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MID-TERM EVALUATION OF THE ENTERPRISE DEVELOPMENT FOR GLOBAL COMPETITIVENESS PROJECT (COMPETE) USAID/ West Bank & Gaza FINAL REPORT



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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
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**MID-TERM EVALUATION OF
ENTERPRISE DEVELOPMENT FOR GLOBAL
COMPETITIVENESS PROJECT (COMPETE)**

FINAL REPORT

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ACRONYM LIST

CFBE	Certified Food & Beverage Executive
CHHE	Certified Hospitality Housekeeping Executive
COMPETE	Enterprise Development for Global Competitiveness Project
DAI	Development Alternatives, Inc.
DFID	U.K. Department for International Development
DQA	Data Quality Assessment
EDIP	Enterprise Development and Investment Promotion project
FY	Fiscal Year
GDP	Gross Domestic Product
Geo-MIS	Geographic Management Information System
ICT	Information and communication technology
IMF	International Monetary Fund
ISO	International Organization for Standardization
LEAP	Learning, Evaluation, and Analysis Project
M&E	Monitoring & Evaluation
MENA	Middle East and North Africa
MoA	Ministry of Agriculture
MoNE	Ministry of National Economy
MoTA	Ministry of Tourism and Antiquities
NGO	Non-Governmental Organization
PCARD	Palestinian Center for Agricultural Research and Development
PEO	Private Enterprise Office
PIRs	Project Intermediate Results
PITA	Palestinian Information Technology Association of Companies
PMP	Performance Management Plans
PMEP	Performance Monitoring and Evaluation Plan
SME	Small and Medium Enterprise
SOW	Statement of Work
USAID	United States Agency for International Development
USAID/WBG	USAID/West Bank & Gaza mission
USM	Union of Stone and Marble
VAT	Value-Added Tax

EXECUTIVE SUMMARY

The United States Agency for International Development/West Bank and Gaza (USAID/WBG) Mission officially launched the Enterprise Development for Global Competitiveness Project (Compete) in December 2011. However, the implementer, Development Alternatives Inc. (DAI), had a slow start and the project effectively started implementation in June 2012. The project is expected to end on December 29, 2016. Compete aims to strengthen the competitiveness and export potential of Palestinian businesses operating in four sectors: agribusiness, tourism, stone and marble, and information and communication technology (ICT). These four sectors were deemed by Palestinian stakeholders and USAID to have the most potential for both export and employment growth. To achieve its objectives, the project includes two generally distinct components. The first, Component A, focuses on assisting Palestinian firms to better compete on international markets through innovation, skills training, and by linking them to sustainable, high-value distribution channels. The second, Component B, focuses on developing Palestinian service providers and business support organizations to foster a market-friendly environment and improve the likelihood of sustainable results in the Palestinian economy. Compete developed a “Results Framework” and established three project intermediate results (PIRs): 1) increase in exports and investment, 2) increase in products and services innovation, and 3) increase employment and expand job skills. These PIRs are expected to lead to the project’s higher-level goal.

Compete is being implemented in a challenging context, as the Palestinian economy has been volatile and unpredictable over the past 20 years, and the unemployment has remained high throughout the past 10 years (it was estimated to be approximately 19 percent in 2013), while tradable sectors of the economy have declined. Export-led growth has been largely replaced by the growth in public-sector services that provide education, healthcare, social assistance, and law and order to citizens. However, the Palestinian governments have run deficits for years, which have made it harder for them to invest on these core expenditures. In addition, foreign direct investment amounts to only 1 percent of the Palestinian GDP while donor support to Palestine has declined in recent years. Furthermore, restrictions on trade and the movement of goods and people by Israel creates challenges to exporting, including an increase in cost and travel time of Palestinian exports, which is particularly detrimental for perishable goods. These restrictions also limit access to certain critical imports such as machinery, tools, and communication technology, and can limit the ability of workers to travel from one city or region to another. However, these restrictions have eased somewhat in recent years with the advent of the Fayyad government (2007–2013), offering a valuable opportunity to intervene in the economy.

Under the USAID Learning, Evaluation, and Analysis Project (LEAP) contract (AID-294-C-12-00001), Optimal Solutions Group, LLC (Optimal) was tasked with planning, designing, and conducting a mid-term performance evaluation of the Compete project. The performance evaluation focused on the following questions:

- 1) Are project activities appropriately aligned with the project’s stated goal and results across Components A and B?
- 2) What has been and will likely be the contribution of Compete toward increasing key project outcomes and specific project outcomes of interest to USAID/WBG?

- a. To what degree has Compete addressed gaps and constraints in the business-enabling environment and targeted value chains?
 - b. To what degree has Compete increased Palestinian access to land and water for business development purposes?
 - c. To what extent has the integration of youth and gender equity in Compete's activities contributed to its overall effectiveness?
- 3) What effect does DAI's local structure and management of Compete have on the overall effectiveness of the project?
 - 4) Are key project results (i.e., export, investment, employment) expected to be sustainable in the long run?
 - 5) What constraints, challenges, and issues inhibit Compete from achieving its goal and target results for the remainder of its term?

Upon completion of an extensive document review, Optimal conducted 76 in-depth interviews with key stakeholders and beneficiaries during site visits to the West Bank.

Findings

The empirical evidence derived from this fieldwork and reviews of programmatic documentation supported the following findings:

Evaluation Question 1: Are project activities appropriately aligned with the project's stated goal and results across both Components A and B?

- Overall, Compete activities appear to be aligned with its goals in that all activities logically feed into one of the key result areas. By targeting a broad range of key results areas and PIRs, the project not only increases the chances that at least some activities will yield results feeding into its overarching goal, but also enables the compounding effects across activities, reducing the risk of bottlenecks and enabling the overall results to be greater than the sum of its parts.

Evaluation Question 2: What has been and will likely be the contribution of Compete toward increasing key project outcomes and specific project outcomes of interest to USAID/WBG?

- The influence of Compete on exports and revenues has met expectations despite a delay in the project initiation once USAID launched it. In the agribusiness and ICT sectors, the project exceeded its targets for all indicators relevant to export and revenue, and is on track to meet or exceed the vast majority of its targets again for fiscal year (FY) 2014. Beneficiaries interviewed were generally positive about the Compete project's role in their ability to export, and the project's influence on their revenue, but they were somewhat less positive about the role of the project in boosting their profits. In the tourism value chain, the project was affected by external factors (e.g., delays associated with hotel renovations) that prevented it from achieving its targets. The majority of respondents interviewed indicated that Compete helped in increasing the number of incoming tourists. In addition, improvements in the services and quality of the tourism sector promoted by Compete are positive developments that form a strong basis to market the sector. Finally, in the stone and marble sector, the project appears to have been effective in increasing exports and revenues, and given the feedback of the participants interviewed, the services offered by Compete (when accepted and taken advantage of) yielded worthwhile results.

- The positive effects of Compete on overall employment varied across the value chains, with a greater positive effect on the agribusiness and ICT sectors. In tourism, the development of new types of tourism and new locations seemed to be the most promising avenue for inclusive growth in employment, whereas in stone and marble, the area that appeared most promising is specialty stone work, where barriers for women are lower. However, the specialty stone and marble industry is still developing in Palestine, and only a relatively small number of women are involved.
- Compete's focus on access to capital from various sources has been relatively limited outside of the ICT sector. In the ICT sector, the projects supported were relatively new or had not been in operation long enough to have a widespread perceived influence on access to capital, outside of the start-ups that were funded directly. However, the interviewed stakeholders indicated that some of the most ambitious activities, including the implementation of a computerized and automated system of irrigation for greenhouses, would not have been undertaken without Compete's help.
- Compete's entrepreneurship activities in the ICT value chain yielded positive results among start-up companies. Hi-Tech Hub events, while not universally praised, were generally perceived as useful among the participants interviewed. Compete's efforts to provide training were often appreciated for improving the mindset, confidence, and performance of those who received it. In the agribusiness and tourism industry, there are some reports of new businesses, which were mostly tied to a greater demand for crops due to increased exports and the creation of trails to lesser-known tourism sites. However, because the evaluation team did not directly observe the new businesses or talk to their staff, the team was not able to verify the establishment of these new businesses.
- Compete has generally met expectations in helping Palestinian beneficiaries innovate, develop new products, and employ new production methods. Compete's performance in the agribusiness and ICT sectors was better than in the tourism value chain. Due to the halting of the filter press program in 2013, it appears that Compete will not meet its target for adoption of the new technologies for the stone and marble sector in 2014. Findings from stakeholder interviews from all sectors about Compete's efforts in this area were mixed. For example, respondents in the ICT and agribusiness value chains expressed strong satisfaction with the Compete's attempts to help firms upgrade their technology or adopt new technology, unlike respondents in the stone and marble and tourism value chains. Similarly, respondents in the tourism value chain were very satisfied with Compete's efforts at innovation of new products/services, whereas those in the ICT and stone and marble value chains were significantly less positive overall.
- Overall, Compete achieved mixed success in helping Palestinian beneficiaries to establish private-sector partnerships. This finding was evident in the stakeholder interviews, since Compete did not have indicators to track this goal. Overall, respondents in the agribusiness value chain disagreed that Compete helped in the creation of partnerships, particularly with Israeli companies. Similarly, respondents in the stone and marble value chain did not agree that Compete helped in the creation of partnerships, except with other Palestinian companies. On the other hand, respondents in the tourism value chain were significantly more positive about the effect of Compete on the creation of partnerships, especially with Palestinian companies, and to a lower degree with international and even Israeli companies. Respondents in the ICT value chain reported that Compete did help

create partnerships with international companies, but was not effective with regard to partnerships with Palestinian and, especially, Israeli firms.

Extent to which the integration of youth and gender equity in Compete's activities contributed to its overall effectiveness

- Compete began incorporating youth and gender (women) components into the project in 2013. With regard to gender, in particular, the project formalized its approach via the development of a gender strategy in late 2013, which was incorporated in the FY 2014 work plan and included the addition of new indicators. These components have focused on activities that provide skills, knowledge, and networks that help youth and women start their own businesses and gain employment. Since the incorporation of these components into the project, Compete reports indicate that the program has been effective overall with incorporating youth and women into its activities, as shown by the indicator data and activities discussed in the reports. Such successes have likely helped Compete achieve its broader goals. There is, however, some variation with regard to the degree of success with incorporating youth and women into Compete activities. Compete was more successful in integrating youth and women into activities for the ICT, agribusiness, and tourism sectors compared with the stone and marble sector. In addition, Compete's reporting suggests that it is more difficult for these groups to be well-represented in more advanced training, especially those geared toward executives and supervisors. Interview data indicates that Compete did not consistently promote gender and youth involvement and hiring, but that most organizations are already aware of the importance of doing so, and have done so on their own in a significant number of cases. Interviews also suggest that when Compete collaborated with organizations to develop a customized approach to hiring youth and women, the results were positive. Otherwise, interviews suggest that Compete was somewhat effective in boosting the employment of youth in the ICT and agribusiness sectors, but not for the other two sectors targeted by the project. With regard to the role of Compete on boosting the employment of women, the overall picture is less positive. Only agribusiness respondents were in slight agreement that Compete helped boost the employment of women. A small number of respondents in ICT also reported a positive effect, although overall the interview results for this value chain did not suggest broad success. Furthermore, respondents in the stone and marble and tourism sectors reported few, if any, gains in the employment of women because of Compete. However, it is important to note that a lag between Compete activities and employment results could contribute to this outlook.

Degree to which Compete addressed gaps and constraints in the business-enabling environment and targeted value chains

- While the West Bank continues to face a multitude of gaps and constraints in its business-enabling environment in general and within the four specific sectors, Compete's goals and activities, as well as interview data from beneficiaries and Palestinian ministers, have so far addressed many of these gaps and constraints. However, there are major constraints in the business-enabling environment that are outside of Compete's control, which could limit the effects of Compete's activities and prevent it from achieving some of its goals. One constraint is the geopolitical situation, which affects, among other things, the willingness of companies across all four value chains to invest and their ability to ship products to international markets. Other constraints are sector-

specific, such as climate change, which affects primarily the agribusiness sector, and flawed Palestinian Authorities policies, which affect primarily the ICT sector.

Degree to which Compete increased Palestinian access to land and water for business development purposes

- Compete has also implemented activities that focused on increasing access to land and water for business development purposes, albeit with a greater focus on access to water than land. Increasing access to water was a major constraint in the West Bank, as mentioned by many interviewees. Compete was involved in a small number of activities that increased access to water for particular uses, especially in the agriculture sector, but also in the stone and marble sector. Pilot projects to allow the use of low-quality water for agriculture have yielded encouraging results and Compete is now seeking to scale them.

Evaluation Question 3: What effect does DAI's local structure and/or management of Compete have on the overall effectiveness of the project?

- Overall, Compete has overall implemented an effective local structure that leverages the knowledge of local staff and the challenges businesses face in the four value chains, as well as the expertise developed by staff involved in the project preceding Compete, the Enterprise Development and Investment Promotion (EDIP). The Compete team made useful additions to its ranks during the implementation period, including an economist and engineer, and worked closely with USAID/WBG throughout the project. Feedback from project participants about access to the Compete team was positive across all four value chains. On the other hand, participants were less positive about Compete's responsiveness to their concerns and issues. Feedback from the Palestinian Authority ministries was mixed, with concerns about the lack of coordination between them and the project, as well as lack of updates from the project team, which instead forced several ministries to obtain information from participants directly.

Evaluation Question 4: Are key project results (i.e., export, investment, employment) expected to be sustainable in the long run?

- Overall, Compete made efforts to implement sustainable activities where possible. However, Compete activities were diverse, and some were more sustainable than others. For example, the project purposefully selected saline water treatment methods as a project activity, which required minimal maintenance and energy. Compete worked to institutionalize certain activities in collaboration with project stakeholders, such as ministries and non-profit organizations. Compete developed, along with a sustainability plan to ensure ongoing use, a tourism image bank, which was free of charge to those in the tourism sector. Compete also implemented the hotel classification system in the tourism value chain and mechanisms to adjust the system were in place. Similarly, the improvements to historical sites, the adoption of new crops and the forward pricing system, and the improved image of Palestinian produce, stone, and marble on the international market, can be reasonably expected to last for some time. On the other hand, activities such as financial assistance for hiring and training staff, the cost sharing of trade show attendance, and the use of export managers, are directly tied to ongoing funding and are inherently less sustainable. Optimism about the sustainability of

Compete's activities and goals over the long term was generally reflected in the interview data, with some variation across value chains.

Evaluation Question 5: What constraints, challenges, and issues inhibit Compete from achieving its goal and target results for the remainder of its term?

- Compete has faced various constraints and challenges in the general business environment as well as in the four sectors, many of which were outside of its control and will likely continue to hamper the project's activities and the ability to achieve some of its intermediate results throughout the remainder of the project. These constraints include the geopolitical climate in the region and all the repercussions associated with this context, as well as sector-specific challenges such as climate change, which affects primarily the agribusiness sector, and flawed Palestinian Authorities policies, which affect primarily the ICT sector.

Recommendations

The following overall recommendations are derived from the evaluation. The evaluation team recommends that Compete:

- Improve the coordination and flow of information between the project and the relevant Palestinian Authority ministries. For example, Compete could work with the relevant ministries in developing a regular (monthly or quarterly) coordination meeting, which would inform these ministries on a regular basis about Compete's activities and encourage the ministries to partner with Compete.
- Offer more customized, sustained assistance to businesses. A possible approach involves conducting needs assessments for each company already involved in Compete, and for them to meet regularly to discuss needs and opportunities.
- Put greater emphasis on trainings across all sectors, with a special focus on marketing and promotion, general business skills, planning, and operations. Training should be geared toward reaching a broad segment of the value chains targeted and should, therefore, be tailored to the audience's needs.
- Promote entrepreneurship in other areas of the economy besides ICT. For example, Compete should focus on incubators for agribusiness that develop and use new technologies for increasing water and crop yields. The stone and marble sector could also benefit from innovation by promoting entrepreneurship and greater involvement of Palestinian universities. However, this recommendation is less applicable to the tourism sector, where the first priority should be to increase the collaboration between this sector and the ICT sector.
- Develop and implement more targeted opportunities for Palestinian companies attending trade shows to network and establish business relationships. This improvement would include working with trade show attendees to identify their target market and clients, and using information acquired to organize structured networking dinners and other events where business connections can occur.
- Improve methods for verifying progress indicator data provided by beneficiaries. Although Compete documentation demonstrates that the project team interacted with beneficiaries when verifying progress indicator data, the information in some of the invoices provided to the Compete team (that were subsequently provided to Optimal) did

not perfectly align with some of the indicator data reported by beneficiaries. Ultimately, having sufficient, transparent, and verifiable documentation ensures that a more accurate evaluation of the Compete project can be undertaken so that effectiveness can be better highlighted and improvements can be made. Further, the evaluation team recommends that indicators be collected more frequently, with a focus on obtaining more than one supporting source or document. Beneficiaries should be held accountable for reconciling any discrepancies, and if these discrepancies cannot be resolved, Compete should report the data from the most reliable source(s) and provide clear qualifiers about their limitations and uncertainties.

