establish a packing house for fresh herbs in the Jordan Valley. 	
Achievements	Impact
<ul style="list-style-type: none"> • Enhancing the fresh herb industry through the establishment of a modern chive farm; • Assisted Palestinian farmer Sami Abu Mansour in establishing a modern chive farm on 20 dunums in Bardalah north of the Jordan Valley using new technology involving artificial soil (perlite) and a fully computerized irrigation system called Plant Self-Management (PSM); • Abu Mansour has begun building the greenhouse on the chive farm, which is part of his cost share in the project in addition to the drip irrigation system, ground plastic cover, collective pool and a standby generator. • 2 printers supplied to HEPCO to facilitate documentation procedures. 	<ul style="list-style-type: none"> • One unified voice with strong bargaining powers. • Enforcing quality competitiveness standards. • This activity will protect the Palestinian Territories' existing fresh herb market share and will increase subsector competitiveness by instituting best practice IPM approaches. • Higher productivity and lower cost /dunum.
Produce Distribution Hub	
<i>Description</i>	
Support for market research and a feasibility study as the first steps toward establishing a distribution hub for fresh produce in target markets to directly link local value chains to growing international markets.	
Achievements	Impact
<ul style="list-style-type: none"> • Equity Legal Group (ELG) conducted desk research and market information for the legal and technical tasks required for a Marketing Intelligence and Distribution HUB Company (MIDHC) in Dubai. • Conducted a mission to Dubai to visit suggested locations and facilities of the MIDHC to assist making decisions on the best scenario. 	<ul style="list-style-type: none"> • A distribution facility will provide a local market presence to store, aggregate and distribute products –fresh produce, dates, and fresh herbs – to control quality and better serve international customers. • These efforts will extend the reach of partner marketing efforts; connect our partners to new markets; and result in increased export production areas and export volumes produced with commensurate increases in sales, incomes and employment.

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

Upgrade Grape Sector	
<i>Description</i> Upgrade 15 Palestinian grape farms, which vary from 1 to 70 dunums, to produce high quality seedless grapes at competitive prices. The Compete Project will provide technical assistance as well as cost share upgrading inputs with grape farms to include insect netting for grapes.	
Achievements	Impact
<ul style="list-style-type: none"> Contract signed with Agropal Co. to deliver 447,337 square meter of grape nets. Grape nets will be delivered during Feb & March, 2014. 	<ul style="list-style-type: none"> Along with improved precocity and yields, seedless grape varieties are more competitive and so will increase international market share for Palestinian producers. This activity will introduce new production technologies; and grow sales into new markets that increase incomes.
Upgrade Guava Sector	
<i>Description</i> In partnership with 36 guava and avocado producers, Compete is providing financial assistance to establish a packing line with washing, packaging, storing, grading and cooling facilities.	
Achievements	Impact
<ul style="list-style-type: none"> Compete signed a subcontract with Eshet Eilon Industries to deliver and install the guava and avocado packing line (washing, packaging, storing, grading and cooling). Compete is assisting 3 guava and avocado companies and 5 farmers, who represent 36 partners. They are now registered under The Green Qalqilia Company to act as the aggregator for the sector. Through this aggregator, farmers will be able to use the equipment and facilities at low costs. 	<ul style="list-style-type: none"> These activities will introduce new production technologies to the guava subsector, improve and diversify products, and increase income by expanding into new markets. In August 2013, the producers registered their packing house company which will act as an aggregator for the export produce.
Traceability Software	
<i>Description</i> Support the design and implementation of an operational traceability system (developed by the Palestinian ICT sector) for the fresh export produce sector following international best practices in order to increase product standards:	
Achievements	Impact
<ul style="list-style-type: none"> IT consultant was hired by MAK for TOR software process. 	<ul style="list-style-type: none"> This activity is vital for Palestinian products and services to meet international standards and specifications. It will support an increase in exports of both new and improved Palestinian products and services that are dependent on reliable food safety traceability systems. The capability to deploy this new technology will contribute to growing exports, incomes, and employment.

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

	<ul style="list-style-type: none"> This system, resulting in increased transparency and trust among stakeholders along the value chain.
Date Sector	
<p><i>Description</i></p> <ul style="list-style-type: none"> Create long-term sustainability and open new markets through the adoption of international quality standards. Date Pollen Facility – Start/upgrade date pollen facilities in the West Bank; presently 90% of date pollen is brought from Israel through cost sharing of inputs required for the simple technology required to capture and distribute date pollen. Capacity Building for Date Firm Staff and Date Farmers and cost share equipment to raise knowledge and competence of the workforce to improve date quality and increase export produce to high value markets. 	
Achievements	Impact
<ul style="list-style-type: none"> Contract signed with Zoom Co. to redesign the packaging of 8 date companies, 3 designs are completed. By the end of January 2014, Nakheel Company will provide the brand name for Zoom Co. to redesign the packaging of their dates. Lab location is being prepared by Nakheel Company. 	<ul style="list-style-type: none"> Increase the competitiveness of Palestinian products in international markets through meeting food safety standards; With Global GAP and ISO 22,000, BRC Certification, Nakheel Palestine demonstrates adherence to food safety and quality standards to fulfill market requirements; consumers can rest assured that the food has been sustainably produced, adhering to health, safety, and environmental standards, and increasing their marketability.
Meat and Dairy Sector	
<p><i>Description</i></p> <p>Upgrade Meat & Dairy facilities to maintain current markets in East Jerusalem and to open new export links.</p>	
Achievements	Impact
<ul style="list-style-type: none"> All the procedures and Records for ISO22000 system had been delivered to all Mahareeq Slaughter House. All required training had been executed. <p>ISO22000 will be adopted next quarter</p>	<ul style="list-style-type: none"> Preserve current market share; Remain competitive in East Jerusalem; Improve the productivity and quality of meat and dairy products. <p>Compliant with ISO 22000 food safety requirements.</p>
Trade Show Participation	
<p><i>Description</i></p> <p>Assist Palestinian food processors to exhibit their products at international trade shows in order to attract product buyers, enter into negotiations and receive export orders.</p>	
Achievements	Impact
<ul style="list-style-type: none"> Provided funding to the Palestinian Food Industries Union (PFIU) to support the participation of six Palestinian companies (Sharawi Confectionary Company, Al-Naser Mills Company, Olive Oil Cooperative Union, Al-Jibrini Investment Group, Al-Junaidi Dairy Products Company and Golden Mills Company,) 	<ul style="list-style-type: none"> Open and maintain market linkages, market information and support current distributors of Palestinian specialty foods; Help to capture new market leads and buyers, create direct sales, and expand market penetration. As a result of <i>Gulfood Show, Emirates Delight</i> has

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

<p>in the second Arab Products Exhibition in Wadi Araa near Nazareth, Dec. 6-7.</p>	<p>exported \$218,968 worth of products.</p> <ul style="list-style-type: none"> • As a result of Fruit Logistica Show, Jannet Adan and Emirates Delight have exported \$225,355 worth of products. • As a result of Moscow WorldFood show, Jannet Adan has exported products with a total value of \$33,309. • As a result of FancyFood show, West Bank Salt has exported products with a total value of \$100,000. • New market access for <i>Jannet Adan</i>: Ukraine. • Three new hires for <i>Jannet Adan</i>, with 1 female 2 youth. • 3 new hires for <i>West Bank Salt</i>, with 3 youth. • 24 new hires for <i>Emirates Delights</i> with 19 female and 23 youth. <p><u>Expected Impact of the Second Arab products exhibition Nazareth 6-7/12/2013 :</u></p> <p>Increase market share of Palestinian food products especially for the Arab community in Israel; in this case three new companies entered this important market.</p> <ul style="list-style-type: none"> • Increase the awareness about the quality of Palestinian food product that meet the market requirements and satisfy consumer expectations. • Create linkage with consumers in this market through the Nazareth exhibition, which was visited by 5000 visitors. <p><u>Evaluation of the Second Arab products exhibition Nazareth 6-7/12/2013 :</u></p> <ul style="list-style-type: none"> • Exhibition place as good (2.8 out of 4); • Booth construction as very good (3.4 out of 4); • Number of visitors as good (2.6 out of 4); • The general evaluation for exhibition is good (2.65 out of 4). <p><u>Recommendations by the participating companies:</u></p> <ul style="list-style-type: none"> • Conduct the exhibition in Nazareth to have more participants • Choose a bigger hall to have more participant • Extend the period of exhibition to 5 days • Contract buses to transfer visitors from all Arab cities to the exhibition • Plan to have more whole sale traders and conduct B2B meetings • Conduct the exhibition in summer time and yearly
<p>Forward Contracting</p>	
<p><i>Description</i> Link Palestinian value chains to international and domestic markets with long-term contracts to avoid major</p>	

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

price fluctuations and supply shortages.

Achievements	Impact
<ul style="list-style-type: none"> During October, the project’s Ag team helped to finalize a deal between Israeli exporter company Mahdrine Co., and Palestinian farmers (Al Furat Co., Daragmeh Co.) to export potatoes, sweet potatoes, fresh herbs and carrots to the EU and Russia. Al Furat Co. is planting a demo of 20 dunums of each crop according to the client’s requirements and GLOBALGAP. 	<ul style="list-style-type: none"> Forward contracts can increase competitiveness, increase export performance and improve country image (brand and origin) recognition, this will help to avoid major price fluctuations and help sustain a consistent supply flow in response to the market’s needs. A contract was signed between Top Field Co., Al Furat Co. and a farmer, Mohammad Basheer Daragmeh with Al Ashqar in Jordan. <p><u>FY3/Q1</u></p> <ul style="list-style-type: none"> A contract was signed between a farmer <i>Abd Al Hakeem Abd Al Razeq</i> and <i>Al Rafedin Co.</i> in Jordan for 2000 tons of potatoes, 1500 tons of Onions, 200 tons of Onion Bulbs, and 500 tons of Carrots with a value of \$2,547,945. A contract was signed between <i>Top Field Co.</i> and <i>Al Ashqar Co.</i> in Jordan for 2750 tons of potatoes and 500 tons of carrots with a value of \$1,138,889. A contract was signed between <i>Al Furat Co.</i> and <i>Al Ashqar Co.</i> in Jordan for 2750 tons of potatoes and 500 tons of carrots with a value of \$1,138,889. A contract was signed between <i>Top Field Co.</i> and <i>Al Furat Co.</i> with <i>Al Salam Group</i> in Hebron for 1000 tons of Red Potatoes, 200 tons of Carrots, 50 tons of Broccoli, and 50 tons of Cauliflower with a value of \$ 401,389. Sales to Israel increased for <i>Top Field Co.</i>, by \$999,386. Sales to Local market for <i>Top Field Co.</i> by \$555,200. An increase of 750 donums for <i>Al Furat Co.</i> <p>Jobs Created:</p> <ul style="list-style-type: none"> <i>Abd Al Hakeem Abd Al Razeq</i> hired 21 seasonal workers with 11 female and 18 youth. <p>New products introduced:</p> <ul style="list-style-type: none"> 3 new products were introduced for <i>Al Furat Co.</i>: Broccoli, Cauliflower and a new type of onions. Sales increased by \$30,773 for <i>Al Salam Group</i> with an export value to Israel of \$226,070.