- Report indicator data more consistently in each report. Quarterly reports sometimes had missing data for multiple indicators. At various points throughout the project, this makes it difficult to know if Compete is achieving particular goals. In addition, Compete should ensure that each indicator is defined in greater detail, in particular with regard to what specifically is being measured (e.g., inclusion criteria for specific scenarios) and the formulas that underpin each indicator. This should be incorporated in the project's performance monitoring and evaluation plan (PMEP), which should be updated on a regular basis to reflect new indicators tied to new or modified activities.
- Ensure that communication between the project and beneficiaries is effective, and that all parties are clear about their responsibilities, investments, and the project's timeline. For instance, all meetings should include summary documentation to reflect discussions, decisions, and actions items, and this information should be shared with all relevant stakeholders. While Compete can be affected by funding delays, leading to changes in timeline and possibly investment, the project team should ensure that there is clarity and honest communication among all key stakeholders. Such communication would reduce the number of misunderstandings reported by participants and help them accept funding issues that are beyond the control of the project.
- Develop more activities that do not focus on the same, often larger and more established firms. As reported, Compete's current focus damages the perception of some first-, and especially second-, and third-order beneficiaries in many (but not all) cases. Larger firms are more likely to be export ready. Therefore, providing a disproportionate amount of assistance to them is more likely to generate larger and faster positive economic effects throughout the West Bank. However, smaller firms need to increase their capacity in this area as well. These smaller firms and farmers may not be export ready yet, but increasing their capacity in ancillary areas (on overall business practices and methods, for example) could help the sector and the larger exporting firms in the medium term. Several participants (including some at larger firms), as well as the Ministry of National Economy (MoNE), recommended that an effort be made on that front. Strategies that could be used include creating a "mentor-protégé" program that would pair smaller firms with larger ones, providing more training to smaller firms and enabling further capacity building of the service providers so they may be better equipped to address the needs of smaller firms. Therefore, the recommendation is a slight shift in focus from larger, more established firms to smaller, less established ones.
- Track more gender indicators. Compete's gender strategy report lists various planned activities and goals for economically improving the lives of Palestinian women. As of Q2 FY 2014, however, Compete has only tracked three indicators (i.e., the proportion of women in U.S. government-assisted programs designed to increase access to productive

economic resources, the increase in exports and/or sales by women-owned businesses and cooperatives as a result of U.S government assistance, and the number of women participants in training and capacity building courses). The evaluation team, therefore, recommends that Compete track the remaining indicators that measure planned activities and goals stated in its gender strategy report, such as the number of women participating in trade shows and group marketing, and the number of women gaining internships in particular sectors.

Sector-specific recommendations are described in detail in the full report.

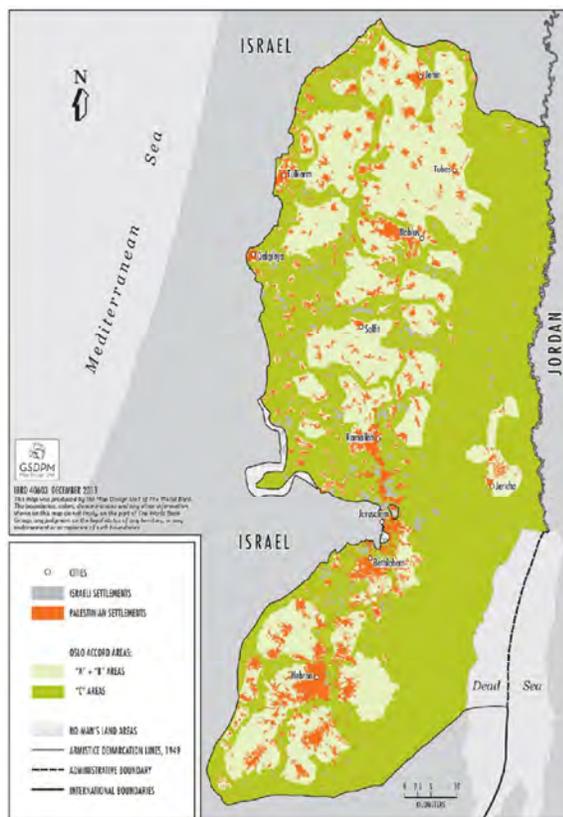
I. INTRODUCTION AND BACKGROUND

The United States Agency for International Development (USAID) West Bank and Gaza (WBG) Mission contracted Optimal Solutions Group, LLC (Optimal) to conduct a mid-term evaluation of the Enterprise Development for Global Competitiveness Project (Compete) implemented by Development Alternatives Inc. (DAI) in the West Bank. This mid-term evaluation covers January 2012 through February 2014. The primary audience for this report is the USAID/WBG Mission, and specifically the Private Enterprise Office (PEO) within the mission. These stakeholders commissioned this mid-term evaluation to determine the extent to which project results have been achieved, to identify areas for improvement and inform management decisions through the end of the project, and to improve the design of current and future interventions in the area of private-sector development. However, this report also aims to inform USAID, other donors, host country government stakeholders and partners, as well as the broader development community, about Compete, its approach, activities, results, and areas of improvement.

Project Context

The history of the Palestinian territories, composed of the West Bank (including East Jerusalem) and the Gaza Strip, is incredibly complicated and controversial. Formative events include the occupation of Gaza by Egypt between 1948 and 1967, the occupation by Israel of the West Bank and Gaza following the Six-Day War in June 1967, and the signing of the 1993 Oslo Accords that placed Gaza under Palestinian authority while dividing the West Bank into three separate areas. Area A, under full Palestinian civil and security control, makes up approximately 18 percent of the West Bank, and does not contain any Israeli settlements. Area B, under Palestinian civil control and joint Israeli-Palestinian security control, makes up approximately 21 percent of the West Bank, and also does not include any Israeli settlements. Finally, Area C, which makes up the largest share of the West Bank (approximately 60 percent) is under full Israeli civil and security control, and contains extensive Israeli settlements. However, Areas A and B are generally not contiguous; instead, they are “islands” separated by Area C, where freedom of movement is generally limited for people and goods in transit (see Figure I.1 below). In 2007, after several years of rising tensions between the two leading Palestinian political parties, Fatah and Hamas, and the legislative victory of Hamas in Gaza in 2006, the Palestinian Authority was essentially split up. As a result, Hamas controlled Gaza, whereas Fatah controlled the West Bank. In June 2014, Fatah gained political control of Gaza. Most recently, Palestine was upgraded to “non-member observer state” status in the United Nations, after the passing of United Nations General Assembly resolution 67/19 in 2013.

Figure I.1: Map of the West Bank¹



The Palestinian economy has been volatile and unpredictable over the past 20 years, fluctuating largely based on geopolitical events affecting the region. A period of rapid growth following the Oslo peace process abruptly ended in 2000 with the outbreak of the Second Intifada, which was accompanied by major restrictions in the movement of people and goods. A brief subsequent recovery was interrupted by the split between Fatah and Hamas in 2007, but growth resumed subsequently, triggered in part by reforms, large inflows of donor assistance, and a reduction in the restrictions on movement. However, the World Bank (WB) reports that, as donor funds are tapered, economic growth is decreasing sharply. Even more troublesome, unemployment has remained high throughout the past 10 years (it was estimated to be approximately 19 percent in 2013 for the West Bank, but 30 percent in Gaza), while tradable sectors of the economy have declined. For example, the share of the manufacturing sector in the Palestinian gross domestic product (GDP) decreased from 19 percent in 1994 to 10 percent in 2011.² Export-led growth has been largely replaced by the growth in public-sector services that provide education, healthcare, social assistance, and law and order to citizens. Government spending continues to outpace revenue, with wages being the largest government outlay in recent years. Public and private investment has been much lower than planned and below the level needed to maintain strong

¹ World Bank, *West Bank and Gaza – Area C and the Future of the Palestinian Economy*, October 2013

² The World Bank, *Area C and the Future of the Palestinian Economy*, Poverty Reduction and Economic Management Department, available at <http://documents.worldbank.org/curated/en/2013/10/18836847/west-bank-gaza-area-c-future-palestinian-economy>.

economic growth and employment rates.³ Palestinian governments have run deficits for years, which have made it harder for them to spend money on core expenditures, such as infrastructure, education, and health. Given the decline in donor support in recent years and the continued reliance on short-term domestic bank financing, these deficits pose risks to debt sustainability and financial system risks (International Monetary Fund [IMF], 2014).⁴ Due to the political and military instability of the region, foreign direct investment amounts to only 1 percent of GDP.

Restrictions on trade and the movement of goods and people by Israel, including the building of a separation wall, a system of check points within the West Bank itself, and the need for all exports to pass through Israel on their way to their international destination, have led to three distinct but equally difficult economic conditions.⁵ The first economic condition is Palestinian exports becoming more expensive due to higher transaction costs, and on-time delivery to clients being challenging, a major issue for certain goods such as fresh produce. The second condition is restrictions severely limiting access to critical imports such as machinery, tools, and communication technology that constitute inputs for the production of goods and services in the Palestinian territories. Third, labor movement is also restricted due to the fragmented nature of Areas A and B, and checkpoints controlling access to Jerusalem, limiting the ability of workers to travel from one city to another despite the relatively small distances between cities in the West Bank.⁶ However, these restrictions have eased somewhat in recent years with the advent of the Fayyad government (2007–2013), offering a valuable opportunity to intervene in the economy.

The Compete Project

Compete was officially launched in January 2011 and is expected to end on December 29, 2016.⁷ However, Compete had a late start due to funding constraints associated with Congressional oversight. These constraints led to an effective project start date of May 1, 2012, although logistical issues associated with Israeli customs holding telecom and computer equipment for more than 3 months further disrupted the effective implementation of the project until late June 2012. The project is a direct successor of the EDIP project funded by USAID between September

Competitiveness: There are many definitions for “competitiveness,” most of which involve productivity (see the World Economic Forum and Michael Porter). However, the definition used by the Compete team and in this report is “the ability of a firm or nation to offer products and services that meet local and world quality standards at competitive prices that provide adequate returns on the resources employed or consumed in producing them.”

³ The International Monetary Fund, *West Bank and Gaza – Selected Issues*, 2013, available at <http://www.imf.org/external/country/WBG/RR/2013/091113a.pdf>.

⁴ *Ibid*, footnote 2.

⁵ These restrictions were true for Gaza as well, since the Gaza–Egypt border was closed “indefinitely” in 2013, and Israel has de facto control of all air and sea transit in and out of Gaza. These and other long-standing restrictions have led to the building of dozens of illegal tunnels between Egypt and Gaza, where goods are smuggled in large quantities.

⁶ For example, a trip from Jenin to Nablus amounts to less than 50 km.

⁷ The project was initially slated to include the Gaza strip, but this region was left out due to political and logistical constraints outside of USAID and Compete’s control.

2008 and September 2011. Compete aims to strengthen the competitiveness and export potential of businesses operating in one of four sectors: agribusiness, tourism, stone and marble, and information and communication technology (ICT). These four sectors were deemed by Palestinian stakeholders and USAID to have the most potential for both export and employment growth. To achieve its objectives, the project includes two generally distinct components. Component A focuses on assisting Palestinian firms in innovation, skills training, and by linking them to sustainable, high-value distribution channels so that they can better compete in international markets. Component B focuses on developing Palestinian service providers and business support organizations so that they can help foster a market-friendly environment and improve the likelihood of sustainable results in the Palestinian economy.

These four sectors were identified prior to Compete's start, under the EDIP project. In 2009, EDIP organized a 2-day strategic planning forum that included key Palestinian stakeholders in all sectors of the economy. The goal of the event was to build a consensus with regard to which value chains had the greatest potential in terms of jobs, exports, and investment. The strategic planning forum included two initiatives: The first initiative engaged business associations to conduct assessments of the supply capabilities and strengths and weaknesses of different sectors; the second initiative involved interviewing international buyers and investors to determine the criteria they used in making sourcing and investment decisions, identify offshore locations where they operate, and identify their perception of the West Bank. Part of the discussion also focused on identifying value chains that could grow by at least \$100 million to ensure a healthy economy that could productively absorb new entrants into the labor force. When Compete started, it was clear that the four value chains remained the best targets for export competitiveness, and that these four value chains were also considered a priority for the Palestinian National Authority in its strategic plans.

In order for the activities and interventions of Compete to be most relevant to the West Bank context, the project completed a series of evidence-based economic assessments using DAI's tool called the Competitive Impact of Business Enabling Reforms (CIBER), which uses a political economy methodology to prioritize impediments and sector constraints as well as their solutions. Such assessments were completed in the first year of the project for the agriculture, tourism, and stone and marble value chains, and informed the evolution and selection of activities in subsequent years.

Mid-Term Performance Evaluation Purpose and Assignment

According to the evaluation statement of work (SOW), USAID/WBG commissioned the mid-term evaluation, covering project implementation between January 2012 and February 2014, to review the progress of the project in improving the overall competitiveness of the Palestinian private sector through consideration of the project's design, implementation to date, management, and consortium structure. Additionally, the evaluation was to (a) assess the contribution of Compete's activities toward strengthening the overall competitiveness and export potential of Palestinian small and medium enterprises (SMEs), and (b) advise on the practicality of measuring "the success of COMPETE as a whole" on such results. The conclusions of the evaluation will be used by USAID/WBG to improve or design current and future interventions in the area of private-sector development. With similar purpose, USAID will share the results of the study with other donors, host country government stakeholders, and partners working in this

area. The evaluation team was tasked with reviewing and summarizing the implementation and results achieved by this project by answering the following key evaluation questions:⁸

- 1) Evaluate the contribution of Compete’s activities toward achieving the specific impact in the project’s four priority sectors and progress in the development of Palestinian business support organizations and service providers.
- 2) Discuss constraints, challenges, or issues that inhibit the project’s contribution toward achieving this impact during the remaining term of the project.
- 3) With respect to Compete’s targeted sectors, what has been and what will likely be the contribution of the project toward increasing:
 - Palestinian exports and revenue?
 - Employment?
 - Domestic and foreign debt and equity invested in the Palestinian territories?
 - Access to local finance?
 - Innovation of Palestinian products and service?
 - Entrepreneurship and new venture creation?
 - Private-sector partnerships: Palestinian to Palestinian, Israeli to Palestinian, Multinational to Palestinian?
- 4) Identify the main effects of the project on targeted agriculture and non-agriculture value chains and the business enabling environment, including an overall country-level competitiveness by answering the following questions:
 - Have SMEs changed business practices, increased productivity, or boosted the value of their enterprises, thus contributing to the overall competitiveness of value chains and the Palestinian private sector as a result of this project or other factors?
 - To what extent are any of the project results in terms of increased exports, investment, or employment actually sustainable in the long term? What gaps or constraints need to be addressed to increase sustainability?
 - To what extent has the project been successful in addressing gaps and constraints in the business enabling environment and targeted value chains in order to increase competitiveness in global markets?
 - To what extent has the project been successful at increasing Palestinian access to water and land for business development purposes (commercial farming, mining, tourism, etc.)?
- 5) Identify opportunities to improve the impact and enhance the implementation and management of the project by answering the following questions:
 - To what extent does DAI’s local structure or management of the project either promote or inhibit the overall effectiveness of the project? What gaps or constraints should be addressed by the contractor and USAID?
 - To what extent does Compete’s integration of youth and gender equity in its activities contribute to the overall effectiveness of the project?⁹

⁸ Some of these evaluation questions were reworded, which was done as part of the development of the research matrix (see appendix 3) that guided this evaluation and was approved by USAID/WBG. These adjustments were made in order to ensure that questions did not overlap. As part of this process, the evaluation team also developed sub-questions associated with each research question, facilitating the evaluation design and implementation.

⁹ Please see the Statement of Work Mid-Term Evaluation of the Compete project in appendix 2.

II. METHODOLOGY

This section provides a summary of the methodology used to conduct the mid-term performance evaluation (see Appendix 3 for the detailed methodology). The evaluation utilized primarily a qualitative approach, and leveraged quantitative methodologies when reviewing the project indicators. The evaluation follows the USAID 2011 evaluation policy¹⁰ guidelines to ensure that the methods used were relevant to the project and would provide actionable results to inform USAID/WBG’s decision-making process. The team implemented the following activities as part of the evaluation:

- reviewed and verified project administrative and implementation documentation from the start of the program in 2012 to February of 2014, including spot-checking the records used to compile key monitoring and evaluation (M&E) metrics used and reported by the program
- conducted 76 in-depth interviews with beneficiaries and service providers involved in all four value chains targeted across the West Bank and in Jerusalem to understand their involvement in, and perception of, the program
- performed eight in-depth interviews with key program stakeholders, including the implementing team at DAI, Palestinian Authority Ministries directly involved in the program, and international donors to understand micro-level results related to the business and non-governmental organization (NGO) components of the program
- identified the project’s lessons learned and areas of sustainability and generated data-driven recommendations for USAID to use in deciding the future of the Compete program and the design of other, similar programs

Limitations to the Evaluation

The evaluation included some limitations, which are outlined in Table II.1. The mitigation strategies employed to address these limitations are also included.

Table II.1: Evaluation challenges and mitigation strategies

Challenge	Mitigation Strategy or Explanation
Incomplete documentation and information	Requested clarifications from the implementer and conducted in-person interviews with a wide range of stakeholders to supplement documentation.
Insufficient duration of certain activities to yield results	Evaluation relies on M&E metrics and interviews to assess short-term and intermediate outputs and outcomes.
Interview accounts occasionally contradict each other	The evaluation team used information from previous interviews to obtain clarification from other interviewees; the team also asked specific questions to the implementer to attempt to reconcile issues.

¹⁰ <http://www.usaid.gov/evaluation/policy>

III. EVALUATION FINDINGS

The findings provided below were derived using evidence compiled through document reviews, semi-structured interviews with stakeholders, and fieldwork that allowed for the observation of Compete-supported activities, taking into account the evaluation questions derived from the SOW (see appendix 2 for a copy of the SOW).

Evaluation Question 1: Are project activities appropriately aligned with the project’s stated goal and results across both Components A and B?

Overall, Compete activities have been appropriately aligned with its goals in the sense that all activities logically feed into the key result areas of both Components A and B and the project’s overarching goal. By targeting a broad range of key results areas and project intermediate results (PIRs), the project not only increases the chances that at least some activities will yield results that support Compete’s goals, but also enables the compounding of effects across activities, making it possible that each activity is greater than the sum of its parts.

To answer this question, it is necessary to understand the goal, results, and results framework that drive Compete, as well as the range of Compete activities and their characteristics.

Project Goals and Objectives

At the highest level, Compete’s goal is to “strengthen the competitiveness and export potential of key sectors essential to the future prosperity of the Palestinian economy.”¹¹ To achieve this goal, the project aims to address sectoral gaps that hinder the effort of Palestinian businesses to identify and exploit economic opportunities, and enable them to reach and compete in international markets. In order to operationalize this overarching goal, the project team developed a detailed Results Framework (see appendix 4) and established three project PIRs that span the four value chains and are expected to lead to its overarching goal. These PIRs are:

1. Increase in exports and investment.
2. Increase in products and services innovation.
3. Increase employment and expand job skills.

Under each of these three PIRs, the project lists key result areas that can be viewed as intermediate outcomes of the intervention. Typically, these key result areas are uniquely tied to a given PIR, although there are three exceptions, which are cases where key result areas are applicable to two PIRs. These key result areas are listed and categorized below, with the PIR(s) tied to each key result indicated in parentheses:

Market access and perception

- Improve the image of Palestinian products and services in the local and global marketplace (PIR 1 and 2).
- Increase the number of international markets for Palestinian products and services (PIR 1).

¹¹ This goal is stated slightly differently across the various Compete project documents provided to the evaluation team, but the core elements remain the same.

- Increase the market share of Palestinian products and services in the West Bank and Gaza (PIR 1).
- Increase the number, reliability, and dependability of relationships between Palestinian firms, and Israeli and international buyers (PIR 1).

Products and services offered

- Increase in both new and improved Palestinian products and services (PIR 2).
- Increase in the quality of Palestinian products (PIR 2 and 3).
- Increase the added value by Palestinian firms for products exported to Israel and beyond (PIR 1 and 2).
- Demonstration effects being replicated at equal or higher levels without further project support (PIR 2).

Employment and revenue

- Increase in employment of youth under 30 years old (PIR 3).
- Increase in employment within targeted firms (PIR 3).
- Increase the revenue of Palestinian firms (PIR 1).

These result areas are diverse in nature, encompassing improvements in products and services offered by Palestinian firms, market access, market share locally and domestically, market perception, and firm performance and employment prospects.

Interestingly, results areas selected by Compete also appear to be interdependent in some cases, sometimes to a degree where a result area is the logical next stage of a result. For example, the idea that a demonstration effect will take hold depends largely on whether or not the relevant stakeholders and the broader community perceive that the technology or improved method led to an increase in quality, in yields, or a decrease in costs. Several of these elements are directly or indirectly embedded in other result areas listed above. This example also highlights the fact that some of the result areas are expected, from a logic model perspective, to occur at different times during the project. For example, employment typically is the result of improved market access combined with the sale of appropriate and value-added products. Similarly, this fact appears to be true for the PIRs, as well. However, the underlying reason why Compete's PIRs and result areas have such relationships is tied to the activities undertaken by the project: The activities are typically structured and designed to intervene at various stages of the value chain and to assist participants in accomplishing multiple PIRs and result areas at the same time. This assertion will become clearer during the discussion of project activities below.

Project Activities

Although the number of activities implemented varies year to year, the project work plans list between 49 and 67 distinct activities across the four value chains, PIRs, and two project components. A full list of activities for FY 2012, FY 2013, and FY 2014 is provided at the bottom of each period's Results Framework diagram in appendix 4.¹² Moreover, in order to facilitate the reading of this report, one should note that Compete uses fiscal years aligned with

¹² These lists are based on the project annual work plans, and therefore are subject to change based on funding, unexpected challenges, and the submission of unexpected proposals to the Compete team by stakeholders.

the United States federal government as a period for reporting and indicator tracking; fiscal years are each divided into four quarters.¹³

Summary information about the activities outlined in each of the three work plans devised by the Compete team can be found in appendix 4. These activities are grouped based on the primary PIR they are associated with and by value chain. Aside from the variance in the number of activities across fiscal years, there is also significant variance in the number of activities across value chains over time. Agribusiness is consistently the value chain with the most activities (22 for FY 2012, 26 for FY 2013, and 23 for FY 2014), followed by tourism (14 for FY 2012, 16 for FY 2013, and 17 for FY 2014), whereas the ICT and stone and marble value chains trade ranks in FY 2013 before ICT returns to third place. A majority of activities for FY 2012 (33 out of 49) were labeled as related to more than one PIR, whereas the Compete team narrowed its classification somewhat in subsequent years.

Summary numbers like those provided in appendix 4 mask several important patterns, including the broad categories of activities provided and the fact that, within value chains; PIRs; and components, certain activities have continued throughout the life of the project, whereas others have been completed, canceled, or added at various stages of project implementation. The majority of Compete activities have been present throughout the project, with some of their components being modified or having evolved based on progress.¹⁴

During its in-depth review of the project documents and discussions with Compete's staff, the evaluation team created broad categories for the various activities undertaken by the project. These categories are:

- *Training and skills development*: includes various training programs and workshops that were offered under Compete, but typically excludes training that was provided as part of agreements to facilitate staffing for specific projects.
- *Staffing support*: includes primarily ad hoc projects where Compete provided financial and training assistance to companies so they could develop and prepare existing or recently hired staff for new international projects.
- *Institutional development*: includes value chain-wide initiatives that typically involved a diversity of stakeholders, including various Palestinian Authority ministries, business support organizations, and the private sector.
- *Marketing support and international linkages*: includes activities aimed at directly promoting Palestinian products and companies, creating linkages for them in various markets, and assisting them in understanding and penetrating these markets.
- *Access to funding*: includes activities that promote or facilitate access to loans and foreign and domestic investment, seed funding for start-ups, and access and demonstration to investors.

¹³ Similarly to the federal government fiscal year, the period start date is October 1 and the period end date is September 31 on the following calendar year, with the first quarter starting on October 1 and ending on December 31 of a given calendar year.

¹⁴ For example, forward pricing was expanded to include more crops over time. Activities that were typically of a shorter, limited duration were market and feasibility studies, renovations of historical sites, and implementation of signage, which had a well-defined scope, and one-time provision of equipment, for example, to the Scientific Laboratory for Food and Drug Testing. Certain activities were placed on hold, such as the provision of filter presses to various companies, due to unforeseen issues or the lack of uniform support among stakeholders and participants.

- *Technical assistance and provision of equipment*: includes activities for which Compete provided or assisted in the procurement of equipment that increases the competitiveness of firms, including farming and food processing equipment, quality testing equipment, waste disposal equipment, and the renovation of various tourism sites.
- *Development of new products*: includes activities aimed at developing new products in Palestine with a focus on exports. New products should be understood broadly to include improvements in packaging and the development of new sub-sectors within a value chain, although there are also instances of entirely new products being developed.

Table III.1 contains examples of activities within each value chain for each of the categories described above. Some categories are not represented in all value chains (e.g., access to funding is limited primarily to the ICT sector and staffing support activities were not implemented in the tourism value chain).

Table III.1: Categories of Compete activities and associated examples

Value Chain	Activity Categories	Examples
Agribusiness	Training and skills development	*Traceability training *Grafting systems training at nurseries
	Staffing support	N/A
	Institutional development	*Treated wastewater irrigation *Promotion and implementation of quality certifications (ISO 22000, GlobalGap, BRC, etc.)
	Marketing support and international linkages	*Trade show sponsoring *International trade hubs *Export manager for hire
	Access to funding	N/A
	Technical assistance and provision of equipment	*Insect nets and traps, irrigation, double doors *Lab equipment for quality control *Saline water demonstration projects
	Development of new products	*New crops cultivated through forward contracts *Improved packaging for various produces
ICT	Training and skills development	*Oracle SEIBEL training *Ruby on Rails training *Mini-MBA
	Staffing support	*H+W Salesforce project *Progneer PDF project
	Institutional development	*Hi-Tech Hub events *Payment gateway
	Marketing support and international linkages	*Export managers for hire *Diaspora linkages *Solidification of multinational partnerships
	Access to funding	*Support of accelerator and incubator *Arabreneur seed fund
	Technical assistance and provision of equipment	N/A

Value Chain	Activity Categories	Examples
	Development of new products	*iOS and Android apps development center *Development of the gaming animation industry
Tourism	Training and skills development	*Digital content creation and marketing workshops *American Hotel & Lodging Association staff training
	Staffing support	N/A
	Institutional development	*Hotel classification *Hospitality school
	Marketing support and international linkages	*Trade show sponsoring *Development of country brand strategy *Export manager for hire
	Access to funding	N/A
	Technical assistance and provision of equipment	*Renovation of Hisham's Palace and Burqin Church *Bethlehem signage upgrade
	Development of new products	*Trail development *Development of Bethlehem Gallery Center
Stone & Marble	Training and skills development	N/A
	Staffing support	*Salary support for training of female employees in computer-assisted design
	Institutional development	*Union of Stone & Marble's Industrial Modernization & Promotional Unit
	Marketing support and international linkages	*Trade show sponsoring *International trade hubs
	Access to funding	N/A
	Technical assistance and provision of equipment	*Maintenance of filter presses *Provision of new filter presses
	Development of new products	*Identification of new products based on sludge (waste product of stone cutting)

Based on Table III.1, it becomes clear that certain activity categories and activities themselves were applicable across most, if not all, value chains, whereas others have a much narrower focus.

In part, the complexity of Compete's activities is the result of the fact that, as discussed in the previous section, the project has an ambitious goal. In order to address the PIRs and project result areas that have been outlined, the project must be involved at various stages of each value chain and must not focus solely on the private-sector organizations it primarily targets. Furthermore, it must also support and build the capacity of business support organizations. In addition, some activities have direct governmental involvement.

Another reason for the complexity and great number of activities undertaken under Compete stems from the ways in which activities are typically identified. They are: 1) a continuation of activities started under EDIP or other related past USAID projects, 2) the result of technical proposals submitted by Palestinian companies or business support organizations, or 3) projects offered to, or organized for, Palestinian companies and business support organizations by

Compete based on known or potential alignment of project goals with these organizations. This approach to identifying activities results in some activities that are common across value chains and businesses, such as sponsoring the attendance of trade shows, and some fairly unique or customized activities that nonetheless fit the project's overall approach and its PIR and result areas.¹⁵

Overall, Compete activities have been appropriately aligned its goals in the sense that all activities logically feed into one of the key result areas. By targeting a broad range of key results areas and PIRs, the project not only increases the chances that at least some PIRs will yield results that support Compete's overarching goal. However, there is some uncertainty about these anticipated results. There are a number of assumptions embedded in the Results Framework that may or may not be true on a systematic basis. For example, improving the quality of products does not necessarily mean they can be price competitive at equal quality with those produced elsewhere in the world. The cost structure in the West Bank is not advantageous compared to many other locations. Goods produced in many other developing countries likely have lower transportation costs compared to similar Palestinian goods. Another example involves the demonstration effect, which could fail on many fronts, including benefits being too small to warrant investment without Compete's subsidy.

Evaluation Question 2: What has been and will likely be the contribution of Compete toward increasing key project outcomes and specific project outcomes of interest to USAID/WBG?

Overview of Compete's Monitoring & Evaluation Indicators and Methods

Evolution of Project Monitoring & Evaluation Indicators

The evaluation team identified a total of 48 unique indicators over the life of the project so far, based on indicators in the Compete Project Management Plan (PMP) (see appendix 4).

Not all 48 indicators have been present and tracked throughout the duration of the project so far; several were added over time and a smaller number was discontinued. There are several explanations for this evolution in the project indicators. Generally, these shifts appear to be caused by the completion or cancellation of some activities, at which point the project ceased to track them, or by the addition of new activities by the Compete team. However, a majority of the eight indicators added for FY 2014 focused on youth and women participation in project activities, a result of the late emergence of a gender strategy, as well as indicators for certain expected outputs and outcomes of the project's Component B.^{16, 17}

¹⁵ For example, a recently established stone and marble company was looking to involve women in its operations for marketing and computer-assisted design and requested that Compete assist in paying a portion of their wages while they train.

¹⁶ Component B of Compete focuses on building capacity among Palestinian service providers.

¹⁷ These eight indicators were added as a result of an audit of the project by the U.S. Office of the Inspector General, which found that the project lacked a gender strategy and associated indicators.

Compete's Monitoring and Evaluation Methodology

A brief discussion of Compete's M&E methodology is important for determining the accuracy of the reported data and, ultimately, the effectiveness of the program. The evaluation methodology used by Compete is designed to involve all technical team members. This methodology also leverages USAID's Geographic Management Information System (Geo-MIS) application for tracking activities, geography, and results. Primary data collection is supplemented by interviews, field visits, sign-in sheets, and other means of data collection. The M&E team also verifies data by collecting supporting documents and following the five USAID data quality standards: validity, reliability, timeliness, precision, and integrity. Finally, USAID conducts annual data quality assessments (DQAs) of Compete's M&E, selecting certain indicators and reviewing associated data against the five USAID data quality standards. As part of this process, supporting documents are also reviewed and findings are quickly shared with the project team to ensure the quick resolution of problems. The results of the first DQA found no limitations in the data, but it did identify concerns with regard to how three indicators were defined and measured. The second DQA found that some of the participating companies' profiles were so incomplete that the M&E team needed to obtain relevant supporting documents for the values of exports, and that the team needed to conduct documented monitoring visits to training courses. Overall, these items were considered minor, and both DQAs concluded that the collection and maintenance of data from Compete met the data quality standards.

Contribution of Compete toward Key Project Outcomes

USAID/WBG identified seven key project outcomes for which Compete's contribution must be assessed. To accomplish these outcomes, the evaluation team relied upon a combination of data on M&E indicators from project documents as well as from interviews conducted with various stakeholders. Compete's contribution toward achieving a particular outcome within each of the four targeted value chains are discussed below. Tables summarizing M&E indicator data are in the text below, whereas tables providing detailed interview data can be found in appendix 5.

Palestinian exports and revenue

The influence of Compete on exports and revenues is positive despite an initially slow implementation and program rollout by the implementer. In the agribusiness and ICT sectors, the project exceeded its targets for all export and revenue indicators and is on track to meet or exceed the vast majority of them again for FY 2014. Beneficiaries were generally positive about the role of Compete on their ability to export and the influence the project had on their revenue, but they were somewhat less positive about the role of the project in boosting their profits. In the tourism value chain, the project was affected by external factors that prevented it from achieving its targets in FY 2013, and there was not enough information so far to discuss progress made in FY 2014. Beneficiaries painted a less grim picture, with a majority of respondents reporting that they felt Compete helped somewhat in increasing the number of incoming tourists. Finally, in the stone and marble sector, the project appeared to have been successful in increasing exports and revenues, and given the feedback of participants, the services offered by Compete (when accepted and taken advantage of) yielded positive results.

Agribusiness sector

For the agribusiness value chain, Compete tracks four indicators related to exports and revenues, which are summarized below in Table III.2 over the lifespan of the project, including target values and whether the project achieved this value each year.