Reuse of Treated Waste Water Demo (TWW)

Description

Build awareness and support for the reuse of TWW for agriculture to address the inadequate water supply. Study tours focus on the exchange of technical knowledge and the study of models to be replicated in the West

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

Bank.	
Achievements	Impact
<ul style="list-style-type: none"> • Environmental Assessment will be submitted to USAID early February 2014. • Crops for pilot project have increased to cover 300 dunums (200dunums in Nablus and 100 dunums in Jenin) • 14 Palestinian agronomists, local farmers and community leaders attended a workshop in Israel to learn more about treated wastewater (TWW) and to develop technical and managerial guidelines for using TWW on a large scale. • Organized study tour to Israel for 68 farmers and community leaders from Nablus and Jenin communities. 	<ul style="list-style-type: none"> • Transfer knowledge of how to use the TTW; • Provide additional sources of irrigation water by making use of the TTW from the Nablus waste water plant; • Increase awareness of the importance of using TTW in agriculture. The study tour provided them with guidelines regarding irrigation techniques, sanitation control and sustained quality. Most participants accepted the idea of using treated wastewater in the Palestinian Territories and are ready to use the treatment plant that is being constructed in Nablus. <p><u>Evaluation of the Training Program</u></p> <p>Comparing between responses pre and post assessment:</p> <ol style="list-style-type: none"> 1. Most of the participants’ replies in both the pre and post assessment questionnaires show similarity where expectations were met. 2. The participants’ evaluation of the training program in the pre and post assessment questioners is close. 3. Most of the participants answered the question of the general evaluation of the program goals for the pre and post assessment with excellent, very good and good while none answered with acceptable or poor. <p><u>Open Questions :</u></p> <ol style="list-style-type: none"> 1. What are the main skills obtained during the training program? Most of the participants replied that they were introduced to: waste water treatment plants, their facilities and treatment procedures; the Ministry of Health’s laws and regulations for the use of waste water; the possibility of disease transmission to humans; poisonous substances and their dangerous effects on plants; the advantages of using treated waste water in planting olive and almond trees for instance. 2. Will you use the information that has been discussed in the training session? Most of the participants replied that they will use the information discussed in the training session because there are existing waste water treatment plants in our country, and they want to help to rehabilitate sewage networks to become suitable for the processes of these plants.

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

	<p>3. In your opinion, what are the subjects that were not addressed enough in the training program? Most of the participants replied that environmental dimensions and finding future solutions for any possible problems did not get enough attention in the training program.</p> <p>4. What are your suggestions to develop this program in the future? Most of the participants replied that training sessions should be extended to more days and less hour per day. They also suggested that the language used in lectures should be English.</p>
Saline Water Demonstration	
<p><i>Description</i> Conduct several pilot tests that use a Swiss technology (magnetically treated water) to enable the use of saline water for irrigation</p>	
Achievements	Impact
<ul style="list-style-type: none"> • SOW Preparations for procuring passive magnetic equipment's to farmers (up to 8 farmers). 	<ul style="list-style-type: none"> • Introduction of new saline water technology will have major long-term benefits for the agriculture industry; • Increase productivity, quality, export volumes and competitiveness of Palestinian produce. • 13 farmers expressed interest and are willing to cost share magnetic saline equipment. • An additional 8.5% of value in price due to improved dates grades
Upgrading of Nurseries Facilities	
<p><i>Description</i> Upgrade and qualify Palestinian nurseries in order to provide high quality grafted and fresh herb seedlings at reasonable prices.</p>	
Achievements	Impact
<ul style="list-style-type: none"> • Contract signed contract with consultant "Issa Bitouni to implement Global GAP at Ata Abu Rub Nursery. • The new equipment will enable the two nurseries to achieve GLOBAL GAP standards which will raise the local standards and enable Palestinian producers to penetrate new markets 	<ul style="list-style-type: none"> • Transfer knowledge of grafting systems; • Address market needs, and adapting to soil conditions through grafting. • <i>Ata Abu Rub Nursery</i> increased its local sales by \$230,000. • Improved products. <ul style="list-style-type: none"> ▪ <i>Ata Abu Rub Nursery</i>: 2 new products were introduced: Green tea and Lemon grass. • Jobs created: <ul style="list-style-type: none"> ○ 1 new hire for <i>Ata Abu Rub Nursery</i> ○ 11 new hires for <i>Juneidi Nursery</i> with 5 female and 4 youth.
Packaging and Labeling	

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

<i>Description</i>	
<ul style="list-style-type: none"> • Create a qualified team and system with the PFIA to assist food-processing companies to upgrade and improve their packaging and labeling capabilities for improved market access. • Upgrade packing line of West bank Salt Co. to improve market access and penetration. 	
Achievements	Impact
<ul style="list-style-type: none"> • Upgrading Packing Line of West Bank Salt Company: <ul style="list-style-type: none"> ➢ RFQ for Packaging equipment published ➢ The company installed new packing line for crystal salt ➢ The construction work for the new salt packing station in Jericho is completed. • MOU Signing UNDP and PADICO – The Compete Project signed an MOU with UNDP and PADICO hotels to support Palestinian women cooperatives selling their products in PADICO hotels. The Compete agricultural team will provide technical assistance to insure that the products meet the required standards. 	<ul style="list-style-type: none"> • Increase the competitiveness, compliance and market access of the Palestinian food processing sector by building association-led capacities in export packaging, labeling and market requirements, leading to growing exports, incomes and employment. • <i>The packages of 13 products have been redesigned.</i>
Upgrading Accredited Laboratory for Fresh Produce	
<i>Description</i>	
Upgrade and accredit Palestinian private sector laboratories to conduct tests according to international standards (ISO 17025) that comply with customers' needs, specific market requirements, and enable firms to take immediate corrective action when required.	
Achievements	Impact
18 machines out of 23 were delivered to the laboratories while the rest of the equipment will be delivered very soon "Awaiting security check"	Conducting tests in accordance with ISO 17025 will comply with customer needs, specific market requirements as well as reducing costs and time.
Introduce New Crops and Technologies to the Palestinian Agriculture Sector	
<i>Description</i>	
Provide new technology and/or support new product development for a range of partners.	
Achievements	Impact
<ul style="list-style-type: none"> • RFQs announced and re-evaluated for potato packaging line. • Company of potato packing house registered and vetted. • Grant signed with Top Field to procure lateral irrigation pipes. • Compete signed a subcontract with Al Juneidy Company for Agricultural Supplies to deliver and install potato and carrot packing line, and cooling rooms. This equipment will be delivered to Tubas governorate, as well as delivering two cooling rooms for the guava packing line in Qalqilya 	<p>Import substitution of processing vegetables with commensurate growth in employment and incomes</p> <p><u>FY3/Q1</u></p> <p>3 new products were introduced: broccoli, cauliflower, and new type of onions.</p>

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

<p>governorate.</p> <ul style="list-style-type: none"> • 3 new crops planted Broccoli : New variety of Onion and grass lemon • Identified 3 new crops to be planted in the next season (asparagus, sweet potato and mushroom). 	
<p>Export Manager for Hire for Several Companies</p>	
<p><i>Description</i> Hire an export manager for companies that have demonstrated a clear competitive advantage and access to international markets:</p>	
<p>Achievements</p>	<p>Impact</p>
<p><u>Updates on the signed grant with Palestinian American Chamber of Commerce:</u></p> <ul style="list-style-type: none"> ➢ Compete Ag team approved the eligibility criteria for the agricultural companies that was used to conduct the due diligence for the ten agricultural companies identified in the Compete project. ➢ Identified 3 companies for Export manager : Nakheel , West Bank Salt and Thimar <p><u>Updates on Export manager for Canaan Fair Trade :</u></p> <ul style="list-style-type: none"> ➢ Retailer recruitment :- Recruiting Whole Foods Market (WFM) for 6 products such as <ul style="list-style-type: none"> ○ Organic Nabali Green Olives ○ Olive Honey Spread ○ Organic Green Olive Tapenade ○ Sun-dried Tomato Caper Spread ○ 2 carrying olive oils: NA, NE ➢ Agreement with WFM to launch the four products at Whole WFM in all branches. The other two products were launched in two regions: North Atlantic and North East. ➢ New distribution: development: Canaan developed distribution channels with Associated Buyers region. ➢ Broker development : Canaan developed brokerage coverage through Haversack Sales Promotion Planning: Set up promotion plan with WFM in process. 	<ul style="list-style-type: none"> • Increase exports of selected companies and their farmers
<p>FAM Trips</p>	
<p><i>Description</i> FAM Trips: Familiarize Palestinian exporters with international market demands through targeted Familiarization Study Tours (FAM tours); invite key buyers to visit and build business relationships with local producers.</p>	
<p>Achievements</p>	<p>Impact</p>
<ul style="list-style-type: none"> • Updates on the signed grant with Palestinian American Chamber of Commerce. • Compete Ag team approved the eligibility 	<p>FAM trips –including inward “buyer airlifts”- will facilitate critical link between international market makers and local agricultural value chains, thus</p>

**TABLE 2: ACHIEVEMENTS, IMPACT AND EVALUATION OF AGRIBUSINESS
USAID COMPETE PROJECT FY3/Q1**

<p>criteria for the agricultural companies that was used to conduct due diligence for the ten agricultural companies identified in the Compete project.</p> <ul style="list-style-type: none"> • It was decided to delay the FAM Visit activity till after the Export Manager component is implemented; in order to give the identified Export Managers the opportunity to build new relations with US buyers and distributors interested in businesses with Palestinian Companies. • 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 	<p>increasing export opportunities and country image as a source for quality agriculture products.</p>
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Updates for Other Agribusiness Activities in the Work Plan

- Capacity Building for Date Firm Staff and Date Farmers and cost share equipment to raise knowledge and competence of the workforce to improve date quality and increase export produce to high value markets :
 - Lab location is being prepared by Nakheel Company and is expected to be ready by the end of next week.
 - By the end of January2014, Nakheel Company will provide the brand name for zoom Co. to redesign the packaging of their dates.
 - Held a ceremony to honor the winners of the first Palestinian StarPack Contest 2013, a contest for designing creative and innovative packaging for food products. The ceremony also aimed to shed light on the redesign of the packaging of 14 Palestinian food products.

TOR for Water Project Designs : Recruit a water expert to develop the terms of reference for company to assess the feasibility of six water projects designed to enhance access to water in Area C :

- Contracted a consultant to assess the feasibility of six proposed agricultural water projects. The analysis showed that all of these projects are economically feasible.

Lessons Learned

- When purchasing lab equipment from several vendors for the same beneficiary, the project team should ensure there is better coordination between the vendors and the beneficiary to ensure that all the equipment is compatible.
- The project’s agricultural team has recently learned that laboratory service providers for food testing and analysis lack the necessary qualifications to provide maintenance for the equipment; 3 laboratories in the West Bank are not functioning due to lack of maintenance. It is essential to ensure these service providers receive capacity building and training and link them with other service providers in Jordan and/or Israel with the right qualifications and experience.

- This month Mr. David Harden visited a number of the project’s partners and beneficiaries. The project’s agriculture team witnessed the importance of networking and building trust and credibility between USAID, as a donor, and these parties. Such events and visits allow USAID to have a good understanding and a true vision of the interventions implemented on the ground; it also opens the door for partners and beneficiaries to form real connections with USAID.
- Regarding the idea to establish a distribution hub in Dubai, it is imperative to do on the ground investigation and research in the target markets to evaluate the merits of any business idea—this cannot be done from a distance.

TOURISM

Progress Toward Indicators

The following chart outlines key achievements, impact and evaluation of Tourism activities during the period of October 1, 2013 to December 31, 2013.