Table III.2: Agribusiness indicators associated with exports

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Percent increase in exports of assisted Palestinian agribusiness firms	5%	3%	28%	44%	56%	37%
Percent increase in sales of assisted Palestinian agribusiness firms	5%	1%	16%	19%	29%	16%
Number of new agribusiness contracts executed with international buyers for Palestinian products or services	6	2	10	16	15	7
Value of exports of targeted agricultural commodities as a result of U.S. government assistance	\$5,000,000	\$1,072,500	\$10,000,000	\$15,990,716	\$20,000,000	\$13,593,945

*Data in this column are based on the latest information available, which is the Q2 FY14 (January to March 2014) quarterly report. Since the period is not complete, it is not yet possible to assess whether the project will reach its target or not.

For all four indicators, Compete did not meet its target during the first year (FY 2012), in some cases by a factor of five. However, the project faced serious disruptions in funding during that year, and was only operational for approximately 5 months. On the other hand, the project beat its target value for FY 2013 for all four indicators, in two cases by nearly 60 percent. Although FY 2014 is not over (at the time of developing this report), the project also appears on track to reach the target for all four indicators, if the trend for the first two quarters is sustained for the rest of the period. Exports grew by a greater percentage than overall sales for both FY 2013 and the portion of FY 2014 for which data are available, and this increase occurred in lockstep with new contracts, suggesting that at least some portion of the export growth was linked to these new opportunities.

Interviews with project beneficiaries and service providers within the agribusiness sector confirm the progress reflected in the indicator data above. Nearly 75 percent of the 23 agribusiness respondents (including both beneficiaries and service providers) agreed or strongly agreed that participation in Compete's activities helped in increasing their overall revenue, for a score of 4.1 (out of 5).¹⁸ Similar attitudes are found when respondents are asked specifically about revenues

¹⁸ This score is computed from the Likert scale that was used in the questions. Each answer option is assigned a number between 1 and 5 as follows: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree. Thus, a combined score of 3 implies a lack of consensus and an overall neutral stance, a score of 5 implies strong agreement, and a score of 1 a strong disagreement.

associated with exports, in order to control for changes in domestic sales. Asked specifically about profits, participants were somewhat less positive overall, with 52 percent out of 23 respondents reporting that they agreed or strongly agreed that Compete participation led to an increase in overall profits, resulting in a score of 3.7. Fifty percent of 20 respondents reported an increase in profits associated with exports, for a score of 3.6. One possible reason for diverging attitudes toward revenues and profits is that entering and establishing a foothold in new markets may not be initially profitable due to higher transaction costs and the initial learning curve. Many respondents might have felt that Compete assistance led to increased costs (for example, due to required investments as part of the project’s cost share) at the same time that it helped boost export revenues. This would lead to an increase in revenue that is not matched by increased profits. However, this is speculative, since those respondents who were satisfied with revenues yet also dissatisfied with profits did not provide specific reasons for this view. Furthermore, the beneficiaries interviewed very likely do not constitute an entirely representative sample of all firms receiving Compete assistance. It is also worth noting that the figures discussed here change significantly when only including the responses of smaller farmers, but the number of such respondents is small (four to five depending on the question). Smaller farmers seemed much more polarized, and, on average, more negative about the effect of Compete on their revenue and profit (score of 2.67 for the role of Compete), although those working with fair trade organizations were upbeat about their situation because these organizations pay higher prices to small farmers for their crops and typically set a minimum price floor and purchase all of their production.¹⁹

Among the service providers interviewed, the perception that Compete helped in increasing exports and revenues was strong. Eighty-five percent of the seven respondents reported that they agreed or strongly agreed that Compete participation helped the companies they work with in increasing their overall revenue, and 100 percent felt the same about revenue associated with exports. Similarly, 71 percent of service providers agreed or strongly agreed that Compete participation helped the companies they work with in increasing their profits and their profits associated with exports.

ICT sector

With regard to the ICT value chain, Compete tracks three indicators that relate to exports and revenue (Table III.3). The indicators are the same as the first three for agribusiness but with a focus on ICT firms. Below is the tracking for these three indicators over the lifespan of the project.

Table III.3: ICT indicators associated with exports

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Percent increase in exports of assisted Palestinian ICT firms	3%	2%	5%	17%	7%	13%

¹⁹ However, they could not attribute their situation to Compete as they were not really aware of what Compete did and never dealt with the project directly.

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Percent increase in sales of assisted Palestinian ICT firms	3%	2%	5%	10%	7%	8%
Number of new ICT contracts executed with international buyers for Palestinian products or services	6	4	8	8	10	6

*Data in this column are based on the latest information available, which is the Q2 FY14 (January to March 2014) quarterly report. Since the period is not complete, it is not yet possible to assess whether the project will reach its target or not.

The pattern here is the same as noted for the agribusiness value chain, despite the fact that the target values set by the Compete team for ICT were significantly less ambitious for the percent increase in sales and exports. Compete did not meet its target during the first year (FY 2012), but met its target value for one indicator and beat the targets of the other two indicators by a factor of 2 and over 3 for FY 2013. Whereas FY 2014 is not over, the project has already exceeded its target for two out of the three indicators and is expected to at least meet the target by the end of the period for the remaining indicator, if the trend for the first two quarters is sustained. Once again, exports grew by a greater percentage than overall sales for both FY 2013 and the portion of FY 2014 for which data are available, and this increase occurred in lockstep with a rise in the number of new contracts signed with international or foreign customers.

Interviews with project beneficiaries and service providers support the progress reflected in the indicator data. Seventy-five percent of the eight respondents agreed or strongly agreed that participation in Compete's activities helped in increasing their overall revenue, resulting in a score of 3.8. A slightly lower percentage, 71 percent, reported that participation helped increase their foreign sales, for a score of 3.9. When asked specifically about profits, the figures decreased somewhat, with 62.5 percent of the eight respondents reporting that they agreed or strongly agreed that Compete participation helped increase their overall profits, for a combined score of 3.9. However, 57 percent reported that the project helped increase their profits associated with foreign sales, for a combined score of 3.7. However, there appears to be some difference in perception between larger companies that received a greater range of assistance and sometimes received tailored support from Compete, and smaller firms that were involved in a more limited set of activities. Yet, this difference supports the idea that Compete services are valuable and that those with greater exposure reap the greatest benefits. Only one ICT service provider interviewed, Arabreneur, felt able to answer these questions about the firms it works with. Arabreneur agreed that Compete helped increase participating firms' overall and export-specific revenue, but had a neutral stance about the effect of Compete participation on profits.

Tourism sector

The indicator for the tourism value chain focuses on exports because tourists are viewed as exports in mainstream economics and financial institutions (government and non-governmental). Compete tracks three indicators that relate to export and revenue (Table III.4). One of them is the same as used for agribusiness and ICT firms, whereas the other two are specific to tourism. Below is the tracking for these three indicators over the lifespan of the project.

Table III.4: Tourism indicators associated with exports

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Percent increase in exports of assisted Palestinian tourism firms	0%	0%	5%	0%	8%	7%
Percentage increase of overnight stays in Palestinian hotels from key tourism source markets	0%	0%	5%	0%	10%	N/A
Percent increase in number of bed nights in Palestinian hotels	0%	0%	5%	0%	9%	7%

*Data in this column are based on the latest information available, which is the Q2 FY14 (January to March 2014) quarterly report. Since the period is not complete, it is not yet possible to assess whether the project will reach its target or not.

The target value for all three indicators for FY 2012 was 0 percent, most likely because the 5 months that remained in the period were not enough time for activities implemented to have an effect. For FY 2013, Compete failed to reach its target value for all three indicators, but notes that a deceleration plan for the tourism value chain caused a delay in associated activities, leading to a loss of the tourism season. However, this explanation is not entirely correct, according to USAID/WBG; while USAID approved the deceleration plan proposed by Compete, funds were allocated in March 2013 (which nonetheless represents a delay) and as a result, the entire deceleration plan did not need to be enacted. Interestingly, at least one element of the deceleration plan, the dismissal of the tourism team lead, was enacted in early 2013; USAID/WBG also indicated that Compete did not re-engineer its strategy to fit the evolving needs on the ground.²⁰ These various factors may be the cause for delays in the tourism activities, although the evaluation team cannot independently confirm this assertion. Finally, the project did not report a tentative figure for FY 2014 for the percentage increase of overnight stays from key tourism markets because the results of the outreach done by the project are not expected to appear before the end of the fiscal year. Given these limitations, not much can be said about the effect of Compete activities on exports and revenue based on project indicators, except that the project appears on track to reach its targets for the two indicators for which there is FY 2014 data.

Interviews with project beneficiaries and service providers within the tourism sector provide a mixed view of the effect of Compete. Fifty-seven percent of the seven responding beneficiaries agreed (but not strongly) that participation in Compete’s activities helped in increasing the volume of incoming tourists, for a score 3.3. A slightly lower percentage, 50 percent, reported that participation helped increase revenue per incoming tourist, for a score of 3.2.²¹ However, only 40 percent agreed that Compete helped in increasing the length of stay of these tourists, for

²⁰ The specific reasoning for the enactment of this particular portion of the deceleration plan was not revealed to the evaluation team. The documentation provided by Compete did not mention this change in staffing or the reasons behind it, and USAID/WBG did not provide further clarification regarding neither the dismissal of the tourism team lead, nor what changes in Compete’s strategy for the tourism value chain were sought or expected.

²¹ Six beneficiaries responded to this question.

a score of 3.2.²² The only hotel interviewed in East Jerusalem was significantly less positive about the role of Compete, in particular about increasing the volume of incoming tourists and the revenue associated with them. The Ministry of Tourism and Antiquities (MoTA) also reported that it did not yet record any change in the number of visits to sites renovated with Compete’s help. Service providers were typically more upbeat about the effect of Compete on the sector, as all three of those interviewed agreed or strongly agreed that the project helped increase the volume of incoming tourists and their length of stay. Moreover, two out of three strongly agreed that Compete helped in increasing revenue.

Stone and Marble sector

Finally, Compete tracks three indicators for the stone and marble value chain that relate to export and revenue (Table III.5). Two of the three are the same used in the ICT and agribusiness value chains, but the third is tied to the specific strategy implemented by Compete to assist a wider share of the value chain: group and specialized marketing. The objective is to enhance the image and presence of Palestinian stone and marble on the world stage and to foster greater collaboration among Palestinian firms. The stone and marble value chain is composed of some large firms that already export to various regions of the world, as well as smaller, second-tier firms that do not yet have the capacity and experience to export effectively. Compete encourages larger firms to work with these second-tier producers and to market their products at international trade shows, all under the overarching brand of “Precious Stone from the Holy Land.” This approach is realistic from a business perspective because large projects may require more stone or marble at once than a single large firm can provide, because some smaller companies are specialized in high-end carving and have the right machinery, or because stone and marble shades and physical properties vary by region and quarry. Below is the tracking for these three indicators over the lifespan of the project.

Table III.5: Stone and marble indicators associated with exports

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Percent increase in exports of assisted Palestinian stone and marble firms	0%	0%	26%	31%	29%	13%
Percent increase in sales of assisted Palestinian stone and marble firms	0%	0%	18%	22%	20%	9%
Value of exports through group and specialized Palestinian stone and marble marketing companies and consortia	\$0	\$0	\$5,500,000	\$6,461,062	\$6,000,000	\$2,692,737

*Data in this column are based on the latest information available, which is the Q2 FY14 (January to March 2014) quarterly report. Since the period is not complete, it is not yet possible to assess whether the project will reach its target or not.

²² Five beneficiaries responded to this question.

The target value for all three indicators for FY 2012 was once again 0 percent, most likely because the effect of the project did not have time to appear. For example, companies going to trade shows follow up with leads sometimes for several months before a deal is reached. For FY 2013, the target value for all three indicators was exceeded by a significant margin, and it appears that the project will fall slightly short on all three indicators for FY 2014, assuming the pattern for the first two quarters continues. Moreover, exports grew by a greater percentage than overall sales for both FY 2013 and the portion of FY 2014 for which data are available.

Project beneficiaries interviewed within the stone and marble sector were highly polarized about the effect of Compete participation exports and revenues. For all questions (revenues, revenues tied to exports, profits, and profits tied to exports), two out of four beneficiaries either agreed or strongly agreed that Compete helped, whereas the remaining two either disagreed or strongly disagreed. However, it is worth noting that the two more upbeat companies received a greater range of Compete services than the other two. One firm is actively involved in the group marketing effort and is looking to be involved in the commercialization of sludge-derived products and the trade hubs. The second firm specializes in the cutting-edge design of stone and marble and is receiving assistance from Compete for subsidizing the wages of new female employees. The other two companies received support to attend trade shows and were interested in the new filter presses that were meant to be provided by Compete under a cost-share agreement. Service providers were also not unanimous about the role of Compete on exports and revenues, but typically were more positive.²³

The target values set by Compete for these various indicators in each of the four sectors vary significantly. Compete anticipated, accurately, that the agribusiness and stone and marble sectors would be able to ramp up their exports and revenues at a faster pace than the ICT and tourism sectors. To some degree, these variations and deferring expectations were the result of the initial state of these sectors when the project started. Compete reports that agribusiness firms already had some access to key markets at project start, including the United States, the United Kingdom, the European Union, various Gulf States, Jordan, and Israel; and that stone and marble firms had similar access to markets, including the United States, Jordan, Israel, China, and various Gulf states. These markets are also typically populous, wealthy, or geographically close to the West Bank. This suggests that it would be harder for firms in these industries to break into new international markets.

On the other hand, ICT firms were found to have a more limited international market reach at baseline, dealing primarily with the United States and Israel. This suggests that it would be easier for ICT firms to break into new international markets. Compete devised and implemented three indicators associated with access to new markets, one for the agribusiness sector, one for the stone and marble sector, and one for the ICT sector. However, as indicated by the evolution of these indicators, the development and access of new markets with Compete's help did not manage to equalize this situation. Therefore, the fact that the agribusiness and stone and marble firms assisted by Compete were able to meet target values and access a significant number of new markets during the project period so far is impressive, and in combination with greater

²³ Although one service provider spoke prospectively about the potential for sludge products based on a pre-feasibility study completed in FY 2014.

access at baseline, likely gave them an advantage over ICT firms in significantly increasing their exports and revenues.²⁴

In summary, the influence of Compete on exports and revenues is encouraging despite a late start. In the agribusiness and ICT sectors, the project exceeded its targets for all indicators relevant to export and revenue, and is on track to meet or exceed the vast majority of them again for FY 2014. Beneficiaries were generally positive about the role of Compete on their ability to export and the influence the project had on their revenue, but they were less positive about the role of the project in boosting their profits. In the tourism value chain, the project was affected by a delay in funding as well as issues with the Compete tourism team that prevented it from achieving its targets in FY 2013, and there was not enough information so far to discuss progress made in FY 2014. Beneficiaries painted a somewhat less grim picture, with a majority of respondents reporting that they felt Compete helped in increasing the number of incoming tourists. However, improvements in the services and quality of the tourism sector implemented by Compete, such as the hotel classification scheme, the renovation of key historical sites, the training and certification of hotel staff and the development of innovative forms of tourism are positive developments that form a strong basis to market the sector. Finally, in the stone and marble sector, the project appears to have been successful in increasing exports and revenues, and given the feedback of participants, the services offered by Compete (when accepted and taken advantage of) yielded worthwhile results.

Employment

The effect of Compete on overall employment varies across the value chains, with a greater effect on the agribusiness and ICT sectors. Certain activities have yielded encouraging results, including the cultivation of new crops through forward pricing, the development of the fresh herbs sector, and the employee hiring support projects. Farmers, overall, were positive about the role of Compete on employment. In tourism, the development of new types of tourism and new locations seemed to be the most promising avenue for inclusive growth in employment. In the stone and marble sector, the area that appears most promising is specialty stone work where barriers for women are lower, although this type of activity is not yet widespread.

For each of the four value chains, Compete tracks the same indicator: percent increase in the employment of assisted Palestinian firms.²⁵ Compete also added an indicator tied to youth employment for FY 2014, which aggregates both new and better employment, and cuts across all four sectors. (It is not entirely clear how “better employment” is operationalized by the M&E team.) The target values and actual values over the lifespan of the project for all five of these indicators are reported in Table III.6. The target value for this cross-sector youth employment indicator has already been topped after only two quarters of FY 2014. However, without knowing the distribution across sectors, the share of new versus better employment, and the

²⁴ It also worth noting that Compete added a new indicator related to exports and sales for FY 2014. This indicator, which is designed to be cross-sectoral (but explicitly excludes ICT), focuses on exports and sales by women-owned businesses that participated in Compete activities. The project notes that this indicator was added as part of the gender strategy recommended by the U.S. Office of the Inspector General, and that data to measure progress will be collected during FY 2014. However, the most recent quarterly report provided to the evaluation team did not include a target or actual value for this indicator.