TABLE 3: ACHIEVEMENTS, IMPACT AND EVALUATION OF TOURISM USAID COMPETE PROJECT FY3/Q1.	
<ul style="list-style-type: none"> • Develop Market Profiles for Priority Destinations • Design and Implement a Destination Branding and Marketing Campaign • Organize West Bank –Focused Road Shows in Key Markets • Increase Visibility of Tour Operators and Palestinian Destinations on the Internet 	
<p><i>Description</i></p> <ul style="list-style-type: none"> • Develop market profiles for key country markets and key niche markets to expand market access and business development in the strategic tourism market. • Develop three destinations brand strategies based on research, analysis and market needs as well as to develop a set of branding guidelines for the use of destination brands and to train tourism sector players on how to use them effectively. • Support the competitive participation of Palestinian tour operators with innovative products in three key trade shows. Additionally, provide financial and organizational support for the organization of one Palestinian-focused roadshow at each of these trade events. • Build HLITOA’s internal capacity to manage and generate revenue from the developed Facebook leaderboard and two new web-enhanced applications so that key market segments are properly targeted. 	
Achievements	Impact
<ul style="list-style-type: none"> • Contract with HLITOA signed and marketing manager hired. • Participation in the Brazilian Travel Agencies Association (ABAV) show in São Paulo (Brazil) by seven HLITOA members completed. • To support the capacity of tour operators, HLITOA identified four key market segments to profile: a) U.S. faith tourism, b) Mexico faith tourism, c) Brazil 	<ul style="list-style-type: none"> • Specific market intelligence to enable and support strategic market access will contribute to increased sales for Palestinian firms. • Contribute to increasing destination awareness among key market segments and support an increase in sales for Palestinian firms. • HLITOA members’ enhanced e-marketing presence will result in increased bed nights from key source

**TABLE 3: ACHIEVEMENTS, IMPACT AND EVALUATION OF TOURISM
USAID COMPETE PROJECT FY3/Q1.**

<p>faith tourism, and d) adventure tourism.</p> <ul style="list-style-type: none"> • HLITOA submitted the first draft of the US faith tourism market profile. • The projects' tourism team met with the Ramallah Municipality to discuss the proposed interventions for developing tourism in Ramallah. The municipality will provide the concept paper for each of the interventions, while the project's tourism team will provide the municipality with a draft MOU for revision and approval 	<p>markets as well as increased sales for supported Palestinian firms.</p> <ul style="list-style-type: none"> • Will assist in strategic decision making and for the first time enable targeting the most lucrative potential markets. • The Palestinian tourism industry will use a unified message to increase awareness of the Palestinian territories as a tourist destination, and shift perception to accurately represent Palestinian tourist destinations. • Delivery of clear and consistent messages on tourism products that represent the Palestinian experience will result in a more compelling proposition to the target market, and increase sales of Palestinian firms and increase tourists' expenditures in Palestinian areas. • Will enable HLITOA/AHA to provide better services to their members and business partners, particularly through the four market profiles HLITOA is developing. • The destination brand will support Palestinian tour operators to organize road shows, actively sell new destinations and sites developed in collaboration with the Compete Project, as well as improve the digital presence of Palestinian tour operators. • Will increase sales and bring more investments in the tourism sector.
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Hotel Classification

Description

Develop and implement a mandatory hotel classification system in the Palestinian Territories to ultimately support an increase in tourist numbers, length of stay and average expenditure per visitor.

Achievements	Impact
<ul style="list-style-type: none"> • To date, 54 hotels have been assessed according to the star rating system and have entered the classification system. Four hotels are fully classified. More hotels have taken the initiative to apply for the star rating, which shows acceptance of the new classification system and acknowledgement that participating in the star rating system will improve business. 	<ul style="list-style-type: none"> • The system provides assurance of the highest quality possible for the amounts paid by tourists, increasing the credibility of Palestinian products and services. • Increase in number of tourists, length of stay and average expenditure per visitor.

- **Restoration/Upgrading of Archaeological Sites and Development as Key Attractions in Priority Destinations**
- **Urban Planning, Zoning and Beautification at Priority Destinations**
- **Improve Physical Access to Priority Destinations by International Visitors**
- **Development of Visitor Interpretation Centers at Key Sites in Priority Destinations**
- **Provide Commercially Viable Access to Reservation Systems for Small Palestinian Hotels**

**TABLE 3: ACHIEVEMENTS, IMPACT AND EVALUATION OF TOURISM
USAID COMPETE PROJECT FY3/Q1.**

Description

USAID, through the Compete Project, has undertaken a targeted plan for site development as part of the strategy to develop world-class tourism destinations. In effect, archaeological and cultural products, particularly those related to sites of religious significance, constitute the main pull factor for international visitors to the region. The project will focus its historic/archaeological restoration and upgrading activities on adding value to sites already in use or those that could be leveraged by the private sector to increase visitor volume and length of stay. Activities under the destination development include:

- Upgrade and beautify priority sites to be functional and attractive to visitors and locals alike.
- Facilitate the access of international visitors to overcome challenges particular to the Palestinian destinations, including transportation, checkpoint and road access.
- Upgrade visitor information centers to link potential consumers with the range of businesses and attractions catering to their needs. In addition, existing museums and archaeological sites need better interpretation to enhance the visitor’s experience.
- Fund the expansion of a local online reservation system (Yamsafer) to expand its services to small and medium hotels in our priority destinations. The project will support the development of market-based, commercial relationships between the reservation systems and the hotels and will facilitate the system’s connection to international reservation engines thus maximizing the visibility of Palestinian hotels.

Achievements	Impact
<p><u>Center for Cultural Heritage Preservation (CCHP):</u></p> <ul style="list-style-type: none"> • Contract signed on the 27th of Nov 2013; • Kick off meeting on the 2nd of Dec 2013 at the Compete Project’s office. CCHP presented the planned interventions for site renovation and urban rehabilitation in Burqin, Bethany and Bethlehem in order to agree with the project’s tourism team on the work plan and schedule; • CCHP work plan, narrative work plan, CCHP organizational chart was approved on Dec. 8, 2013; • First project in Bethlehem: toilettes renovation project was advertised for bidding on the Dec. 31, 2013 in local newspapers. <p><u>Hisham’s Palace Site Interpretation, Museum Rehabilitation:</u></p> <ul style="list-style-type: none"> • The Oriental Institute of Chicago University’s (CU-OI) first site mission: 25th October -31st October 2013; • CU-OI provided their feedback on Palestinian company Midmac’s design for the museum’s display cases; • A meeting was conducted with MOTA/DACH, MIDMAC, and Al Nasher to finalize the design and to obtain approval from MOTA/DACH on the branding and the text for the informative panels; • CU-OI submitted English text for site panels and museum panels on Dec. 7, 2013, MOTA approved it on the Dec. 11, 2013, and was sent 	<ul style="list-style-type: none"> • Improve Bethlehem’s northern entrance • Link potential consumers with the range of businesses and attractions catering to their needs • Improve the access of international visitors to overcome challenges particular to the Palestinian destinations, including transportation, checkpoint and road access. • Increase tourism sales, length of stay, and average expenditures per visitor. • Adding value to our destinations and facilitating sales by the private sector.

**TABLE 3: ACHIEVEMENTS, IMPACT AND EVALUATION OF TOURISM
USAID COMPETE PROJECT FY3/Q1.**

<p>for Arabic translation on the same day;</p> <ul style="list-style-type: none"> On the Dec. 24, 2013 MOTA approved the show cases design. <p><u>Burqin Church Sewage System:</u></p> <ul style="list-style-type: none"> Preliminary handover on the Dec. 9, 2014; Substantial completion on the Dec. 24, 2014. <p><u>Renewing Bethlehem Museum:</u></p> <ul style="list-style-type: none"> Signed an MOU with the Holy Land Christian Ecumenical Foundation (HCEF) to oversee construction to better equip the Bethlehem Museum for visitors. 	
Hospitality School	
<p><i>Description</i></p> <p>To further institutionalize quality service and standards in the hospitality sector, USAID, through the Compete Project, is working with the Arab Hotel Association to establish a Palestinian Hospitality School to increase the skills and availability of well- trained service staff within the labor force; this includes comprehensive in-service training for front and back of house hospitality staff currently working in hotels.</p>	
Achievements	Impact
<ul style="list-style-type: none"> Location of the hospitality school is identified; Selected a contractor to provide a concept design and cost estimate for converting an existing building into a functioning four star hotel to serve as a hospitality school in Jericho; The contractor submitted two preliminary design options; AHA and HLITOA reviewed and provided feedback for the final design; The contractor has begun drawing sketches and developing the surveying and structural investigations; Not for profit company representing the private sector established to lead the implementation. 	<ul style="list-style-type: none"> The school will raise industry standards and the attractiveness of careers in the hospitality sector. Increase employment over the life of the project.
Support Development of Hotel Services and Quality Standards	
<p><i>Description</i></p> <p>Assist hotels in raising standards and hiring the appropriate number of staff to meet newly introduced hotel classification requirements.</p>	

Achievements	Impact
<ul style="list-style-type: none"> • Diyafa conducted the Certified Room Division Executive (CRDE) training; this is the most prestigious certification available to a rooms division executive (responsible for housekeeping and front desk management), recognizing effective human resources and property management expertise; • Diyafa conducted the Pre-Certified Hospitality Administrator (Pre-CHA) training for managers of food and/or lodging in the hospitality industry; • Diyafa conducted the Certified Hospitality Administration (CHA) training for manager of food and/or lodging in the hospitality industry. • Diyafa conducted the Certified Hospitality educators (CHE) that is directed at faculty members who teach hospitality curriculum in colleges and universities. • The Arab Hotel Associations signed a contract with Pal Clean Company to improve cleaning services for the member hotels, aligning with the new grant signed by AHA and USAID through the Compete Project; • A kick-off meeting took place with Pal Clean, the Arab Hotel Association and participating hotels from Ramallah, Jericho and the northern West Bank; • Pal Clean will evaluate and inspect the standards of cleanliness at hotels, document the gaps, and deliver training programs for housekeeping staff and finally developing a manual that describes the cleanliness operating standards; 8 hotels have been assessed. • Tele-Marketing & Sales: The tourism project team met with Palestinian company Reach to discuss their proposal offering tele-marketing and tele-sales services for Palestinian hotels; accordingly, Reach submitted a revised proposal to USAID for evaluation. 	<ul style="list-style-type: none"> • Raise the level and availability of service level employees. • Indirectly raise the exports in the tourism sector. • The training offers an opportunity to improve services provided by the hospitality sector, and in particular supports the service and quality standards across the sector in line with the new Hotel Classification System. <p><u>FY3/Q1</u></p> <ul style="list-style-type: none"> • A total of 4 hospitality training courses were developed (CRDE, Pre-CHA, CHA ,and CHE) <p><u>Leader Evaluation, Survey Analysis Summary of Findings, Nov 10-14, 2013</u></p> <p>Twelve participants of the CHS course complete this survey. Overall, the survey presents an excellent picture of the leader of the CHS course. A majority of participants responded that the leader presented information clearly, encouraged and led discussions effectively, kept the discussion active and interesting, was well organized and presented clear examples of the topics presented. The leader demonstrated flexibility, understanding and a sense of humor that was appreciated by the participants.</p> <p><u>Seminar Evaluation, Survey Analysis Nov. 10-14, 2013</u></p> <p>There were 12 respondents for the survey; 10 male and 2 female. Overall, the participants rated the seminar very highly, with all of the participants agreeing that the seminar will help them become more effective supervisors. The exercises and activities were rated as good to excellent, and agreed that the material was clearly presented and easy to understand. Half the participants rated the overall seminar as excellent, 40% as good, and one participant said it was fair. Participants did suggest it would be useful to have more time for the course. Aspects of the course that participants appreciated included time management, real life examples, learning how to deal with problems and conflict, and leadership.</p>

Improve Signage and Visitor Mobility at Priority Destinations

Description

- Finalize the production and installation of civic maps and information panels at key points throughout our destinations’ main distribution centers: Bethany, Bethlehem, Nablus, Jericho, Burqin, and Sabastya.
- Support two ongoing private sector initiatives intended to create a Hop-on Hop-off Tour Bus in Nablus and Bethlehem, which could become a catalyst for distributing visitors and increasing expenditure in those destinations.