²⁵ These indicators are labeled 4.7.3-C02 for tourism, 4.7.3-C04 for stone and marble, 4.7.3-C03 for ICT, and 4.7.3-C01 for agribusiness.

exact definition of better employment, it is difficult to provide a thorough and reliable analysis about this specific indicator.

Table III.6: Agribusiness indicators associated with employment

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Percent increase in employment of assisted Palestinian agribusiness firms	0%	0%	5%	55%	10%	9%
Percent increase in employment of assisted Palestinian ICT firms	10%	9%	20%	23%	25%	15%
Percent increase in employment of assisted Palestinian tourism firms	0%	0%	20%	6%	4%	0.22%
Percent increase in employment of assisted Palestinian stone and marble firms	0%	0%	9%	10%	13%	2%
Number of youth gaining employment or better employment as a result of participation	-	-	-	-	113	174

*Data in this column are based on the latest information available, which is the Q2 FY14 (January to March 2014) quarterly report. Since the period is not complete, it is not yet possible to assess whether the project will reach its target or not.

Agribusiness sector

The success reported for FY 2013 in the agribusiness sector is attributable to the relatively large number of forward contracts, which generated many jobs. For FY 2014, Compete is on track to meet its target value for the agribusiness value chain. Interview data from the agribusiness value chain indicates that 63 percent of the 19 beneficiaries responded agree or strongly agree that Compete helped increase their employee count, whereas 32 percent responded disagree or strongly disagree, for a score of 3.5.²⁶ The two companies interviewed that participated in forward pricing were in strong agreement that Compete helped increase their employee count, which supports Compete's explanation for FY 2013. Whereas the number of respondents per sub-sector is too small to draw strong conclusions, those beneficiaries involved in the fresh produce, fresh herbs, and meat and dairy sectors agree somewhat more than the other sub-sectors that Compete helped increase their employee count. In particular, three of the four farmers that operated small to medium-sized fresh herbs farms were in agreement that Compete helped increase their employee count. When asked specifically about youth and female employees, 53 percent of beneficiaries agreed that Compete participation helped increase youth hiring, for a score of 3.3, but only 42 percent agreed that it helped increase female hiring, for a score of 3.1. These figures are higher among the five service providers interviewed, which were especially

²⁶ This score is computed from the Likert scale that was used in the questions. Each answer option is assigned a number between 1 and 5 as follows: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree. Thus, a combined score of 3 implies a lack of consensus and an overall neutral stance, a score of 5 implies strong agreement, and a score of 1 a strong disagreement.

positive about Compete's role in increasing female hiring (80 percent agreed or strongly agreed, for a score of 4).

ICT sector

Only the ICT value chain had a target value for FY 2012, which the project narrowly missed. After failing to reach the target value for tourism in FY 2013 due to the USAID deceleration plan, the project adjusted its FY 2014 target value significantly downward. For FY 2014, according to information gathered, Compete is on track to meet its target value for the ICT value chain. Interviews with ICT participants reveal that the seven responding beneficiaries felt similarly about the role of Compete on increasing the hiring of youth, with a score of 3.3. However, the score for women was markedly lower at 2.7, due to strong disagreement from three of the seven beneficiaries. Among the three companies interviewed that received employee hiring support from Compete, the score for youth employees, 4, is higher, whereas the score for female employees is 3. Similarly, the two companies that received an export manager for hire through Compete were also more positive with regard to both youth and female employment, but the low number of respondents is too small to draw conclusions about the systematic effect of these activities on employment. The only ICT service provider that felt able to discuss the effect of Compete on employment agreed that the project activities helped in hiring both youth and female employees.

Tourism sector

For FY 2014, Compete is not on track to meet its target value for the tourism sector. Compete notes that the disappointing figure for tourism is in part due to delays in the widespread implementation of the hotel classification scheme because of issues tied to significant renovations and heavy investments required by certain hotels. In the tourism sector, the perception of beneficiaries with regard to the role of Compete on hiring was mixed. Forty-three percent of the seven responding beneficiaries felt that Compete participation helped increase their number of employees, leading to a score of 2.9. Hotels, in particular, were split in their views, with one indicating that employee training may have decreased turnover, and another reporting that efficiency gains from the training meant there was no need for more employees. When asked about youth and women employees, four beneficiaries responded, and their perception was relatively negative, with a score of 2 in both the case of youth and women. Positive feedback came from Rozana, an organization that develops trails to attract new types of tourists and expose new destinations. As part of this process, youth and women are trained as guides and local communities are able to develop new business opportunities.

Stone and Marble sector

For FY 2014, Compete is not on track to meet its target value for the stone and marble sector. The stone and marble value chain is traditionally populated almost entirely by male workers for a variety of reasons, including culture and the location of this industry, but also due to the type of labor involved. However, the project notes that two projects targeting women in the stone and marble value chain are pending launch and should increase employment in that sector. The four beneficiaries interviewed had mixed feelings about the role of Compete on employment, with a score of 2.8. This observation remained true for youth employees specifically, but was more negative for female employees, with a score of 2. Even the firm that was the most optimistic about the role of the project on employment disagreed that Compete helped with the hiring of

women in the stone and marble sector. Another company, which was in the final stages of implementing an employee hiring support project targeting young women with Compete’s help, provided a neutral assessment about Compete’s role in boosting overall employment, and female youth in particular, because the program had not yet occurred. . One service provider noted that sludge-derived products should increase overall employment and youth employment in particular, but did not expect that this increase would impact female employment.

In summary, the effect of Compete on overall employment seemed to vary across the value chains, with a greater effect on the agribusiness and ICT sectors. Certain activities appear to have yielded encouraging results, including the cultivation of new crops through forward pricing, the development of the fresh herbs sector, and the employee hiring support projects. Farmers, overall, were positive about the role of Compete on employment. In tourism, the development of new types of tourism and new locations seemed to be the most promising avenue for inclusive growth in employment, whereas in stone and marble, the area that appears most promising is specialty stone work where barriers for women are lower. However, that type of activity was not yet widespread.

Access to local and foreign debt and equity

Access to local and foreign debt and equity is not a primary objective of Compete. However, the project is nonetheless active in facilitating access to capital, particularly in the ICT value chain where capital is critical to foster innovation and its commercialization. Compete’s focus on access to capital from various sources has been relatively limited outside of the ICT sector, which is reflected by interview data. Even in that sector, the projects supported were generally new or had not been in operation long enough to have a widespread perceived influence on access to capital, outside of the start-ups that were funded directly. However, it is important to also note that some participants may not have fully assessed the indirect, second-order influence of Compete’s assistance on these outcomes, although two firms in the agribusiness sector did recognize this. Moreover, the interview data suggested that some of the most ambitious activities, including the implementation of a computerized and automated system of irrigation for greenhouses, would not have been undertaken without Compete’s help.

Due to the recently implemented StartUp Cup, the project tracks only a single indicator tied to debt- or equity-based funding. The status of this indicator, added for FY 2014, is provided below in Table III.7. The project also tracked the total value of capital investment from partners that were leveraged as a cost-share for project activities across the four value chains. The breakdown of these investments for each value chain (as of the most recently available Compete quarterly report) is discussed below. Finally, the evaluation team asked interviewees about their perception of the effect of Compete participation on their access to bank loans, foreign investment, and Palestinian investment. However, because Compete did not directly help companies with financing, most reported that they could not answer the question.

Table III.7: ICT indicator associated with employment

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Total value of start-up capital raised by youth	-	-	-	-	\$120,000	\$273,225

*Data in this column are based on the latest information available, which is the Q2 FY14 (January to March 2014) quarterly report. Since the period is not complete, it is not yet possible to assess whether the project will reach its target or not.

Cross-sector

By the middle of FY 2014, Compete financially supported the only Palestinian accelerator (FastForward), an associated mini tech park that includes an incubator (eZone), the Palestine Information & Communications Technology Incubator, the development and operation of a Palestinian branch of Arabreneur (a seed funding program that also operates an accelerator in Ramallah), and an angel investment network in the region. Accelerators like FastForward and Arabreneur competitively select cohorts of start-ups and provide them with coaching, office space, technology, and a small amount of seed funding for a limited period of time in exchange for a small portion of the start-up's equity.²⁷ Incubators provide a co-working space designed for entrepreneurs and typically rent at a reduced rate. Overall, Compete's broad-based support of ICT start-ups aims at developing an investment culture and business support organizations that specialize in assisting start-ups in Palestine.

In addition, Compete organized three Hi-Tech Hub events that gathered developers, web designers, entrepreneurs, students, academics, and investors around a business plan competition. The goal of that service is to encourage entrepreneurship, to foster broad-based exposure to new ideas, and to develop a culture of risk-taking among youth and those involved in ICT. Finally, Compete began supporting the Palestinian StartUp Cup in FY 2014, which is a cross-sector business plan competition locally organized but internationally connected.²⁸

When looking at the indicator of start-up capital raised by youth, the project has already reached its target by the end of the second quarter of FY 2014, and while both the target and the actual dollar amounts may appear modest, the capital tracked is primarily angel and seed capital. These investments allow start-up companies to develop their products and move toward commercializing them. A careful review of the latest Compete quarterly report reveals that the \$273,225 figure is the sum of two separate investments into two different start-ups operated by youth, the first for a value of \$94,000 stems from eZone, whereas the second for a value of \$179,225 is tied to the Palestinian Startup Cup. In addition, the FY 2014 Compete quarterly reports suggest that Arabreneur invested \$440,000 in four start-ups, although it appears these funds were not included in the above indicator. The progress report also notes that all four start-ups received attention from investors outside of the Arabreneur network, such as banks.

²⁷ In the case of FastForward, the accelerator accepts two cohorts of around 10 start-ups for a period of 120 days, provides them with \$50,000 in support, including \$30,000 in mentorship, office space, and software; and \$20,000 in cash. The equity stake requested in exchange is 8 percent. The specific terms for Arabreneur are less clear, but also include funds and in-kind support, including mentorship and access to the organization's network and other offices. The organization also has a mentor network and assists technology companies with exploring new markets internationally. During its first year of operation in Palestine, Arabreneur aims to support 10 ICT start-ups with an investment ranging from \$50,000 to \$150,000.

²⁸ The StartUp Cup is a global network of locally driven "accelerators without walls," active in more than 45 countries and open to any type of business idea. The principle of the organization is to simplify the development of a business support ecosystem in various countries by providing an easily implemented turnkey system. The local chapter provides resources for start-ups and holds a regular competition where winners are connected by sponsors and organizers to resources to enable long-term, sustainable growth.

In addition, the project tracked the total value of capital investment from partners that were leveraged as a cost share for project activities across the four value chains. Compete activities nearly always require beneficiaries to cost share a portion of the total cost of a specific project, which can be tracked by the project. Cost-share funds typically originate domestically, most often from the supported companies or service providers themselves, and while Compete prefers a financial contribution, in-kind investments are also acceptable in some cases. The breakdown of these investments across the four value chains is, as of the most recently available Compete quarterly report: \$15.5 million in the agribusiness sector, \$5.2 million in the stone and marble sector, \$5.2 million in in ICT sector, and \$0.8 million in the tourism sector. The project also expects that the tourism figure will increase significantly as investments tied to meeting the hotel classification standards increases.

Agribusiness sector

In agribusiness, only two beneficiaries out of 15 reported that Compete helped with regard to bank loans. One company reported that its loan application was facilitated by its status as an exporter and the other by its increased revenue, both of which were due to Compete assistance. Seventy-three percent disagreed or strongly disagreed that Compete had helped in this regard. The vast majority selected the “strongly disagree” option, leading to a score of 1.8. Comments made during the interviews about bank loans include loans that were not needed and loans as too risky. One respondent stated that loans were necessary, including access to a line of credit to pay farmers ahead of delivery, but that Compete did not provide assistance. The four service providers who answered this question had mixed views, but overall more disagreed, as seen in the score of 2.3. With regard to the role of Compete in improving access to foreign investment, the picture is broadly similar, with only one beneficiary out of 15 slightly agreeing, 67 percent disagreeing or strongly disagreeing, resulting in a score of 1.9. Service providers were generally more positive, leading to a score of 3. Finally, when asked about the role of Compete on access to Palestinian investment, only 20 percent of the 15 beneficiaries who responded agreed that Compete improved access, whereas 60 percent disagreed or strongly disagreed, for a score of 2. Service providers were not significantly more upbeat, since their combined score was also 2.

ICT sector

Beneficiaries in the ICT sector generally disagreed about the role of Compete in improving access to foreign investment, with 86 percent of the seven respondents reporting that they disagreed or strongly disagreed, for a score of 1.6. There was only slightly more agreement about Compete increasing access to Palestinian investment, with a greater number of respondents (three out of eight) reporting that they neither agreed nor disagreed. Yet, just one company agreed that Compete played a role, whereas the rest disagreed, leading to a score of 2.5.²⁹ Most service providers interviewed did not have an opinion about either question. In interviews with ICT sector participants, the question about bank loans was left out to limit the length of the already long interview guide.

²⁹ However, these questions were not asked to the three start-ups that were involved with FastForward. These start-ups would have likely reported that they agreed or strongly agreed that Compete, through the accelerator, did help in providing access to Palestinian investment. They were not asked these questions because the limited window to interview them forced the team to focus on their perceptions of the accelerator program.

Tourism sector

When asked about the role of Compete on accessing foreign investment, two of the three tourism beneficiaries who responded strongly disagreed that Compete played a role in increasing access, and one agreed, for a score of 2. Service providers, including the Arab Hotel Association (AHA) and Holy Land Incoming Tour Operators Association (HLITOA), also disagreed that Compete helped with foreign investments. With regard to Palestinian investment, beneficiaries were more positive, with one agreeing, one strongly disagreeing, and one neither agreeing nor disagreeing, for a score of 2.7. Service providers were more positive, uniformly agreeing that Compete helped increase access to foreign investment. During interviews with participants in the tourism sector, the question about bank loans was left out to limit the length of the already long interview guide.

Stone and Marble sector

The beneficiaries interviewed in the stone and marble value chain overall were in slight disagreement that Compete helped increase access to bank loans, with their four answers combining for a score of 2.3. The same answers were provided by these individuals for the role of the project on access to foreign and Palestinian investment.

In summary, Compete's focus on access to capital from various sources has been relatively limited outside of the ICT sector, and this is reflected by the interview data. Even in that sector, the projects supported were generally relatively new or had not been in operation long enough to have a widespread perceived influence on access to capital, outside of the start-ups that were funded directly. However, it is important to also note that some participants may not have fully assessed the indirect, second-order influence of Compete's assistance on these outcomes, although two firms in the agribusiness sector did recognize this. Whereas the cost-share amounts invested by Compete participants is difficult to interpret because some of these investments may have taken place regardless of Compete's efforts, the interview data suggests that some of the most ambitious activities, including the implementation of a computerized and automated system of irrigation for greenhouses, would not have been undertaken without Compete's help.

Entrepreneurship and new venture creation

The project tracks four indicators related to creation of new businesses and entrepreneurship. Two of the indicators are focused on establishment of new businesses by youth, and both are cross-sector indicators. The key distinction between them is that one seeks to measure new business start-ups through Compete assistance, whereas the other measures how many are still in operation a year after their establishment. The remaining two indicators focus specifically on the ICT sector. The first measures the overall number of new start-ups established, and the second measures the number of start-ups that developed products or signed contracts.³⁰ These four indicators, along with their performance over the life of the project, are reported below in Table III.8.

³⁰ Compete defines start-ups as companies that have been in operations for fewer than 3 years.

Table III.8: Indicators associated with entrepreneurship

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Number of businesses started by youth with Compete assistance, disaggregated by sex of founder	-	-	-	-	10	6
Number of businesses started by youth with Compete assistance still in operation 1 year later, disaggregated by sex of founder	-	-	-	-	8	N/A
Number of assisted ICT start-ups that have developed products or signed contracts	10	10	20	13	20	12
Number of new ICT start-up companies established	2	1	5	4	15	12

*Data in this column are based on the latest information available, which is the Q2 FY14 (January to March 2014) quarterly report. Since the period is not complete, it is not yet possible to assess whether the project will reach its target or not.

Compete’s direct support of entrepreneurship within the ICT sector has yielded some positive results on start-ups. Hi-Tech Hub events, although not universally praised, have been generally useful in encouraging risk-taking among participants, as well as assisting them in identifying potential markets and gaining exposure in the community, even if participants have been generally disappointed by the perceived lack of exposure to investors. Compete’s efforts to provide training were often commended for helping to improve the mindset, confidence, and performance of those who received it. In the agribusiness and tourism industries, there are some reports of new businesses, mostly tied to a greater demand for crops due to export successes and the creation of trails to lesser-known tourism sites. In the stone and marble sector, Compete was assessed quite positively for its support in reducing operational and investment risk; however, beneficiaries did not feel sufficiently aware of Compete’s attempts at helping create new businesses.

All sectors

The two cross-sector indicators that focus on youth were implemented in FY 2014, and, as a result, the indicator measuring the 1-year survival rate of start-ups does not yet have an actual value. Compete is on track to meet or exceed its target value for the other indicator for FY 2014, if the trend over the first two quarters is maintained.

ICT sector

The two ICT sector-specific indicators have been tracked since the start of the project. With regard to the number of new start-ups established, Compete did not meet its goal for either of the two completed project years, albeit by a narrow margin.³¹ Compete asserts that for FY 2012, start-up assistance began in September, which implies that the start-ups counted might be more

³¹ It is important to note that Compete defines this indicator as tracking companies that were formed directly or indirectly as a result of project assistance, leaving some ambiguity about the exact definition employed for the term “indirectly.”

appropriately viewed as an indirect result of the project.³² The project met, but did not exceed, its target for FY 2012 in terms of the number of start-ups that developed products or signed contracts, but fell short of accomplishing this again in FY 2013, although the target value had quadrupled. For FY 2013, Compete notes that for both of the ICT-specific indicators, extreme delays in vetting postponed the start of seed fund activities, affecting the support that Compete could provide to start-ups.

Looking at these indicators together, several conclusions emerge. First, the project asserts that a total of 17 ICT start-ups were established by the second quarter of FY 2014. Second, the start-ups in ICT have been able to develop products or sign contracts, suggesting that they are performing well, but it is difficult to assess the effect of Compete on this result. Third, no more than half of the 12 ICT start-ups counted for FY 2014 were started by youth, although that proportion could be significantly lower if some of the six started by youth were in other sectors than ICT. This suggests that Compete is reaching a broader set of individuals than just those who recently graduated.

The evaluation team spoke to individuals within three start-ups who were involved with FastForward about their experience. Two of the three were in the first cohort and had just graduated, moving into the e-Zone incubator, whereas the other was reaching the end of the FastForward program. Overall, they reported that the accelerator program was somewhat appropriate to their needs and that they were somewhat satisfied with the support, but they did not agree that the program was responsive to the evolving challenges of their start-ups. Strong points noted by the three start-ups were that the program was effective in connecting them to outside expertise and guidance, that it helped them become more comfortable with risk-taking and the possibility of failure, and that the support they received was provided in a personal and convenient manner. However, they did not feel that the program helped them strengthen relationships within their teams, nor that it reduced the overall development time of their product. Opinions were split about whether the program helped them in overcoming specific business challenges, but all agreed that it helped them overcome specific technological challenges their start-ups faced. These somewhat gloomy responses are from the early participants of the FastForward program, and they may improve in the future as the program evolves past its nascent status. In total, 14 start-ups have received or are receiving assistance from FastForward and Arabreneur, which means at least 14 start-ups have received seed funding with Compete's assistance.

The evaluation team also met with individuals who had attended the Hi-Tech Hub events organized by Compete. Out of the six respondents, 66 percent agreed that participation in these events helped them and their products gain exposure, whereas 83 percent agreed that it helped them better understand their target market. However, they all did not feel that participation helped them refine their ideas to prepare for commercialization. Most (66 percent) were also disappointed by the limited role that Hi-Tech Hub participation had on identifying innovative ideas that might shape their products or lead to the creation of new ones. Other common complaints about the events were that they provided too few opportunities to gain the attention of investors because there was no time to talk to them. In addition, one participant said that the Hi-Tech Hubs themselves did not live up to other similar events held in Palestine, such as the

³² Compete had just begun implementing ICT activities by the end of FY2012, and most of these activities involved more established companies, such as Infinite Tiers, H + W, and Progeneer. It is therefore difficult to tie the establishment of start-ups during this fiscal year with the project.

“Celebration of Innovation,” which contained an audience much more willing and able to inquire and invest, as well as to provide in-depth training on topics such as marketing, accounting, and pitching prior to the event. However, that same participant, who won a trip to StartUp Turkey, reported that the trip was highly valuable because it led to lasting connections. Despite these complaints, with regard to entrepreneurship, all but one felt that their own participation at Hi-Tech Hub events helped them become more comfortable with risk-taking and the possibility of failure.

Beneficiaries in the ICT sector responded to other questions about entrepreneurship and venture creation. Fifty percent of the eight responding beneficiaries agreed or strongly agreed that Compete helped reduce their operational and investment risks, whereas 25 percent disagreed or strongly disagreed, leading to a score of 3.3. The vast majority of respondents were unsure about the role of Compete in enabling the creation of new businesses, with just one out of 10 responding “No.” Service providers, on the other hand, were more positive; two (Arabreneur and Leaders) out of three agreed that Compete is enabling the creation of new businesses. Once again, nearly all of the 10 beneficiaries (90 percent) reported that Compete activities positively affected the mindset and business practices of their organization. The most commonly cited rationales for their positive answers were that services, including the Mini-MBA and the Hi-Tech Hubs, boosted their confidence and that the various trainings provided through Compete (e.g., Oracle, Ruby on Rails, training in Germany for Dimension employees) helped change participants’ ways of thinking. The three service providers who answered unanimously agreed with this assessment. The question about Compete boosting the confidence of beneficiaries was left out of the interview guide to allow for other questions.

Interviews were conducted with the broader set of project beneficiaries, and included questions on the perceived effect of Compete activities on various entrepreneurship-related indicators: whether beneficiaries felt that Compete reduced their operational and investment risk; whether Compete activities fostered greater confidence and lowered the perceived risks of starting a business; whether Compete activities enabled the creation of new businesses in their sectors; and whether Compete affected the mindset or business practices of their company.

Agribusiness sector

Among agribusiness beneficiaries, 42 percent of the 19 beneficiaries interviewed reported that they agreed or strongly agreed that Compete helped reduce their operational and investment risks, whereas 26 percent disagreed or strongly disagreed, leading to a score of 3.2. The most commonly cited reasons are the positive effects of the new lab equipment and pest protection provided to their businesses, the fact that Compete may have improved the transit speed for some goods through checkpoints, and that a high-technology project to automate the irrigation and growth of fresh herbs would not have been implemented without Compete’s help due to the high costs and risks involved. Opinions were split equally among the eight responding beneficiaries about whether, overall, Compete activities fostered greater confidence and lowered perceived risks of starting a business among the beneficiaries, although 11 beneficiaries who responded about the role of Compete in enabling the creation of new businesses in the agriculture sector were slightly negative, with six responding “No” and five responding “Yes.” Those beneficiaries who agreed were mostly a part of companies which have increased their sales through Compete and have encouraged new farmers to grow crops to meet the rising demand. In addition, 75 percent of the 12 responding beneficiaries felt that Compete activities positively affected the

mindset and business practices of their organization. The most commonly cited rationale for their positive answers was that employees are able to develop a greater attention to detail and acquire greater expertise as a result of quality certifications, which in turn yield higher quality products.

Tourism sector

Respondents in the tourism sector, whether beneficiaries or service providers, were generally neutral about the role of Compete on operational and investment risk. However, the eight that responded were unanimously positive about Compete's ability to foster greater confidence among entrepreneurs, lower the perceived risk of starting a business, and enable the creation of new businesses in tourism (except one who responded "probably"). Comments by the former respondents were related primarily to the benefits of training, whereas statements by the latter were primarily about new opportunities created by Compete, including new destinations due to Rozana's work, links to small businesses that can sell goods in the hotel shops, and the exposure to new markets. Finally, respondents were nearly unanimous (nine out of 10) about the positive effect of Compete's activities on the mindset of employees and business practices in their organizations.

Stone & Marble sector

In the stone and marble value chain, Compete was assessed quite positively for its support in reducing operational and investment risk, where four of the five respondents agreed that it helped. However, beneficiaries were not convinced that Compete helped in creating new businesses, with just one beneficiary answering "Yes" (citing a newly created specialty stone and marble firm as an example) and highlighting the promotion of the entire sector abroad as a source of opportunity for new businesses. Service providers also agreed, but mostly about the prospects linked to sludge-based products. Similarly, only one beneficiary remarked positively about Compete's role in changing the mindset and business practices at his firm, citing increased collaboration and integration in the industry, as well as the promotion of new techniques and novel stone products.

In summary, Compete's activities to directly support the ICT value chain in terms of entrepreneurship have yielded some positive results on start-ups, with 14 of them having received funding and mentoring. Hi-Tech Hub events, although not universally praised, have been generally useful with helping participants take risks, identify potential markets, and gain exposure in the community, even if participants were generally disappointed by the exposure they have received from investors. Compete's efforts to provide training were often commended for helping to improve the mindset and confidence of participants, as well as their performance. In the agribusiness and tourism industry, there were some reports of the establishment of new businesses, mostly tied to a greater demand for crops due to export successes and the creation of trails to lesser-known tourism sites. However, the evaluation team did not see direct evidence of the establishment of these new businesses.

Innovation, new products, and new methods

Innovation of products and services is one of the three PIRs that drive Compete's activities. However, the project also seeks to support technological upgrades, or the adoption of innovation, among participating companies in order to accomplish several of its key result areas, including increased quality of Palestinian products and the spreading of these upgrades across the sector

(i.e., demonstration effect). There are, therefore, two aspects of innovation for which Compete acts, and they will be discussed individually, starting with innovation of products and services. The Compete M&E team tracks three indicators that focus on new or improved products and services: one focused on the agribusiness sector, one on the tourism sector, and one on business service organizations (part of Component B). See Table III.9 for a description of these indicators.

Table III.9: Indicators associated with new products

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Number of new or improved Palestinian products produced by assisted Palestinian agribusiness firms	5	5	35	63	50	42
Number of new services provided by targeted business service providers to sectors targeted by Compete	-	-	2	18	4	21
Number of new or improved assisted tourism sites and tourism trails	0	0	5	1	6	3

*Data in this column are based on the latest information available, which is the Q2 FY14 (January to March 2014) quarterly report. Since the period is not complete, it is not yet possible to assess whether the project will reach its target or not.

Overall, Compete has achieved many of its innovation goals across the sectors, with the exception of the tourism sector. Here, Compete was not successful in achieving its goals, even though progress is being made and some of the reasons for the setbacks are largely outside of Compete’s control. Findings from stakeholder interviews from all sectors about Compete’s efforts in this area were mixed, with more satisfaction with Compete’s efforts at innovation of new products/services than in technological upgrades/adoption of new technology. Moreover, there was greater dissatisfaction among respondents in the ICT sector toward Compete’s attempts with the innovation of new products and services, while a majority of respondents in the tourism and stone and marble sectors were dissatisfied with Compete’s attempts to help firms upgrade their technology or adopt new technology.

Innovation of new products/services in the agribusiness sector

To assess the first indicator on new or improved products in agribusiness, it is important to define what is meant by “new” and “improved.” The M&E team defined “new” as products that are new to the company or to the target market. “Improved” was defined by the M&E team to mean a product that now meets market needs locally or internationally, or that meets international standards. Both definitions are broad. Comments in the various reports provide some insight on what is counted, which includes improvements to more than 30 seedling varieties as a result of grafting training at nurseries and new and improved products, including dried herbs, fruit trees, oils, and soaps. The project managed to meet or exceed its target for two periods and appears on track to exceed its target for FY 2014.

Overall, a majority of the participants in the agribusiness sector (including service providers) agreed or strongly agreed that Compete helped in developing new products and services, leading to a score of 3.6. When removing the five service providers, the picture is somewhat less positive, with 53 percent of responding beneficiaries agreeing, for a score of 3.2. Examples of new products developed are canned meat, “baby” fresh herbs, and dried or baked chips. Examples of new crops are broccoli, strawberries, cauliflowers, and sweet potatoes. When looking at new products in the wider market, slightly less than 50 percent of respondents agreed that Compete helped in developing new products, for a score of 3.2. Service providers were again widely positive, and removing them from the calculation leads to a 33 percent rate of agreement and a score of 2.8. There were relatively few examples of new products being created for export, except for fortified meat for children and all-natural Dead Sea table salt of various flavors.

When asked about the role of Compete in producing new crops, there was relatively strong agreement (60 percent), similar to that found when asked about the role of Compete in helping companies meet new quality standards (58 percent). The question on new crops was interpreted in a fashion similar to how Compete defined “new,” in the sense that one participant reported growing onions and another cucumbers and fresh herbs, crops that had not been grown before by his farm. One person mentioned growing blueberries and another broccoli, sweet potatoes, and a new type of cabbage, which are, from what the evaluation team understands crops that are new to the West Bank. Several companies answered “No” about Compete helping with the adoption of new quality standards because they had adopted them under a previous USAID project, the Palestinian Agribusiness Partnership Activity (PAPA).

Innovation of new products/services in the tourism sector

The indicator focusing on tourism is somewhat controversial. Although some of the activities tracked are innovative, including the development of trails to attract new groups of tourists with an interest in outdoors activities, most of the others cannot be as easily classified as innovation. For example, the indicator tracks renovations to the sewage system of the Burqin Church and the addition of new road signage to better promote touristic sites. The evaluation team visited Hisham’s Palace, where new display cases and informative signage were implemented by Compete, right as the project was ending. Although the site was interesting and the display cases and descriptions were informative, there was no clear sign of the use of innovative technologies. Regardless, the Compete M&E team reports that the project lagged behind schedule on the majority of these activities, in part due to issues associated with receiving permits to work on the trails. However, the project could be on track to meet its target for FY 2014.

Respondents in the tourism sector were asked the same question as in other sectors about the role of Compete in helping to create new products/services. All seven responding participants agreed or strongly agreed, with their positive comments revolving around the trails and the guesthouses that have been developed with Compete’s help, as well as the new buildings in Bethlehem that were renovated.

Innovation of new products/services in the ICT sector

The evaluation team asked several questions of people in the ICT sector about innovation in products and services. In the ICT interviews, there were fewer questions about innovation. For the core question of “Did Compete participation help in developing new products/services not

available anywhere?”, 44 percent of respondents agreed or strongly agreed, for a score of 3.3. Service providers were not a significant factor in these results. When respondents who attended FastForward were asked about whether Compete helped them overcome technological challenges, which could be linked to innovation, all three either agreed or weakly agreed. Challenges mentioned were user experience and user interface, as well as setting up hosting through Microsoft Azure. This same group was also generally positive when asked whether participation helped connect them with outside expertise and guidance, which again can be tied to innovation. Two were neutral because they reported that their mentors changed over time, making things more difficult, but the more recently enrolled people in start-ups strongly agreed.

Innovation of new products/ services in the stone and marble sector

In the stone and marble value chain, the evaluation team asked questions about new products in Palestine and elsewhere. For products not available in Palestine, the five respondents were positive, with 60 percent agreeing for a score of 3.5. However, this includes the answers of two service providers involved in sludge studies and related work, who strongly agreed since sludge-based products are new. Removing them, the score is 2.5. Respondents’ answers were significantly more negative with regard to products not available anywhere, resulting in a score of 2.5 despite the strongly positive input of a service provider. Removing that answer, the two beneficiaries who answered were either neutral or in strong disagreement. When asked about the role of Compete on enabling the production and sale of dry-sludge products, an innovation in Palestine, beneficiaries all responded in the negative, since this has not happened yet.

Innovation of new products/ services across sectors

The second indicator focuses on Component B, which plays a role in both the sustainability and access to appropriate assistance by Palestinian firms. The definition of “new” discussed above applies to Component B, meaning that adding a service already offered elsewhere but not offered by that given service provider would qualify. Compete exceeded its target in both periods, and may do so by an even wider margin by the end of FY 2014. The project noted that it had underestimated the quick returns to its activities and that enabling service providers to reach the market directly unlocked new opportunities.

The other aspect of innovation where Compete plays a role is in promoting innovative methods and technologies in the four targeted sectors. Table III.10 tracks several indicators associated with these activities.

Table III.10: Indicators associated with new methods

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Number of fresh herb farmers adopting integrated pest management (IPM)	20	23	253	253	340	N/A^
Number of hectares under improved technologies or management practices as a result of Compete assistance	200	214.8	600	626.6	1,000	443

Indicator Name	FY12 Planned	FY12 Actual	FY13 Planned	FY13 Actual	FY14 Planned	FY14 Actual*
Percent of hotels adopting nationally adopted, USAID-introduced hotel classification	0%	0%	35%	5%	70%	10%
Number of Palestinian tourism and hospitality establishments adopting new technology and tools	5	39	5	8	10	1
Number of Palestinian stone and marble firms adopting new technologies or investing in new equipment	-	-	30	31	30	N/A^

*Data in this column are based on the latest information available, which is the Q2 FY 2014 (January to March 2014) quarterly report. Since the period is not complete, it is not yet possible to assess whether the project will reach its target or not.

^ Progress on these indicators is no longer reported in FY 2014 quarterly reports. The target value is based on that set by the project in FY 2013.