Achievements	Impact
<p><u>Civic Maps</u></p> <ul style="list-style-type: none"> • 2 civic maps are completed: Nablus & Taybeh; • 5 civic maps are in process. <p><u>Hop-off Tour Bus in Nablus and Bethlehem</u></p> <ul style="list-style-type: none"> • Design phase will be initiated next quarter. 	<ul style="list-style-type: none"> • Improve signage and mobility will contribute to increase length of stay and expenditure by visitors to priority destinations.
Attract Anchor Private Investment to Priority Destinations	
<p><i>Description</i></p> <p>Work more closely with the private sector to attract large anchor investments that could become game changers for bringing the project's priority destinations to the next level.</p>	
Achievements	Impact
<ul style="list-style-type: none"> • Planning phase underway. 	<ul style="list-style-type: none"> • Anchor investment will result in increased arrivals from key source markets, additional sales for local suppliers, increased employment and a more competitive Palestinian tourism product.
Trail Development at Priority Destination	
<p><i>Description</i></p> <p>Develop and launch two trails and begin phase one development of a third trail to contribute to expanded tourism offerings in the West Bank and to support the Palestinian tourism sector in attracting the soft adventure tourism market</p>	
Achievements	Impact
<ul style="list-style-type: none"> • Rozana is doing community outreach, to develop services such as meal provision by locals along the route for tourists, and completing further research on heritage and communities along the trail. Additionally, they have been working with local guides to scout the potential route between Rumana and Sebastiya; • Abraham's Path Initiative introduced Palestinian Rozana staff to GIS technology and methods for developing and mapping the trails. Sustainable accommodation options have been found in two of the four villages along the route of the trail; • The plan for the Nablus-Jenin portion of Abraham Path has been approved. 	<p>Expanded tourism offerings in the West Bank and to support the Palestinian tourism sector in attracting the adventure tourism market.</p>
Support Sales of Equitable and Regional Tours into the West Bank	
<p><i>Description</i></p> <p>Expand tourism product offerings; extend tourism outside of key hubs, and encourage Israeli/Palestinian joint business development.</p>	
Achievements	Impact
<ul style="list-style-type: none"> • The terms of the grant with Samara Tours were modified, hiring Elissa Moed of Travelujah as a key consultant for the project. • Two external consultants from Scott Wayne Associates, contracted by USAID through the 	<ul style="list-style-type: none"> • This activity will directly contribute to increases in sales and average lengths of stay.

<p>Compete Project, assisted with the branding and marketing for the joint Palestinian-Israeli tourism development.</p> <ul style="list-style-type: none"> • With assistance from Scott Wayne Associates, Breaking Bread Journeys created a Media & PR strategy for the upcoming World Travel Market (WTM) in London, Nov. 4-7. Breaking Bread Journeys, a joint Palestinian-Israeli tourism initiative was officially launched at the World Travel Market (WTM) in London, Nov. 4-7. 	
<p>Value-Chain Development at Priority Destinations</p>	
<p><i>Description</i></p> <ul style="list-style-type: none"> • USAID through the Compete project in the West Bank is implementing a destination-focused approach to support growth of the tourism sector, developing internationally recognized products to act as the pull factor for international, regional visitors and domestic tourism. A destination can be a city, a region, or even a country. • Support local small businesses that are able and willing to offer services such as restaurants, gift shops and interactive tourism experiences. 	
<p>Achievements</p>	<p>Impact</p>
<p><u>Christmas Festival</u></p> <ul style="list-style-type: none"> • As part of its support for the Bethlehem Christmas Festival, the project team selected several potential musical groups to put on cultural performances that held appeal for a range of ages, interest and musical tastes; • Issued an RFQ for a company to arrange the logistics of bringing the musicians to the festival; • Equipped Manger Square with the necessary equipment (stage, truss, sound system, etc.); • The Christmas Tree Lighting on Dec. 1 in Manger Square was a great success with thousands in attendance; an estimated 6600 people visited Bethlehem on the opening day of the festival. The Christmas Market, with 22 kiosks supported by USAID, ran throughout the week; the project's economist conducted a survey to assess the economic impact on participating businesses; results will be available next week. The Tourism Police report that an average of 600 people visited on weekdays, jumping to 1200 visitors on Saturday and Sunday. • During the Bethlehem Christmas Festival the number of daily visitors increased by 50% while the number of overnights increased by 64% from 2012 to 2013. • Revenues increased by approximately \$6 million <p><u>The Jericho Festival, May 2014 (Design Phase):</u></p> <ul style="list-style-type: none"> • Compete Project Jericho as an ideal location for outdoor festival which will be held on 5 weekends throughout May, featuring music, movies and interactive games, and will ensure through this approach the best return on investment and 	<ul style="list-style-type: none"> • Expanded tourism offerings developed in a manner that ensures community benefit and expands investment at the priority destinations will lead to improved visitor experiences, increased tourism arrivals, and increased sales for supported businesses. • Visitors recognize the destinations as desirable geographical units they wish to visit. • Developing Jericho as a distribution hub for visitors, leveraging its position as the gateway to the Palestinian Territories from Jordan and the ease of access from Israel through Route 1. <p><u>FY3/Q1</u></p> <ul style="list-style-type: none"> • 5 new jobs created to support Bethlehem Christmas Festival.

contribute to increased visitor numbers, length of stay and average expenditure per visitor.	
Updates for Other Tourism Activities in the Work Plan	
<p>Tourism Image Bank – Ensure the availability of quality images to support the sector to compete internationally both online and offline:</p> <ul style="list-style-type: none"> ➤ Nearly 450 professional photos are uploaded for tourism image bank on Pinterest and Flickr sites. 	

Lessons Learned

- Based on anticipated technical follow ups for a variety of activities and the nature of obstacles we have already faced (e.g. Burqin Church – evaluating design and the upcoming project handover; Civic Location Maps – assessing available data for maps; CCHP – reviewing civil and electro-mechanical designs), the project would benefit from engaging an engineering company with all the required expertise in construction on a retainer basis to help us with small occasional jobs.
- The tourism team should ensure clearer documentation of the evaluation of reasonable costs when evaluating proposals for advertised contracts in order to facilitate the approval process of selected contractors.
- After one of the designers contracted by the project expressed confusion about the type of contract, asking for reimbursement for additional costs when they had signed a fixed-price contract, the tourism team realized the importance of ensuring that the contractor understands the difference between a fixed-price and a cost-based contract upon signing.
- The tourism team has been impressed with the success of the partnership with Chicago University’s Oriental Institute (CU-OI) for work at the Hishams's Palace museum. CU-OI has brought a level of expertise and breadth of knowledge that has helped to ensure the development of professional museum displays. The tourism team should seek to replicate such a partnership to develop further historical sites.
- The last minute decision to expand the Bethlehem Christmas Festival should have considered further deployment of new resources to ensure full implementation of the expanded activities, particularly given that the capabilities and resources of the Bethlehem Municipality were not adequate to implement the significant expansion of activities driven by USAID support throughout the Christmas Season.
- Given the last minute expansion of the Christmas Festival, the Compete Project faced difficulties in working with the Bethlehem Municipality to achieve USAID’s goal of maximizing economic return. Taking time to build a common understanding of objectives with stakeholders may contribute to greater success in working together, as the Bethlehem Municipality’s decisions were at times impacted by local politics with different objectives.

ICT

Progress Toward Indicators

The following chart outlines key achievements, impact and evaluation of ICT activities during the period of October 1, 2013 to December 31, 2013.

TABLE 4: ACHIEVEMENTS, IMPACT AND EVALUATION OF ICT USAID COMPETE PROJECT FY3Q1	
Multinational Partner Development Program	
<i>Description</i> Assist Palestinian software houses to partner with international companies, leveraging capacity and knowledge gained through these partnerships to ensure Palestinian IT companies meet international market standards.	
Achievements	Impact
<ul style="list-style-type: none"> • 2 Partnerships signed between Exalt and Cisco Video Technologies and Israeli startup Head-tribe • Preparations for contracting Israeli business development company to bring in more partnerships between Israeli and Palestinian companies underway • Preparation for Palestinian internship program in Israeli companies. • Signed a grant agreement with Palestinian company Exalt to facilitate two new projects. Exalt has signed long term contracts to provide software development for American company Cisco Video Technologies (formerly NDS) and with Israeli startup Headbox. Cisco Systems recently acquired NDS, a global player in the video industry, which provides devices used to transmit videos to the end-user; Headbox is an Israeli social network startup. • Fanarsoft completed a successful pilot for the Customs module. • Amital Data decided to transfer part of Customs development project to Fanarsoft 	<ul style="list-style-type: none"> • Through these partnerships and licensing arrangements, Palestinian partners can join in the bidding process of these multinational companies to implement projects not only in the West Bank, but also in the Arab region and Israel; increasing exports and employment. • This intervention aims to solidify the ICT sector's position as a reliable partner and maintain the momentum achieved so far; • This activity will support the achievement of new contracts, job creation and exports; • This initiative would encourage companies to open branch offices in Palestinian cities other than Ramallah to ensure new resources are hiring (especially females) who have difficulties moving to Ramallah for social/family reasons. <p>FY3/Q1:</p> <ul style="list-style-type: none"> • New project for <i>Jaffa Net</i> with Intel (SCS project). • Exports increased by 70,250 USD for <i>Jaffa Net</i>. • 3 new hires for <i>Jaffa Net</i> . • Exports increased by 25,000 USD for <i>Art Technologies</i>. • Exports increased by 13,042 USD for <i>Fanarsoft</i>. • Exports increased by 114,716 USD for <i>iConnect</i> • Exports increased by 30,000 USD for <i>Al Tariq Systems</i>
Palestinian Business Innovation Center	
<i>Description</i> Inspiring young Palestinian entrepreneurs at the first ever Hi-Tech Hub Event. This event has been designed as monthly gatherings of developers, web designers, entrepreneurs, students, academics and investors who are interested in contributing to a more vibrant start-up community.	

TABLE 4: ACHIEVEMENTS, IMPACT AND EVALUATION OF ICT

USAID COMPETE PROJECT FY3Q1

Achievements	Impact
<ul style="list-style-type: none"> • The 3rd Hi Tech Hub was a huge success with 6 startups presenting tourism and gaming applications and over 200 participants. • Signed a grant agreement with Leaders, an NGO that aims to build the capacity and leadership of Palestinian youth, to help create “E-Zone,” a business accelerator which will provide services for Palestinian startup companies • Signed a contract with Connect ME, an American firm specializing in market development for the Middle East to run Startup Cup. Startup Cup is global network of locally-driven accelerators, with a focus on building the capacity of local mentors, and providing mentorship and consultancy for startups through competition. • The Palestinian edition of Start Cup was launched. 	<ul style="list-style-type: none"> • Provided a forum to connect, innovate, lead and listen to a global line up of speakers, and share experiences of breaking into international markets with an innovative tech idea. • Startup Cup aligns with USAID’s strategy to create an enabling environment for a strong entrepreneurial eco-system. • 6 Applications were developed for <i>Hi Tech Hub 3</i>. • 4 applications were developed for <i>e-Zone</i>
Cross-Sector Technology Program Financial Sector	
<p><i>Description</i></p> <p>Introduce the game-changing Payment Gateway solution to the Palestinian market in partnership with regional and local businesses, in addition to supporting employee training initiatives and facilitating necessary partnerships with local banks, and building awareness of its application across a variety of businesses.</p>	
Achievements	Impact
<ul style="list-style-type: none"> • Payment Gateway pilot project started • Launch event planned for March 17th 2014 	<ul style="list-style-type: none"> • The payment gateway will enable local companies, including startups and SMEs, to engage in e-commerce.
Cross-Sector Technology Program Tourism Sector	
<p><i>Description</i></p> <p>Introduce digital tourism into the Palestinian market, beginning with the selection and qualifying of ICT partners to build and support solutions for the tourism industry through the development of websites, Facebook applications, booking and reservation platforms, and systems integration with key tourism organizations.</p>	
Achievements	Impact
<ul style="list-style-type: none"> • Facebook Application for tourism sector finished, handover for HLITOA underway. 	<ul style="list-style-type: none"> • New business opportunities developed between ICT and tourism sector • Capacity built in ICT sector to serve local market needs for international business • Demand for digital tourism created • Exports and employment expanded

Export Manager –Market Expansion Program	
<i>Description</i>	
Support an Export Manager/Overseas Agent to penetrate specific markets to sell Palestinian products or obtain outsourcing contracts especially in the Gulf, Saudi Arabian and North American markets.	
Achievements	Impact
<ul style="list-style-type: none"> Al Andalus software has achieved 6 business deals “3 in KSA and 3 in Iraq”. 	<ul style="list-style-type: none"> Palestinian IT exports increased Employment increased New markets established Palestinian IT sector positioned as advanced industry <p><u>FY3/Q1</u></p> <ul style="list-style-type: none"> Increase of \$ 65,650 in export for <i>Al Andalous Software</i> <i>Al Andalous Software</i> signed two contracts in KSA Expansion in KSA and Al Iraq Market for <i>Al Andalous</i>.
Microsoft IT Academy	
<i>Description</i>	
<ul style="list-style-type: none"> Enable educational institutions to offer market-need driven trainings on fundamental technology skills and relevant technical courses to efficiently meet the IT sector’s skill demand. The ITA will initially be launched in one Palestinian university as a pilot project but will implement the Training of Trainers model to promote future sustainability 	
Achievements	Impact
<ul style="list-style-type: none"> Agreement in place to support 4 IT Academies in 4 universities. Participant list (30) recruited to be part in the training. Training provider selected, training to start in Feb 2014 	<ul style="list-style-type: none"> The Microsoft IT Academy (ITA) activity will offer industry-leading technology skills to efficiently meet the IT sector’s skill demand. It will allow educational institutions to offer market-need driven trainings on fundamental technology skills and relevant technical courses to students, faculty and staff who are interested in pursuing a career in IT.
Gaming Animation Industry Development	
<i>Description</i>	
Capitalize on the Palestinian ICT geographic location and highly skilled ICT workforce to enter into the gaming and animation industry.	
Achievements	Impact
<ul style="list-style-type: none"> In Design phase 	<ul style="list-style-type: none"> New skills developed in the Palestinian ICT sector Export and employment increased New multinational partnerships created

Business and Technical Skills Development	
<p><i>Description</i> Identify and engage private companies, introduce case competition programs, and support an Executive Development (“Mini-MBA”) series in cooperation with leading U.S and Israeli universities for course content tailored for private ICT sector needs.</p>	
Achievements	Impact
<ul style="list-style-type: none"> • Employability Program: this program is designed to help young engineers to find jobs in tech companies in West Bank, by providing training on niche technologies and internships with ICT companies. Since the training started in October, the program has already led to eight new hires in the Palestinian ICT sector. • The second round of the Mini MBA is completed with 20 participants from both the Ag and ICT sectors; • 3rd round planned for September 2014, specifically for startups 	<ul style="list-style-type: none"> • <u>Mini MBA Evaluation:-Summary of Findings</u> Overall, the survey shows that the Mini MBA was successful. Participants agreed the program was well organized and 94 % agreed it was extremely valuable (the other 6 % moderately valuable). Presenters allowed about the right amount of time for questions, handouts were clear and useful and helped to deepen understanding of the topics. All the participants agreed their skills had improved, ranging from a moderate amount (31%) to a great deal (69%), and everyone was willing to apply what they learned in the Mini MBA. The top three most useful topics included operations, pricing, and power & influence simulation. The overall satisfaction level was high, 63% were very satisfied, while the remaining 37 % were satisfied. <p><u>Participants’ Recommendation and Comments :</u></p> <p>Participants gave positive feedback after participating in the Mini MBA program, saying it was a great opportunity for them to gain experience and learn from the up-to-date material and research presented. The participants provided the following recommendations:</p> <ul style="list-style-type: none"> ○ Divide the program into more specialized sessions to include additional topics. ○ Extend the period of the program to increase the time of the sessions and have the breaks with better time management. ○ To better coordinate the transportation to the university. <ul style="list-style-type: none"> • As a result of the Employability program, 8 jobs were created for fresh graduates.
Seed Fund for Start-up Companies	
<p><i>Description</i> Support risk-sharing associated with a “Seed Fund” for startup companies. This fund is a fundamental element in creating a pipeline of startup companies with the potential to attract venture capital investment</p>	
Achievements	Impact
<ul style="list-style-type: none"> • Six companies successfully pitched their ideas at the first Arabreneur pitching event • Fund created. • Investment in 4 startups done. 	<ul style="list-style-type: none"> • The Seed Fund is a necessary step to create a pipeline of startup companies that are attractive to venture capital investment; • Startups will be able to receive investments in the range of 50K-150K and benefit from the portfolio of business services Arabreneur has developed for startups. This is in addition to a regional and

	<p>international business acceleration network that will add value in terms of international exposure for these startups.</p> <ul style="list-style-type: none"> Arabreneur invested in four startups with 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. <p><i>FY3/Q1</i></p> <ul style="list-style-type: none"> <i>Arabreneur</i> developed and invested in four startups with a total of \$440,000.
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Tech Transfer Company

Description

Support the creation of a company that will facilitate the relationship between the private sector and the universities, this company will then channel R&D projects between both parties, and lay down the foundation for R&D in the Palestinian territories.

Achievements

- A meeting was conducted with legal entities to discuss the formation of a tech transfer company
- Facilitated a meeting between four Palestinian universities (Palestinian Polytechnic University, Najah University, American University in Jenin, Al-Quds University) and USAID to discuss the creation of a tech transfer company that would foster projects between the private sector and the academia, creating a true R&D industry in the Palestinian Territories.

Impact

- Academia/industry gap bridged
- Employment increased
- Number of startups increased
- New markets accessed through the development of new products
- Understanding of the value and application of R&D increased in Compete sectors and partner Palestinian universities

Start Up University

Description

Support high level training and mentoring in business management for startup enterprises and entrepreneurs to ensure their competitiveness for investment.

Achievements

- Activity on-Hold

Impact

- Local mentoring programs enhanced
- Support provided to entrepreneurs and workforce
- Operations of private sector companies improved
- New pipeline of startups introduced to the market

Microsoft Research Center

Description

Based on the success of the USAID-sponsored Microsoft Research center- Israel incubation Project at PICTI, Microsoft is expanding the project to include more Palestinian employees who will work out of the ASAL company office in Ramallah. To ensure that the project goes forward, Compete will provide a cost-sharing grant

to ASAL to off-set risks to Microsoft Israel.

Achievements	Impact
<ul style="list-style-type: none"> • Microsoft increased the size of the contract with ASAL by opening a new team of 5 employees 	<ul style="list-style-type: none"> • The grant will eventually create needed Palestinian talent to open a full-service Microsoft R&D center in the Palestinian Territories.
Updates for Other ICT Activities in the Work Plan	
<p>Diaspora Linkage: This activity aims to build bridges between Palestinian Diaspora worldwide and the ICT sector in West Bank and Gaza .The USA has been selected as a pilot country for this activity.</p> <ul style="list-style-type: none"> ➤ 9 Palestinian companies traveled to the US on a trade mission organized by the Palestinian IT Association with support from USAID. ➤ Meetings were held with American IT companies in Philadelphia, New York and New Jersey, resulting in some successful business leads and building relationships between American and Palestinian IT companies. 	

Lessons Learned

- It has proven difficult to increase the number of multinationals working with Palestinian companies; the project team believes that a more strategic targeting multinationals and even employees within the multinationals can facilitate the process. The project team recommends targeting companies that have diaspora working in it on a C-level, such as CIO, CFO or CEOs, and have a yearly IT spending of between \$3-5 Million; companies with this spending portfolio will be a better match for the Palestinian ICT companies.
- In order to boost the outsourcing industry in the West Bank and Gaza we should focus our efforts on niche markets and use a targeted approach rather than a general, catch-all marketing approach. The benefit of targeting specific niche markets will lead to better results and simplifies marketing; it will be easier to quantify and qualify market opportunities suitable for the Palestinian companies; and documenting the channels of the industry value chain will be more straightforward. However, it is extremely important that Palestinian firms align the local company's structure, strategy, and product offering according to the selected niche.
- The form of multinational partnerships is constantly changing due to technological evolution and new trends in the markets both locally and regionally. Palestinian tech companies have started to provide services to Israeli and international startups on an equitable basis due to the lack of resources in Israel at the right price. The current market is making it difficult for Israeli startups to manage their costs, which has driven Israeli companies to look for partners in the West Bank and Gaza. We need to capitalize on this new development and provide support to these initiatives.

STONE AND MARBLE

Progress toward Indicators

The following chart outlines key achievements, impact and evaluation of Stone & Marble activities during the period of October 1, 2013 to December 31, 2013.

**TABLE 5: ACHIEVEMENTS, IMPACT AND EVALUATION OF STONE & MARBLE
USAID COMPETE PROJECT FY2**

Trade Show Participation	
<i>Description</i> Assist Palestinian producers to participate at leading trade shows to enable opportunities to learn about new equipment, technology advances, and attract buyers and distributors.	
Achievements	Impact
<ul style="list-style-type: none"> Six companies exhibited their products at Dubai Big 5 trade show. 	<ul style="list-style-type: none"> Supporting export ready SME's with new products will increase exposure to international market buyers which will lead to an increase in exports. <p><u>Evaluation Dubai Big 5 - Summary of Findings :</u></p> <ul style="list-style-type: none"> There were four respondents for the survey, which included two individual companies and two group marketing consortiums; one consortium represented four companies and the other represented six companies. Participants rated the assistance from the Compete Project as good to very good. The rating for the assistance of Pal Trade was more varied, ranging from moderate to very good. Booth design was one area that received more moderate ratings, indicating there may be some room for improvement. During the trade show participating marketing consortiums and companies met a total of 55 potential customers, made 115 business leads and signed 11 contracts. The individual companies indicated that they would participate in Big 5 without donor assistance, while the marketing consortiums said they would not participate without donor assistance. Respondents indicated that they could improve their marketing in international markets by investing in capacity building in marketing for their staff or infrastructure improvements to ensure their products meet international standards, as well as more actively pursuing business relationships with potential clients and following up with potential leads after the trade shows. <p><u>Participant Recommendations</u></p> <ul style="list-style-type: none"> Allow more separation between the booths. Ensure there is equal space for all exhibitors in the future. Keep Compete (USAID) support as this gives a real advantage and encouragement to the participating groups to have bigger exhibits and better design. Gather information about interested companies and conduct follow up meetings; or invite companies to the trade show and make new connections Have better, more attractive booth designs.