Technological upgrades/adoption of new technology in the agribusiness sector

As shown in Table III.10, two indicators are tied to the agribusiness sector, although a third tracking additional liters produced by farmers adopting olive oil demonstration technologies was briefly implemented in FY 2012 (an actual value for this indicator could not be obtained).³³ The first indicator for agribusiness reported above focuses on the number of fresh herb farmers who adopted integrated pest management (IPM).³⁴ This approach was promoted by PAPA, a USAID project that preceded Compete, and was continued under Compete. Moreover, Compete assisted farmers in receiving an associated certification as part of its continued support of the fresh herbs sub-sector. Compete met its targets for both FY 2012 and FY 2013, but seems to have ceased to track this indicator in FY 2014.

The other agribusiness indicator focuses on the surface of land cultivated using improved technologies or management practices. The PMEP indicates that relevant technologies include mechanical and physical technologies, chemical technologies, and management and practices. Compete exceeded its targets for this indicator.

Overall, project beneficiaries in the agribusiness sector reported that participation in a Compete activity resulted in the adoption of new technologies, with 70 percent of respondents agreeing. A similar question was asked within the modules that focused on specific sub-sectors, with a smaller number of responses available because there were fewer participants within each sub-sector. The results are somewhat less positive, but the majority (56 percent) still agreed or strongly agreed, for a score of 3.1. For the new technologies adopted, six participants in the fresh herbs and meat and dairy sub-sectors identified laboratory equipment for quality control provided by Compete, and two mentioned saline water treatment technology. Other mentions

³³ The reports from Compete are not entirely clear on this question. It appears the first year figure was an estimate based on the EDIP project, and that the project never went back to reassess what the real figure would have been.

³⁴ IPM is an approach that combines a series of practices based on information about the life cycle of pests, regular monitoring, preventive measures, and the use of available pest control methods.

included new machines in the packing houses, double doors, and wastewater treatment. Interviewees were asked whether they felt that the production technologies or techniques deployed under Compete were being adopted by those outside the project, thus testing the “demonstration effect” assumption made in the Results Framework. The majority of respondents were unsure, but 43 percent of those who provided an answer responded “Yes.” One commented that the mechanism has been proven to work, whereas another cited the example of new and improved packaging that was copied by others.

The other questions (i.e., whether Compete participation helped participants in better processing, storing, and/or shipping their crops, in reducing crop losses associated with pests, and in increasing crop yields) explored the possible benefits of the technologies that were encouraged by Compete. Participants were more positive about the effect of Compete on processing, storing, and shipping their products, which for two respondents were tied to access to a packing house, and for one respondent to access to the quality certifications that helped ship products. One company reported this was the result of gaining access to an export manager, which is not a technological solution. Smaller farmers in the fresh herbs sector, as well as someone working for a large company also involved in fresh herbs, composed the majority of those respondents who felt that Compete helped with the losses associated with pests, as the project helped through the provision of double doors and microscopes to control the quality of the crops. However, relatively few respondents felt that Compete helped improve their yields. Of those who agreed, most related this benefit to irrigation and the reduction in pests.

Technological upgrades/ adoption of new technology in the tourism sector

Two of the technology upgrades/ adoption of new technology indicators are associated with tourism; one focuses on the adoption of the hotel classification system implemented by Compete in collaboration with the MoTA, AHA, and HLITOA, and the other on adoption of new technologies by firms in the sector, including new booking platforms and payment systems, the use of market information, and social media presence. Compete lagged behind in the first indicator, reaching just 5 percent of hotels classified at the end of FY 2013, although more than 35 percent had adopted the system already, but required renovations before classification could occur. In FY 2014, progress has been limited as well, although Compete notes that all hotels have adopted the classification because it was mandated by regulations in 2013. The limited progress remains attributed to the need for renovation among many of the hotels.

In terms of the adoption of new technologies, Compete fared better, exceeding its targets for both FY 2012 and FY 2013. The results were particularly impressive for FY 2013, where the project exceeded its target by nearly 800 percent. The new technologies that Compete promoted included the use of social media for promotion through workshops targeting hotels and tour operators, improvements to participants’ websites via web clinic events, and a database of quality images of the West Bank for companies to use in their promotional efforts. The project also worked to develop a payment gateway in collaboration with MasterCard and the Middle East Payment Services, which would facilitate online booking and payments and support the development of a Facebook app to facilitate the development of travel itineraries. The payment gateway encountered several delays and was not yet operational during this evaluation.

Only one question about the use of new technologies was asked to interviewees in the tourism sector: Has participation in Compete allowed your organization to use new technologies or tools?

Only 17 percent of the 12 respondents agreed. Both cited social media training and one specifically mentioned the Facebook application developed with Compete's assistance.

Technological upgrades/adoption of new technology in the stone and marble sector

Finally, one indicator is tied to the adoption of new technology in the stone and marble sector. New technology in this context is the filter press, a device that extracts water from slurry (a by-product of the cutting and shaping of stone and marble), reducing the pollution of wastewater and reducing the disposal costs of stone-cutting waste products.³⁵ Filter presses are particularly important because pollution from the stone and marble industry in Hebron led Israel to threaten to shut down the Hebron industrial zone as a result of the poor disposal practices and illegal connections of factories to the sewers system. Compete reports that it met its goal with regard to this for FY 2013 (the only year the indicator was tracked), with 31 firms adopting new technologies or investing in new equipment. It appears (based on footnote 27 in the FY 2013 annual report) that the figure of 31 was based on the total number of stone and marble firms adopting or planning on adopting new filter presses. Because of the ambiguity of the information on this indicator in the report, the evaluation team asked the Compete team for clarification on this issue. Based on email communication, the evaluation team found that 31 stone and marble firms agreed to purchase new filter presses.³⁶ However, only 16 firms were confirmed to have upgraded or repaired their filter press, according to the Compete team. The remaining 15 firms were slated to receive a new filter press, but the program was placed on hold indefinitely, and therefore the actual figure that should be reported is 16 instead of 31.

Although Compete asserts that it met its goal with regard to the adoption of new technologies in the stone and marble sector, it is important to review what Compete attempted to do and what it actually accomplished in this area. The project first evaluated the state of filter presses in use across the sector and identified which ones needed to be upgraded and which companies should be purchasing a filter press. Compete then commissioned a team to upgrade 16 filter presses around the West Bank, and this was accomplished by the beginning of FY 2014. In parallel, Compete attempted to educate stone and marble stakeholders about the importance of filter presses and started the procurement process to provide them to companies that did not have any, nor needed a greater capacity. The first procurement effort was highly favorable to companies, as their cost share was just 10 percent of the costs, plus the value-added tax (VAT). However, issues associated with this procurement effort, which remain unclear to the evaluation team because the situation was investigated by the U.S. Office of the Inspector General, emerged and USAID halted the process. A second round of procurement with less favorable cost-share terms (50 percent of the cost but not payment of the VAT) due to a revised assessment of the companies' ability to pay was proposed, but put on hold. Given this, it is not clear how Compete reached the conclusion that 31 companies adopted new technologies. Only 16 filter presses were upgraded, and stone and marble companies and the Union of Stone and Marble (USM) confirmed that no new filter presses were provided. Based on email communication with the

³⁵ Water treatment plants are not designed to handle this type of industrial wastewater and are thus damaged by it. Slurry clogs pipes and affects the health of residents and wildlife in the immediate area as well as others downstream. When slurry is extracted using a filter press, the water can be reused for industrial purposes, including within the stone and marble factory from where it originated.

³⁶ This is based on email communication with Eyad Anabtawi, a Compete monitoring and evaluation specialist, on December 8, 2014.

Compete team, Optimal confirmed that only 16 firms received maintenance upgrades to their existing filter presses and that the other 15 firms that agreed to purchase new filter presses received no new technological upgrades from Compete (these firms did not purchase new filter presses, nor did they receive maintenance upgrades to existing filter presses).³⁷

Throughout the project period, Compete also worked with several consultants to study the possible commercial uses of sludge. These studies included an assessment of the composition of sludge from several sites, market and technical analysis, and the identification of seven possible products that could be created using sludge as an input. This was done both to facilitate the widespread adoption of this technology and to generate new economic opportunities and new businesses. The studies conducted suggest that this waste can be used in a variety of products, including medicine, cosmetics, construction, paint, and plastic and paper production. Some of these products are more compatible with the Palestinian context, especially those relevant to construction and paints. One stone and marble company mentioned that it was exploring the use of sludge to produce power, and was in the process of identifying technology partners and investors abroad.

Only one question about the use of new technologies was asked to interviewees in the stone and marble sector: Has participation in Compete allowed your organization to use new technologies or tools? Only 17 percent of the respondents agreed, likely due to issues related to the filter presses, which were the key new technology that Compete promoted. Only one out of five respondents agreed that Compete allowed it to use new technologies or tools, citing improvements to the company's website and use of better business tools. Two service providers who were involved in Compete's work related to sludge were hopeful that, if this work remains on track, there will be new technologies for reprocessing.

Technological upgrades/adoption of new technology in the ICT sector

Two ICT interview questions also queried participants about whether Compete helped in accessing and using new tools and technologies. One focused specifically on access to these elements to grow respondents' organizations, whereas the other focused on using new tools and technologies in more general terms.

For both questions, respondents felt strongly that Compete helped, as reflected by the high level of agreement and the high score of 3.9. When asked for the specific tools and technologies that were most important to them, one respondent mentioned cloud computing and Salesforce, another mentioned Microsoft Azure and Amazon cloud hosting, two mentioned SIEBEL, and one mentioned Spotfire.³⁸ Three respondents pointed to the technology they used as part of customer projects that were facilitated by Compete.

Private-sector partnerships

As part of Compete's efforts to promote exports, the project focuses on creating connections and partnerships between Palestinian firms and Israeli firms, as well as between Palestinian firms and international and multinational companies. This is reflected in one of the key results areas of

³⁷ IBID

³⁸ SIEBEL is a customer relationship management tool from Oracle for which Compete provided training, whereas Spotfire is a data visualization tool.

Compete's Results Framework. The project also aims to increase partnerships and connections among Palestinian firms both within their sectors and across the four sectors targeted. Finally, Compete has activities that connect Palestinian firms with elements of the diaspora. No indicator used by the Compete M&E team ties directly with these partnerships. However, project participants were asked three questions about the role of Compete on establishing partnerships.

Based on this data, Compete has not been very successful in promoting private-sector partnerships, even though respondents in most sectors—especially in the tourism and stone and marble sectors—were relatively more upbeat about Compete helping to establish partnerships among Palestinian firms. Respondents in the ICT and stone and marble sectors stood out as being the most positive about Compete's activities in helping to establish private-sector partnerships with international and multinational firms.

Agribusiness sector

Overall, the agribusiness project participants interviewed did not seem overly positive about the role of Compete in establishing partnerships with other firms. The most negative answers all came in response to partnerships with Israeli firms, where only 5 percent of the 19 respondents agreed, for a score of just 1.9. Few respondents clarified their answer, although two reported that efforts were made but no results could be seen so far, one reported that there was interest but that Compete did not assist in this regard, and one noted that such partnerships could be problematic, although this participant did not provide details on why that would be the case.³⁹ A majority of the 19 participants, 58 percent, also did not perceive that Compete helped in establishing partnerships among Palestinian firms, leading to a score of 2.4. The same two respondents reported that efforts were made unsuccessfully, and the respondent who reported interest, but no assistance from Compete, also stated that efforts were made unsuccessfully. On the other hand, MAK, a service provider specializing in developing and implementing quality certifications and associated processes, reported that partnerships had been created among Palestinian firms involved with Compete. Arguably, the most important type of partnership for Compete, that between Palestinian and international firms, was also the one in which respondents were the least negative. Thirty-three percent of 21 of the agribusiness respondents reported that they agreed or strongly agreed that Compete helped, although they composed a lower percentage than those who disagreed or strongly disagreed, leading to a score of 2.8. One respondent mentioned a partnership with an Iraqi distributor, and several mentioned that they were making progress due to their attendance at various exhibitions and trade shows facilitated by Compete. One mentioned that there were high hopes surrounding the trade hub in Dubai, but that this activity was moving very slowly.

ICT sector

In the ICT value chain, approximately the same pattern seen in the agribusiness sector holds. The principal difference is how much more positive participants were about the role of Compete in helping establish partnerships with international and multinational firms. More than half of the nine respondents agreed or strongly agreed, for a score of 3.3. One respondent reported a partnership with a Palestinian in Morocco, whereas several of the others had benefited from

³⁹ This last respondent, who was located in Hebron, did not provide more details on why that would be the case. In Hebron, tensions were high during the period of interviews due to various actions by the Israeli Defense Force in the region during the search for three missing Israeli teenagers.

Compete's help in obtaining or fulfilling contracts with international firms. No comments were made about partnerships with Israeli firms, but one respondent mentioned that there was potential for more partnerships among Palestinian firms. Related to this, ICT participants were also asked about a specific form of partnership among Palestinian firms: Whether Compete connected them to new clients within Palestine. Of those who identified this question as relevant, three responded "Yes" and six "No." Several of those who responded "No" reported that they had domestic clients, but didn't obtain them through Compete. One reported no work with domestic firms, and one mentioned that there were discussions about this under Compete, but they didn't yield results. One of the respondents answering "Yes" mentioned having worked on a tourism project for Compete.

Tourism sector

In the tourism sector, the picture is significantly different. The majority of the seven respondents, 71 percent, strongly agreed that Compete helped with domestic partnerships, for a score of 3.6. Forty-three percent agreed that Compete helped in establishing partnerships with Israeli firms, which was a much greater proportion of respondents than in the other two sectors discussed above. One respondent indicated that his hotel had partnered with Arab Israeli companies to offer them new packages. However, respondents were less positive about the effect of Compete on partnerships with international and multinational firms than they were in the ICT sector, although responses were overall more positive than responses from the agribusiness sector. Few comments were made about the responses to these questions, but overall the view of the participants reflects the general focus of Compete on Palestinian capacity building (e.g., training, hotel classification, site upgrades, and festivals) and on promoting the sector abroad, which should yield partnerships over time. But these activities were started relatively late by Compete, after the completion of assessments of the most appropriate markets.

Stone & Marble sector

In the stone and marble sector, respondents' outlook on Compete appears more positive, even though the total number of respondents for each question did not exceed six. However, there is an important caveat: The most positive respondents across the board were the two service providers. Companies were typically much less in agreement with the three questions, as the scores decreased significantly when removing the service providers. The score for partnerships with Palestinian firms decreases to 3, the score for partnerships with Israeli firms decreases to 1.5, and the score for partnerships with international firms decreases to 2.7. The two companies most upbeat about partnerships with Palestinian firms were those involved in the group marketing effort developed and promoted by Compete, which directly fosters such partnerships among first- and second-tier Palestinian stone and marble firms.

Degree to which Compete addressed gaps and constraints in the business-enabling environment and targeted value chains

The West Bank faces a multitude of gaps and constraints in its business-enabling environment. Unsurprisingly, the single most commonly cited obstacle to economic growth and doing business in Palestine is political instability. However, one key constraint affecting Palestine and its domestic firms is the small size of its internal market and its high degree of fragmentation.⁴⁰ This

⁴⁰ C. Marazzi, G. Vaggi, and A. Vitali, *Growth Diagnostics: The Case of Palestine*, 2010.

is the result of both the small size of the territory, as well as Israeli security restrictions, which are composed of both physical and administrative barriers. These security restrictions have many negative direct and indirect consequences on the West Bank business environment. Combined with high overall uncertainty and risks, as well as the fact that security restrictions also limit access to external markets, the result is that most Palestinian firms remain small in size on average,⁴¹ have a low rate of capacity utilization,⁴² and lack the economy of scale to be internationally (or even nationally) competitive and to significantly stimulate growth in demand. Furthermore, the sales expectations of entrepreneurs and firms, which can be considered exogenous in Palestine given that they depend on the political situation and security restrictions, are low. This directly affects domestic investment levels, since such investments are rationally justified by the expectation to recover the funds invested and make a profit. Nonetheless, Compete's goal and its host of export promotion activities across the four target sectors directly address these issues. However, they do so not by seeking to change the security conditions on the ground (which are outside of Compete's or USAID's control) but by promoting and supporting exports, which in essence increases the size of the market for Palestinian firms, enabling them to grow and improve their sales expectations. Other consequences of security restrictions, including the toll they take upon labor mobility in the relatively small West Bank territory,⁴³ are not directly addressed, but may also be alleviated by enabling workers to gain employment locally due to greater opportunities afforded by Compete's assistance.

Despite the low capacity and lack of funding of the Palestinian Authority, the West Bank's infrastructure is relatively good due to the large inflow of donor funds.⁴⁴ The evaluation team noted that many of the roads traveled to conduct interviews around the West Bank were of good quality and had frequently been funded by USAID (not under Compete), as were many of the water pumping stations seen along these roads.⁴⁵ Access to electricity in the West Bank is also more reliable on average than it is for the Middle East and North Africa (MENA) region and lower-middle-income countries. On the other hand, water shortages were more important to West Bank firms and higher than the MENA average based on the Enterprise Survey, and this is an area in which Compete was active, in particular as it relates to agriculture and stone and marble (this is discussed in more detail in a later section).