**TABLE 5: ACHIEVEMENTS, IMPACT AND EVALUATION OF STONE & MARBLE
USAID COMPETE PROJECT FY2**

	<p><u>FY3/Q1</u></p> <ul style="list-style-type: none"> • Increase in Exports for <i>Al Waleed Co</i> of 28,700 USD as a result of <i>Verona Marmomacc tradeshow</i>. • Increase in exports for <i>Holy Land Stone Group</i> of <ul style="list-style-type: none"> ○ 76,000 USD as a result of <i>Verona Marmomacc tradeshow</i> ○ 85,500 USD as a result of <i>Dubai Big 5 tradeshow</i> ○ 180,500 USD as a result of <i>Brazil Vitoria Tradeshow</i> ○ 38,000 USD as a result of <i>Coverings tradeshow</i>. • Increase in exports for <i>Jerusalem Stone Group</i> of 473,311 USD as a result of <i>Dubai Big 5 tradeshow</i>.
Filter Press Evaluation and Upgrading	
<p><i>Description</i> Facilitate proper maintenance and upgrading of filter presses to increase their overall effectiveness; produce higher quality products; extend the lifecycle of cutting tools; comply with environmental regulations, and capture slurry produced during the cutting process.</p>	
Achievements	Impact
<ul style="list-style-type: none"> • Hired an engineer for monitoring. Filter press maintenance in the Hebron Industrial Zone. • Maintenance of 14 filter presses have been successfully completed. 	<ul style="list-style-type: none"> • Enabling stone producers to transform slurry to sludge to meet environmental requirements, recycle water and increase cutting tool lifecycle. • Will increase effectiveness, higher quality products are produced, short the lifecycle of cutting tools, recycle water for the stone producers, comply with environmental regulations and capture all slurry produced during the cutting of stone
Sludge New Product Development	
<p><i>Description</i> As part of project efforts to support the sustainability and transformation of the Stone and Marble sector there has been a great focus on the sludge issue or more specifically the ability to transform slurry to sludge that has further economic value. Compete will conduct a feasibility analysis and assist in cost and financial planning for the production of new sludge-based products and processing production.</p>	
Achievements	Impact
<ul style="list-style-type: none"> • For the 1st time in the Stone sector history, sludge testing and characterization have been completed with validation and recommendations from leading stone centers and experts from Italy. • For the 1st time in the stone sector history, liquid slurry and dry sludge samples were sent to Italy for product development, testing and producing actual samples. • The pre-feasibility study for developing new products from dry sludge has been completed • Presentation on findings of pre-feasibility study December 10th, 2013. The Compete Stone team hosted the "Sludge New Product 	<ul style="list-style-type: none"> • This activity will attract investors interested in new product development using dry sludge. Activities will focus on targeting stone producers throughout the stone industry as potential investors. This program will be open to potential investors in other industries • The new products offer business opportunities for Palestinian stone producers and interested investors. • 95 people attended the event, which, according to the Union of Stone & Marble, "is by far one of the best, if not the best event, in the history of the Palestinian stone industry." USAID Mission Director, Dave Harden congratulated the industry on its success, saying: "the Palestinian people have an opportunity to really make something from nothing."

**TABLE 5: ACHIEVEMENTS, IMPACT AND EVALUATION OF STONE & MARBLE
USAID COMPETE PROJECT FY2**

<p>Symposium" in cooperation with UNIDO and the Palestinian Stone & Marble Union. Experts in the properties of the industry's sludge byproduct presented ways to turn waste into profit with nearly 20 samples of commercial products made from stone sludge.</p> <ul style="list-style-type: none"> • Final paper will be distributed by January 30, 2014. 	
<p>Filter Press Cost Sharing Cross-Sector Program</p>	
<p><i>Description</i></p> <p>To provide an equal opportunity for stone producers to own filter presses to transform slurry to sludge, meet environmental requirements; recycle water and increase cutting tool lifecycle.</p>	
<p>Achievements</p>	<p>Impact</p>
<ul style="list-style-type: none"> • USAID, through the Compete Project, continues its work to finalize the scheme for the implementation and procurement of 25-30 new filter presses under a 50% cost sharing model. Installation of new filter presses will ensure stone producers are compliant with environmental standards and improve the efficiency of the factories. Final plans are currently under review by USAID. • Progress towards finalizing filter press procurement is under way, with meetings between filter press service providers and beneficiaries to be conducted by the end of January 2014. • Updated commitment letter. Application, notes, financial distribution and USM contract. • Union of stone and marble will meet with beneficiaries by the beginning of February 2014 to try to expedite the process of signing commitment letters based on USAID's latest recommendations for the last time. 	<ul style="list-style-type: none"> • This activity will enable stone producers to transform slurry to sludge, meet environmental regulations, and expand their income by engaging in new product development using sludge.
<p>Updates for Other Stone & Marble Activities in the Work Plan</p>	
<ul style="list-style-type: none"> • Some of the sector activities have been strategically updated and customized to meet gender requirements during the retreat such as trade shows, private academia partnership and new product development. • International Show Rooms and Hubs: Support the establishment of up to 3 international show rooms or hubs under a cost share model. The project will use strict selection criteria to identify participating companies. Through this activity, the companies will also identify an export manager for hire to increase the net value of the activity's goal to attract international buyers and increase sustainable exports <ul style="list-style-type: none"> ➢ Compete Project is preparing the scheme and will announce the activity by the beginning of March. • Sludge Processing Factory and New Product Development: This activity support potential investors through advanced sample product development, including field visits to Italy to investigate new technology and meet with experts in the field. Upon receiving significant additional funding, Compete would pursue Phase 3, which will include supporting the establishment of a processing facility. <ul style="list-style-type: none"> ➢ By January 15th, the Compete Project will announce moving into phase two of this activity which 	

**TABLE 5: ACHIEVEMENTS, IMPACT AND EVALUATION OF STONE & MARBLE
USAID COMPETE PROJECT FY2**

<p>involves investors to conduct full feasibility studies targeting product development from dry sludge.</p> <ul style="list-style-type: none"> • Union of Stone and Marble – Industrial Modernization & Promotional Unit: Support the establishment of a service unit at the Union of Stone & Marble that will provide stone producers with marketing support, BMS, and administration/HR services. This activity will include support for upgrading IT management systems. <ul style="list-style-type: none"> ➤ Meetings with the Union of Stone and Marble will take place towards the beginning of February to start preparations for this activity • Trade Shows and Group Marketing: Support export-ready SME's (either individually or through a Group Marketing consortium) that will provide direct opportunities for Palestinian manufacturers to meet with major international buyers, project investors and building agencies. <ul style="list-style-type: none"> ➤ Compete Project will start preparations for trade show participation during the second quarter of 2014. • New Product Development Targeting Women: Support stone producers with new product development and manufacturing using residual stone. This will include the recycling of odd-shaped stones produced during manufacturing into new products while building production lines where women employees are involved in either management or operations. <ul style="list-style-type: none"> ➤ Compete Project will start preparations for this activity during the second quarter of 2014.

Lessons Learned

- Although the initial plan received from USAID/WBG/DC for the new filter press program targeted only beneficiaries in the Hebron Industrial Zone, the project's stone team believes the program would have been more dynamic if the beneficiaries were spread out across the West Bank with a lower USAID contribution. This would have ensured that all industry beneficiaries had an equal opportunity to apply for this program.
- The experience at Big 5 2013 revealed that stone companies & consortiums participating in international tradeshows benefit from trusting and following the advice of the Compete Stone team and contracted designers on the design of the booth and selecting samples for display. In addition, some of the companies opted to construct their own booths and displays, this is exhausting and time consuming; it is much better to rely on experts to construct the booth.
- Palestinian stone companies have varying levels of capacity, particularly in marketing their products internationally. Trade exhibitions play a crucial role in reaching international markets and companies should be encouraged to attend specialized trade shows. However, assistance through the Compete Project should be attuned to the capacities of companies that have strong marketing capacity, or demonstrate a commitment to build capacity through their experiences at trade shows.

SUMMARY OF PROGRESS TOWARD INDICATORS

The following table is a report of all indicators specified in the PMP for the period of October 1, 2013 to December 31, 2013.

PE Code	PE Name	Indicat or Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY3	Actual Value for FY3/Q1	Planned Value for FY4	Planned Value for FY5
4.5.2	Agricultural Sector Productivity	4.5.2-36	OP Indicator	Agri	Value of exports of targeted agricultural commodities as a result of USG assistance	Decimal	35,926,562	FY12	\$20,000,000	\$6,628,811	\$21,500,000	\$23,000,000
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C08	OP Indicator	ICT	Number of assisted Information and Communication Technology (ICT) start-ups that have developed products or signed contracts	Integer	0	FY12	20	4 ¹	20	20
4.2.2	Trade and Investment Capacity	4.2.2-C11	OP Indicator	Tourism	Number of new or improved assisted tourism sites and tourism trails	Integer	0	FY12	6	1 ²	4	2
4.6.2	Private Sector Capacity	4.6.2-C02	OP Indicator	Tourism	Percent of hotels adopting nationally-adopted, USAID-introduced hotel classification	Percentage	100	FY12	70%	³	90%	100%
4.2.2	Trade and Investment Capacity	4.2.2-C12	OP Indicator	Stone & Marble	Value of exports through group and specialized Palestinian stone and marble marketing companies and consortia	Integer	0	FY12	\$6,000,000	\$882,011 ⁴	\$6,500,000	\$7,500,000
4.7.3	Strengthen Micro-Enterprise	4.7.3-C05	OP Indicator	Agri	Number of hectares under improved technologies or	Integer	0	FY12	10000 donums	2550 donums 255 hectares ⁵	1000 donums	1000 donums

¹ Several Pitching events are planned throughout the year that will lead into increasing number of startups.

² Work has been launched in the 4th quarter of FY2. Abraham's trail (30 % complete so far), Burqin Church (for implementation 100 % complete so far), Hisham's Palace (50 % so far) ; hence, the results of these interventions will be captured in FY2014. The project is now progressing as planned.

³ Per Palestinian Tourist regulations, all hotels have adopted the classification system. However; some hotels need to renovate or refurbishment the hotels to achieve standards usually takes at least six months. Hence; Ministry is planning to finalize mandatory classification within FY2014.

⁴ Typically business deals will take some time to come through especially large projects. Expecting more business from current and future tradeshow.

PE Code	PE Name	Indicat or Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY3	Actual Value for FY3/Q1	Planned Value for FY4	Planned Value for FY5
	Productivity				management practices as a result of USG assistance				1000 hecatres		100 hectares	100 hectares
4.5.2	Agricultural Sector Productivity	4.5.2-C02	OP Indicator	Agri	Number of new or improved Palestinian products produced by assisted Palestinian agribusiness firms	Integer	0	FY12	50	27 ⁶	20	20
4.5.2	Agricultural Sector Productivity	4.5.2-7	OP Indicator	Agri	Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	Integer	N/A	FY13	200	90	200	200
4.2.2	Trade and Investment Capacity	4.2.2-C02	Managem ent Indicator	Agri	Percent increase in exports of assisted Palestinian agribusiness firms	Percentage	35,926,562	FY12	56%	18%	56%	56%
4.2.2	Trade and Investment Capacity	4.2.2-C03	Managem ent Indicator	Tourism	Percent increase in exports of assisted Palestinian tourism firms	Percentage	56,674,923	FY12	8%	7 ⁷	8%	8%
4.2.2	Trade and Investment Capacity	4.2.2-C04	Managem ent Indicator	ICT	Percent increase in exports of assisted Palestinian Information and Communication Technology (ICT) firms	Percentage	5,075,600	FY12	7%	7%	10%	10%
4.2.2	Trade and Investment Capacity	4.2.2-C05	Managem ent Indicator	Stone & Marble	Percent increase in exports of assisted Palestinian stone and marble firms	Percentage	20,573,475	FY12	29%	4% ⁷	35%	35%
4.2.2	Trade and Investment Capacity	4.2.2-C06	Managem ent Indicator	ICT	Percent increase in sales of assisted Palestinian Information and Communication Technology (ICT) firms	Percentage	8,308,269	FY12	7%	4%	7%	7%

⁵ Will continue capturing the area under water projects, forward contracting, fresh herbs, Guava, Grapes, etc...

⁶ Will continue tracking products like dried herbs, fruit trees, vegetables, oils, and soaps.

⁷ Typically business deals will take some time to come through especially large projects. Expecting more business from current and future tradeshows.

PE Code	PE Name	Indicat or Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY3	Actual Value for FY3/Q1	Planned Value for FY4	Planned Value for FY5
4.2.2	Trade and Investment Capacity	4.2.2-C07	Managem nt Indicator	Stone & Marble	Percent increase in sales of assisted Palestinian stone and marble firms	Percentage	30,046,475	FY12	20%	3% ⁸	23%	23%
4.2.2	Trade and Investment Capacity	4.2.2-C08	Managem nt Indicator	Agri	Number of new markets accessed by assisted Palestinian agribusiness firms	Integer	7.00	FY12	4	1	1	1
4.2.2	Trade and Investment Capacity	4.2.2-C09	Managem nt Indicator	ICT	Number of new markets accessed by assisted Palestinian Information and Communication Technology (ICT) firms	Integer	2.00	FY12	5	2	1	1
4.2.2	Trade and Investment Capacity	4.2.2-C10	Managem nt Indicator	Stone & Marble	Number of new markets accessed by assisted Palestinian stone and marble firms.	Integer	6.00	FY12	5	3	1	1
4.2.2	Trade and Investment Capacity	4.2.2-C13	Managem nt Indicator	ICT	Number of new Information and Communication Technology (ICT) contracts executed with international buyers/firms for Palestinian products or services	Integer	0	FY12	10	3 ⁹	10	10
4.2.2	Trade and Investment Capacity	4.2.2-C14	Managem nt Indicator	Tourism	Percentage increase of overnight stays in Palestinian hotels from key tourism source markets	Percentage	252,574	FY12	10%	¹⁰	5%	7%
4.5.2	Agricultural Sector Productivity	4.5.2-C01	Managem nt Indicator	Agri	Percent increase in sales of assisted Palestinian agribusiness firms	Percentage	103,000,000	FY12	29%	8%	25%	25%
4.5.2	Agricultural Sector Productivity	4.5.2-C03	Managem nt Indicator	Agri	Percentage increase in area under cultivation for export crops (hectares)	Percentage	360	FY12	25%	46%	25%	25%

⁸ Typically business deals will take some time to come through especially large projects. Expecting more business from current and future tradeshows.

⁹ Dec was a slow month for business in ICT. In the coming period, new contracts will be signed.

¹⁰ Two markets out of four have been identified. The results will be seen at least in six months from launching the activities.

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY3	Actual Value for FY3/Q1	Planned Value for FY4	Planned Value for FY5
4.5.2	Agricultural Sector Productivity	4.5.2-C06	Management Indicator	Agri	Number of new agribusiness contracts executed with international buyers/firms for Palestinian products or services	Integer	0	FY12	15	4 ¹¹	15	15
4.6.2	Private Sector Capacity	4.6.2-C01	Management Indicator	Tourism	Percent increase in number of bed nights in Palestinian hotels	Percentage	863,947	FY12	9%	7%	10%	11%
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C01	Management Indicator	Agri	Percent increase in employment of assisted Palestinian agribusiness firms	Percentage	1,690.00	FY12	10%	4%	10%	10%
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C02	Management Indicator	Tourism	Percent increase in employment of assisted Palestinian tourism firms	Percentage	2,251	FY12	4%	0.22% ¹²	5%	5%
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C03	Management Indicator	ICT	Percent increase in employment of assisted Palestinian Information and Communication Technology (ICT) firms	Percentage	339	FY12	25%	4%	25%	25%
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C04	Management Indicator	Stone & Marble	Percent increase in employment of assisted Palestinian stone and marble firms	Percentage	471	FY12	13%	2% ¹³	13%	14%
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C06	Management Indicator	Tourism	Number of training courses developed and delivered through the USAID - established hospitality school	Integer	0	FY12	4	4	10	10

¹¹ Awaiting new contracts from tradeshows and forward contracting.

¹² Delay in implementing the adopted hotel classification due to renovation issues and heavy investments by hoteliers have impacted the current growth in hiring at this stage. It is expected to achieve good results within six months as a result of the targeting of selected markets.

¹³ Two projects targeting women and employment have not launched yet. We expect employment after activity implementation.

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY3	Actual Value for FY3/Q1	Planned Value for FY4	Planned Value for FY5
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C07	Management Indicator	Tourism	Number of Palestinian tourism and hospitality establishments adopting new technology and tools. (such as booking platforms, payment gateways, market access information and corporate social media presence)	Integer	0	FY12	10	1 ¹⁴	10	10
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C09	Management Indicator	ICT	Number of new Information and Communication Technology (ICT) start-up companies established	Integer	0	FY12	15	4 ¹⁵	20	20
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C10	Management Indicator	Stone & Marble	Number of Palestinian stone and marble firms adopting new technologies or investing in new equipment	Integer	0	FY13		1 ¹⁶		
GNDR-2			Management Indicator	All Sectors	Proportion of female participants in USG-assisted program designed to increase access to productive economic resources (assets, credit, income or employment)	Percentage	N/A	FY13	24%	36%	25%	25%
4.6.2	Private Sector Capacity	4.6.2-C03	Management Indicator	All Sectors	Number of assisted private sector organizations and private sector service providers receiving USG assistance	Integer		FY13	15	6	5	5
4.6.2	Private Sector Capacity	4.6.2-C04	Management Indicator	All Sectors	Number of new services provided by targeted business service providers and business service organizations to targeted	Integer		FY13	4	11	5	5

¹⁴ Targeting new four markets based on the profiles written by HLTOA experts is expected to increase the number of companies targeting electronically these markets. This is expected within six months of writing the market profiles and branding activities in these markets.

¹⁵ Several Pitching events are planned throughout the year that will lead into increasing number of startups.

¹⁶ This indicator was set to capture new filter presses, and have been already captured in FY2.

PE Code	PE Name	Indicat or Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY3	Actual Value for FY3/Q1	Planned Value for FY4	Planned Value for FY5
					sectors by the Complete Project							
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C11	Management Indicator	All Sectors	Percentage increase in number of firms that received services from business service organizations and business service providers as a result of USG assistance	Percentage		FY13	10%	3%	12%	12%
4.2.2	Trade and Investment Capacity	4.2.2-C15	Management Indicator	All Sectors	Percentage increase in revenues of business service organizations from new services delivered to their members as a result of USG assistance	Percentage		FY13	20%	24%	25%	20%
MEP0040	Strengthen Micro-Enterprise Productivity	MEP0040	Management Indicator	ICT	Number of business started by youth with USG assistance, disaggregated by sex of founder.	Integer		FY14	10	¹⁷	10	10
MEP0041	Strengthen Micro-Enterprise Productivity	MEP0041	Management Indicator	ICT	Total number of start-up capital raised by youth	Integer		FY14	120,000		250,000	350,000
MEP0042	Strengthen Micro-Enterprise Productivity	MEP0042	Management Indicator	All Sectors	Number of youth gaining employment or better employment as a result of participation in USG-funded program	Integer		FY14	113	74	120	130

¹⁷ Several Pitching events are planned throughout the year that will lead into increasing number of startups and youth.

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY3	Actual Value for FY3/Q1	Planned Value for FY4	Planned Value for FY5
MRP0039	Strengthen Micro-Enterprise Productivity	MRP0039	Management Indicator	ICT	Number of businesses started by youth with USG assistance that are still in operation one year later, disaggregated by sex of founder	Integer		FY14	8		5	5
6.3.1	Gender	6.3.1 C	Management Indicator	All Sectors	Increase in exports and/or sales by women-owned businesses and cooperatives as a result of U.S. Government assistance in the Agriculture, Stone and Marble, and Tourism sectors.	Percentage		FY14		¹⁸		
6.3.1	Gender	6.3.1 D	Management Indicator	ICT and Tourism	Number of women participants in training and capacity building courses that improve skills in the ICT and Tourism sectors.			FY14		162		

¹⁸ This indicator was set based on the Gender strategy and will be captured during FY14.

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 innovation¹⁹. While Stone & Marble exemplifies a more traditional manufacturing industry with limited numbers of women and youth, the Tourism, ICT and Agribusiness sectors show encouraging signs of efforts to reduce gender gaps. Over the last quarter there were several workshops and trainings with a youth and gender component.

Youth & Gender

This quarter the Agribusiness team held four workshops/conferences to support awareness and skill building in the agriculture community.

- The Conference for StarPack 2013, in which there were 95 participants, 22 were female and 35 were youths
- A three day workshop on treated waste water with 22 participants, 7 female and 2 youths.
- Two Treated Wastewater (TWW) Study Tours, one on Dec. 2, 2013 with 37 participants, 11 female, 2 youth; and one on Dec. 9, 2013 with 31 participants, no females and one youth.

This quarter the Tourism team delivered three specialized training courses for hospitality employees at various levels, including management, supervisors, and front line employees. The training offers an opportunity to improve 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.

- Thirteen hotel executives completed the Certified Room Division Executive, CRDE; 7 male and 6 female, 3 were youth.
- Ten participated in the Certified Hospitality Administrator Program, 1 female, 5 youth.
- Twelve participated in the Certified Hospitality Educator Program, 4 were female, 0 youth.

The ICT sector held the 2nd Mini MBA program and 3 other events this quarter:

- The Mini MBA program ran with 19 participants, 5 of which were female, and 7 youths.
- 321 participants attended the Third Hi Tech Hub presenting Gaming and Tourism Apps; 68 were women, 67 of them youth; 239 of the males attending were youth.
- 113 participants took part in the Arabreneur Launch Event; 23 were female and 34 were youth.
- 41 people attended the Startup Cup Launch, 18 were women, 4 of which were youth; of the males 4 were youth.

The Stone sector held a Stone Symposium to present the findings of the Pre-Feasibility study.

- 69 participated in the event, 5 of whom were female, and three were youth.

¹⁹ Defined by USAID as age 14 to 29

M&E ACCOMPLISHMENTS

Monitoring progress and evaluating results is an on-going process to determine whether or not an activity is progressing towards its intended results. The project's M&E team continued to play a critical role in capturing and evaluating performance data from project activities. Below are the key accomplishments for the M&E team during this quarter:

- Significant assistance in producing Compete Work Plan for FY3;
- Significant assistance in producing Compete Gender Strategy;
- Development of the PMEP for FY3, including the list of indicators and targets;
- Attended the intensive field procurement training provided by DAI to improve our skills as part of the Compete Grant Committee;
- Conducted a series of field visits and interviews across the West Bank to collect, capture, and verify data, as well as ensuring quality of data collected in a systematic and timely manner with regard to achieving quantifiable targets for the first quarter of FY3 of the project;
- Employed the use of 4 online surveys for events and trade shows to get feedback directly from participants;
- Continued opening and updating USAID activities and interventions through the Compete Project in the West Bank on Geo-MIS, TraiNet and TAMIS;
- Worked closely with component leads and the technical staff to make sure that USAID regulations are met;
- Worked with the communications team to submit project progress reports; and
- The M&E team has already started capturing data on Private Sector Investment Leverage.

Lessons Learned

- The M&E team has allocated part of their time in the field to capture the value of investments leveraged by the private sector as a result of USAID interventions through the Compete Project, a key lesson learned from this is that it is useful to know the size of funds that have been initiated and pumped in the market as a core for economic growth.
- The M&E team attended the field procurement training, and it was clear that more knowledge in this area will reflect positively and significantly on M&E performance.
- Having an economist as one of M&E staff adds significant value to the M&E SOW; economic analyses are now provided for most of the project's interventions.
- Having a clear gender strategy for the Compete Project will enable the M&E team to highlight and capture gender participation in the project's myriad activities and interventions.

COMMUNICATIONS AND OUTREACH

During this quarter the communications team highlighted major activities of USAID Compete's four sectors and issued 13 press releases announcing tradeshow participation, workshops and program launches, gaining press coverage from local outlets and at times in regional specialized media. In particular, the Bethlehem Christmas Festival and the visit of the USAID Administrator generated wide press coverage.

The following print and online media covered Compete activities (see Annex):

- *Newspapers:* Al-Quds Newspaper, Al-Ayyam News, Al-Hayyat Al Jadideh
- *News agencies:* Wafa News agency, Maan News agency, PNN News Agency, Shasha Raya Press, Ekhbaryat News Agency; Bethlehem News Agency, Shfa Palestine News Network
- *News webpages:* Al Iqtisadi, Al Wasat Today, Al Watan Voice, Baladna, , FPA, Hurriyat News Network, Panet.co.il, Sama News, Shasha News, , and Zamn Press, Franciscan Media Center
- *Radio coverage:* Radio Bethlehem, Orient Radio
- *TV coverage:* Wattan TV, Hebron TV , Salaam TV, Nablus TV, Bethlehem TV, Nativity TV, AlFajar TV, i24News
- *TV interviews:* MaanTV, Ghassan
- *International:* Illume, Middle East Monitor, Northeast Public Radio, Washington Post

Radio Spots

To promote the Bethlehem Christmas Festival activities, Jenin AbuRokty, Compete Project Communications Manager recorded five radio spots for Al-Shams Radio.

Online

The team has focused on ensuring regular updates and continued improvements to the [USAID Compete website](#) to make the site more dynamic and user-friendly. During this quarter 734 visits were logged at the site from 60 different countries.

In December, the number of likes on the [Compete Facebook page](#) reached over 500 from 30 different countries.

Events

This quarter was very busy with 10 events that the Communications Team worked with the technical teams to organize and promote. Promotional activities included brochures, roll ups, banners, photography and so forth for the following events:

- StarPack, October 23, 2013
- HiTech Hub, November, 6 2013
- Arabreneur, November 6, 2013
- Al-Salaam Agricultural Expo, November 7, 2013
- Startup Cup, November 20, 2013
- Dubai Big 5, November 25-28, 2013
- Nazareth Agricultural Expo, Dec. 6-7, 2013

- Stone Symposium, December 10, 2013
- MOU signing with UNDP and PADICO, December 11, 2013
- Christmas Festival, December 1-31, 2013; Radio Promotion Spots

Reporting

As a key vehicle to communicate project progress, impact and evaluation, the Communications team works closely with the M&E and technical teams to produce meaningful weekly, monthly, quarterly and annual reporting. During this quarter, the team produced nine weekly reports, two monthly reports and an annual report.

The Communications team wrote one success stories this quarter to highlight achievements in the ICT sector: *From Bright Idea to Arabpreneur*.

Training

The Compete Communications team attended a training session on outreach and communication at the USAID office in Tel Aviv on December 9, 2013.

SUBCONTRACTS AND GRANTS

During the first quarter of the third year of the project (October 1, 2013 to December 31, 2013), the Compliance and Grants team continued to work closely with the technical staff to ensure an agile and streamlined implementation of technical activities performed in a manner compliant with USAID regulations and the special requirements of the Mission.

Achievements During Q1 of FY3

Procurement for project activities continued, including design services for tourism sites, registration for trade shows, laboratory and agricultural inputs to upgrade facilities, and event management. The procurement team worked closely with the Communications Team to prepare for and execute the Bethlehem Christmas Festival through procurements for publicity, performance equipment, and event management.

Four (4) grants totaling \$321,465 were executed during the quarter with an additional 4 in the concept/negotiation phase.

The Compliance and Grants team worked closely with the Finance team to complete the monthly SubAward Reporting as required under Mission Notice 2009-WBG-11.

During this quarter, 291 new requests for vetting were submitted to USAID for individuals and organizations. Eligibility/Ineligibility Notices for 279 outstanding requests were received.

The Compliance and Grants team was reorganized during this period. The Vetting & Verification Coordinator was promoted to Human Resources/Vetting & Verification Specialist and the Administrative Assistant was promoted to Office Manager, assuming responsibilities for operational procurement as well as initial reviewer for all procurement requisitions.

Goals and Future Activities

The Compliance and Grants team will continue to focus on supporting the technical components to implement an effective and compliant project. In Q2, the Compliance and Grants team anticipates supporting international trade shows, third country participant training, and major technical assistance to the Stone & Marble industry encompassing large equipment procurement and a maintenance program for existing equipment.

The Compliance and Grants team will work in coordination with the Monitoring & Evaluation team to perform site visits to grantees, pilot projects, and other project sites and events to resolve any compliance issues that may arise.

ISSUES THAT MAY INHIBIT OR ENHANCE PERFORMANCE

Vetting

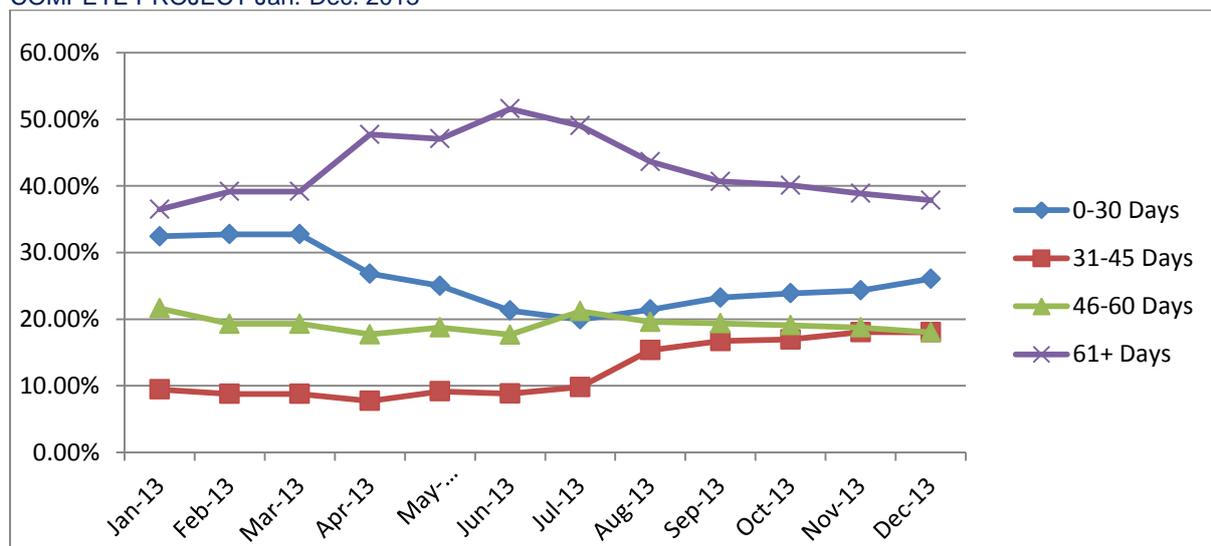
In the final audit report that the USAID Compete Project received on May 27, 2013 from the Regional Office of the Inspector General there was recognition that the project team was in full compliance with Mission Order 21 and that delays in the processing of the vetting requests together with delays in 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.

As the tables below and the tracking graphs reflect, since July 2013 and during Q1 of FY3 there was slight 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 in January-March 2013.

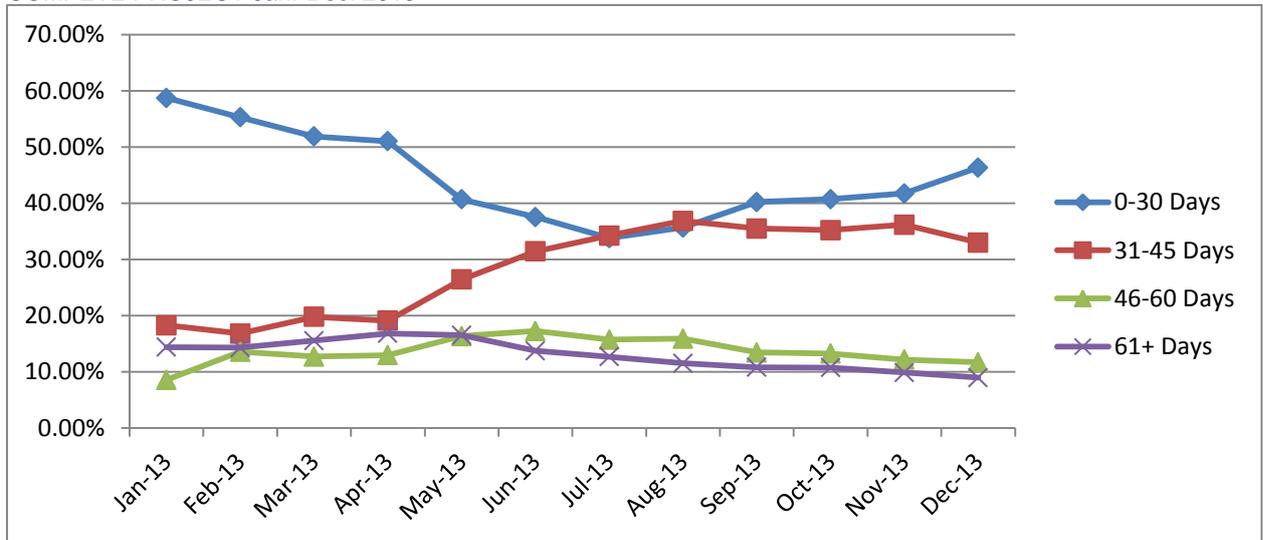
Regarding the most critical company partners of the USAID Compete Project, nearly 40% of firms submitted for vetting still require at least 60 days or more before a response from the USG vetting system is received, delaying the ability of the Compete Project to engage in implementation. This ongoing 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 continues to lag behind previous levels.

VETTING ANALYSIS – COMPANIES
COMPETE PROJECT Jan.-Dec. 2013



VETTING ANALYSIS – INDIVIDUALS
 COMPETE PROJECT Jan.-Dec. 2013



LEVEL OF EFFORT CHART

(Person months)

Item	Contract Budget Base Period			Inception to Date (December 2013)		Contract Budget Base Period				
	Person Months per Year	Number of Individuals	Total Person Months	Number of Individuals	Total Person Months	Year I	Year II	Year III	Total	Total Remaining
Long Term Professional Employees	12	14	168	16	276	168	168	168	504	228
Short Term Consultants	12	-	60		123	60	60	60	180	57
Direct Home Office Support	-	-	-		5	10	5	7	22	17

ANNEXES

Annex 1: Media Monitoring Report

Annex 2: Summary of Progress by Sector Archive Fiscal Year 2

Annex 3: Summary of Progress by Sector Archive Fiscal Year 1