One area that impedes new opportunities for growth in the West Bank is restrictions on the economic use of land. This impediment is particularly strong in Area C, where obtaining building permits is difficult, but land administration in Areas A and B was found by the World

⁴¹ The World Bank estimated that fully 87 percent of Palestinian firms had fewer than 20 employees in 2013.

⁴² Capacity utilization is a measure of the relationship between actual output produced versus the potential output that could be produced with the same equipment and labor. The 2013 Enterprise Survey by the World Bank and International Finance Corporation found that overall capacity utilization in the West Bank and Gaza was 63 percent, and 61 percent for the majority of firms, which are small.

⁴³ A recent study (M. Cali and S. H. Miaari, *The Labor Market Impact of Mobility Restrictions-Evidence from the West Bank*, World Bank, 2013) found that these restrictions substantially reduce the probability of workers to be employed, their hourly wages, and the number of days worked, while simultaneously increasing the number of working hours per day worked.

⁴⁴ However, as the World Bank notes, this engenders a dependency on aid, which has fallen sharply from peak levels since 2011. The Palestinian Authority has had to borrow from domestic banks and finance itself via arrears.

⁴⁵ This is corroborated by the fact that the percentage of firms identifying transportation as a major constraint decreased from 52 percent in 2006 to 34 percent in 2013, according to the World Bank.

Bank to be also lacking, in part because most of the land is still unregistered.⁴⁶ So far, Compete has not significantly intervened in this area.

Findings by the World Bank suggest that firms in the West Bank have not exhibited higher rates of engagement in product or process upgrading, use of technology, or acquisition of knowledge between 2006 and 2013.⁴⁷ Included in these concepts are the provision of formal training by firms, use of the web and email in client and supplier interactions, and maintaining an International Organization for Standardization (ISO) certification. For example, comparing figures from 2006 and 2013, it was found that fewer Palestinian firms provide formal training (from approximately 25 percent in 2006 to 15 percent in 2013), although formal training was found to be provided by large firms in 2013 approximately 35 percent of the time.⁴⁸ In addition, slightly over 20 percent of Palestinian firms were found to have implemented new or significantly improved methods of manufacturing, new products or services. The World Bank also found that fewer than 30 percent of firms received or purchased business development services. All this information suggests that Palestinian firms, on average, are not making fast progress in investing in and adopting new technologies and methods for production and marketing, as well as raising the skill level of their employees. In these areas, Compete was active on various fronts across the four sectors. These efforts include assistance to agribusiness firms to become compliant with ISO and other recognized quality standards, along with the parallel development of software to streamline data collection and tracking; the provision of workshops to tourism firms on the effective use of social media and website design; and the pilot testing and promotion of new production and quality control methods in agribusiness. These new production and quality control methods for agribusiness include better pest management for the fresh herbs sub-sector, the provision of irrigation systems, and the provision of laboratory equipment to control the quality of meat and dairy. Training was also provided to employees in certain sectors, in particular in tourism and ICT, and to a lesser extent in agribusiness.

Interview respondents across the four targeted sectors were asked whether they thought Compete addressed gaps and constraints specific to the Palestinian business environment. Seventy-nine percent of the 57 respondents across all four sectors reported that they thought so, with just 7 percent disagreeing. These figures were relatively stable across the value chains, although a slightly lower percentage of respondents in the stone and marble sector (71 percent) agreed. The reasons provided by interviewees for their answers align well with those mentioned at the macro level. The most commonly cited reason is that Compete improved the presence in and access to export markets for Palestinian firms, followed by the increase in human capital linked with various trainings. The third most commonly cited reason is that Compete helped improve the quality and competitiveness of firms in the sector.

A further check on whether Compete is addressing the overall gaps and constraints in the Palestinian business environment can be conducted by reviewing various reports focused on these issues, as well as the recommendations that were formulated in these documents. Although Compete cannot be expected to address all of the constraints identified by these reports, its approach and activities do typically align with some of the recommendations made. For example,

⁴⁶ World Bank Group, *West Bank and Gaza Investment Climate Assessment-Fragmentation and Uncertainty*, 2014.

⁴⁷ World Bank Group, *West Bank and Gaza Investment Climate Assessment-Fragmentation and Uncertainty*, 2014.

⁴⁸ The report does not permit disaggregation between Gaza firms and West Bank firms, but part of the decline is tied to major setbacks in these areas by firms in Gaza.

the IMF made four recommendations in its *Selected Issues* brief, and two of the four—improve the business environment and promote business competitiveness—are aligned with Compete’s work.^{49,50} Similarly, the World Bank, in a recent report on the investment climate in the West Bank and Gaza, recommended diversifying trade and investment ties with the Arab region and the rest of the world, investing in workforce skills development with emphasis on industry-led continuing education, and investing in firm-level capacity, technology acquisition, and entrepreneurship.⁵¹ All three of these recommendations are aligned with what Compete has been doing through export assistance, training, cost-share assistance for new equipment, the Mini-MBA program, and the support of accelerators.

Whereas the gaps and constraints discussed above are typically applicable to most firms operating in Palestine and the West Bank, each of the four targeted sectors and value chains also has their own gaps and constraints.

Agribusiness

The agricultural sector is the most affected by Israeli occupation due to this sector’s heavy reliance on land and water access. In addition, climate change has negatively affected the sector through draughts, floods, and frost. The World Bank indicates that only 12 percent of cultivated land is irrigated in the West Bank, and suggests the introduction of desalination, irrigation, and wastewater treatment, which Compete has played a role in providing and developing.⁵² In a roadmap for agribusiness development commissioned by the U.K. Department for International Development (DFID), there are several important constraints identified.⁵³ It has been noted that agricultural extension services are generally lacking; access to finance is limited for small farmers (investment is hindered on the supply side by poor product development and high perceived risk, and on the demand side by lack of scale and opaque sales prospects); and that cooperatives, and by extension, farmers, lack adequate information about foreign markets. Cooperatives, which are important in Palestine,⁵⁴ also suffer from poor marketing and commercial planning, and their self-reliance has been negatively affected by poor donor practices. Compete directly assisted with extension services by working through the Palestinian Center for Agricultural Research and Development (PCARD), providing cutting-edge scientific tools to a food quality and safety testing laboratory, and working with the Ministry of Agriculture (MoA) to build its capacity. The project also helped facilitate the creation of a Palestinian fresh herbs producer company to address operational and logistical constraints among individual herb producers. This effort continues, and capitalizes on, the work undertaken by the EDIP project, which is the project preceding Compete. Compete, through its cost-share model,

⁴⁹ The IMF primarily suggests approaching improvements to the business environment via institutional reforms (e.g., procedures and legislations, and tax law), probably because that is a better match with IMF’s approach and purview.

⁵⁰ This issues brief can be found at <http://www.imf.org/external/country/WBG/RR/2013/091113a.pdf>.

⁵¹ World Bank Group, *West Bank and Gaza Investment Climate Assessment-Fragmentation and Uncertainty*, 2014.

⁵² World Bank Group, *West Bank and Gaza Investment Climate Assessment-Fragmentation and Uncertainty*, 2014.

⁵³ TechnoServe, Oxfam, the Portland Trust, *A Roadmap for Agribusiness Development in the Occupied Palestinian Territories*, 2011.

⁵⁴ The report notes that there were 221 agricultural cooperatives in 2010, for a membership of 18,000. The total number of registered agricultural cooperatives reportedly more than doubled between 2001 and 2005.

stimulated investment without requiring loans, which are often frowned upon for cultural reasons. This model is less likely to damage self-reliance given that the investment is shared. Finally, Compete provided assistance to reach and understand markets, including the sponsoring of trade show participation and export managers for hire and assisting with marketing and packaging.

ICT

A recent MercyCorps report on the ICT sector in Palestine identified the major constraints to the sector.⁵⁵ Key constraints include the relative isolation of Palestinian firms, which limits their understanding of the competitive climate and their exposure and contacts in the world market, a lack of compliance with international standards (particularly those around process and quality management), a lack of capital to drive investment, and limited commercial training and development of new employees.⁵⁶ Compete has once again implemented activities that directly act upon most of these constraints, including the fostering of connections and business deals outside of Palestine, outsourcing and export support, and assistance with capital and knowledge for start-ups. Compete's approach with regard to start-ups has been to develop the ecosystem by working with accelerators, incubators, and investment groups. These efforts led to the establishment of a branch of Arabrepreneur in Palestine. The World Bank also notes that a lack of access to PayPal or a similar payment mechanism is constraining the nascent innovation ecosystem in Palestine. This is an area in which Compete was active, and although the system developed with assistance from Compete (the Payment Gateway) was not operational at the time of this evaluation, the project is very close to launch.

Tourism

Tourism constraints include the perception of insecurity in Palestine among people in key markets such as the United States and the EU. There is also a lack of funding to maintain and rehabilitate historical sites, and challenges exist in persuading tourists to stay in the West Bank beyond day trips from Israel. Compete has done some work to address these and other constraints. In particular, it promoted new marketing and promotion techniques by leveraging the IT sector. After some trial and error, Compete learned that specialized tourism workshops with a specific theme or subject (i.e., "social media content") was able to attract attention and bring cooperation between IT solutions and tourism companies. The project also supported the rehabilitation of two key sites, and worked with non-profit organizations to develop new attractions, in particular in Bethlehem. Another gap in the sector has been with the quality of the service provided by some tourist establishments and the ability to train people to provide high-quality services. To address this, Compete provided service training at various levels using the American Hotel and Lodging Association curriculum. In combination with this effort, Compete

⁵⁵ This report, funded by the UK Government and the EU, is by Nicholas White, and titled *ICT Business Development-Market Mapping of the Palestinian ICT Sector and the Opportunities for Partnerships in the Region*, 2nd Edition. It can be found at

http://www.mercycorps.org/sites/default/files/market_mapping_of_palestine_ict_sector_english-report-2nd-edition.pdf.

⁵⁶ The first constraint was once again chronic insecurity and instability in the region, but this was already discussed as part of the overall business environment and is not specific to the ICT sector.

worked to implement the hotel classification scheme, which adds credibility to hotels and encourages them to make necessary investments.

Stone and Marble

The stone and marble sector faces several key constraints, several of which Compete sought to address. The first is water pollution caused by the discharge of sludge into the water system and the environment. To alleviate this issue, Compete refurbished 16 filter presses to reduce the impact of sludge, and commissioned studies to identify economically productive uses of it to create an incentive for firms in the stone and marble industry to dispose of sludge responsibly. However, the project's efforts to cost-share filter presses for smaller companies that did not have one already have not succeeded. The stone and marble industry also faces challenges in marketing and sales. They appear adept at selling to the Gulf region, but most did not have the expertise and knowledge to effectively market their products at trade shows in the United States or Europe. Compete addressed this gap through booth design and by focusing on branding the stones from the sector under a Palestinian label. A key constraint that has not been addressed by Compete, however, is the limited access to new quarries.

Interviewees were also asked for their view on whether Compete addressed gaps and constraints specific to their respective value chain. The results are very similar to those reported for the overall business environment, with 77 percent of the 57 respondents agreeing, and 7 percent disagreeing. The highest percentage in agreement is found in the tourism value chain (83 percent) and the lowest in the stone and marble value chain (71 percent). Similarly, the reasons provided by those who agreed were generally the same as those mentioned above for the overall Palestinian business environment: the improved presence and access to export markets, increase in human capital, and improvement to the quality and competitiveness of firms.

The evaluation team also interviewed Palestinian Authority ministries (MoTA, MoA, and MoNE) that have purview over several of the sectors targeted by Compete.⁵⁷ They were asked to identify the three most important challenges facing their sector (or firms looking to export in the case of the MoNE).⁵⁸ Issues associated with Israeli occupation and lack of control over Area C was commonly mentioned, but the MoTA also identified limited financial resources to conduct rehabilitation work, which is something Compete is focused on, having directly rehabilitated two sites and provided funding to an NGO to rehabilitate various buildings in Bethlehem. The MoA identified climate change as a threat to the agribusiness sector, as well as the rise in the price of food and agricultural inputs linked to the 2008 financial crisis. By working on access to water and developing and implementing technologies and methods to improve productivity and crop yields, Compete has been working to address these two specific challenges. When asked whether Compete was relevant and capable of addressing these challenges, the MoA responded that it was, and in particular pointed toward the development of new agricultural products, provision of agricultural inputs to beneficiaries, and capacity building both within the MoA and for companies in terms of marketing capacity. The MoTA was less positive, suggesting that

⁵⁷ Compete and USAID indicated that the Ministry of Telecommunications & Information Technology was not directly involved with the project team, therefore no interviews were conducted.

⁵⁸ MoNE mentioned that challenges were discussed in the National Export Strategy, which was provided to Compete for each of the four targeted sectors.

although Compete's activities helped, responding to the major challenges were out of the project's reach.

Degree to which Compete increased Palestinian access to land and water for business development purposes

Compete has focused relatively less on increasing access to land and water for business development purposes than it did on more general export assistance. However, Compete was more successful with increasing access to water than land. The work done by Compete during the period of evaluation to facilitate access to water took the form of a variety of pilot projects to test innovative methods to enable use of water of less than ideal quality (e.g., wastewater, saline water). These pilot projects were evaluated to assess their viability and results. Overall, the pilots were successful, even though the projects encountered various challenges, such as persuading beneficiaries and community leaders of the safety of treated wastewater. In contrast to the work done on facilitating access to water, the project did not report implementing activities that specifically aimed to increase access to land during the evaluation period. Increased access to land, therefore, occurred as an indirect result of export growth and the adoption of new technologies. In this sense, Compete reported that project beneficiaries had made significant progress with regard to access to land, although this progress entirely took place under the agribusiness value chain, unlike access to water, which spanned both agricultural and the stone and marble value chain to a certain extent. This is supported by interviews conducted by the evaluation team, which found that only one beneficiary, in the agribusiness value chain, reported involvement in activities to increase access to land. This beneficiary indicated that farmers supplying the company with crops have obtained land that became cultivated, as well as access to new land authorized by Israel.

The project used a recurring indicator—percentage increase in area under cultivation for export crops—to track progress in increasing access to land.⁵⁹ For FY12, the project targeted a 10 percent increase and narrowly missed this target, reporting a 9 percent increase instead. However, Compete exceeded its FY13 target of 17.5 percent by 1.5 percent, and did even better in FY14, exceeding its annual target of 25 percent by 21 percent after just the first quarter of the year.⁶⁰ The evaluation team sought to disaggregate this indicator into land that was previously not used or available versus land used for domestic crops and replanted with export crop to obtain a clearer picture. Compete reported that 1,879 dunams of new land was put under cultivation under the project as of September 2013. Three companies are responsible for this total, with one firm responsible for 57 percent, the second 32 percent, and the third 11 percent. This new land was used to plant a wide variety of crops, including potatoes, onions, and carrots, but also broccoli, guava, mango, and avocado. In addition, Compete reported that 1,055 dunams of land was converted from domestic crops to export crops as of September 2013. Therefore, the majority of the growth in area under cultivation for export crops results from planting on unused

⁵⁹ Optimal requested additional information about how this indicator is computed. Compete explained that the indicator tracked both new land that was not previously cultivated but on which export crops were planted during the project (regardless of whether that land was already available to beneficiaries at project start or purchased by them during the project), as well as land initially used for domestic crops and replanted with crops for export.

⁶⁰ The most recent quarterly report provided by Compete, which covers the second quarter of FY14 (the period of January to March 2014) only reports a value for the first quarter of FY14.

land. This situation is desirable as it avoids a displacement of the output targeting the domestic market.

Compete was more active with regard to increasing Palestinian access to water for business development purposes, and has been successful in this area. Compete undertook various activities to increase access to water, which is a major constraint in the West Bank, as mentioned by many interviewees.⁶¹ Furthermore, in 2011, Palestinians were not able to extract nearly 40 percent of their annual allocation of water, in large part due to Israeli administrative restrictions on accessing the aquifers in Area C. To help increase access to water, Compete activities included the pilot testing of treated wastewater and saline water treatment for agricultural irrigation and the promotion of filter presses in the stone and marble sector. In addition, Compete initiated a new activity related to access to water in Area C during FY14. These activities, along with associated results, are discussed below.

Treated water for agriculture

This activity seeks to promote and implement the reuse of wastewater from various sources to irrigate diverse crops in the West Bank. Because this water is of marginal quality and typically contains various pathogens, it must be treated before use in agriculture.⁶² This activity was started during FY12 with a study tour to Jordan involving various stakeholders. During FY13, Compete worked with these stakeholders to build momentum around the idea of wastewater reuse, signed a Memorandum of Understanding with the MoA, conducted environmental assessments, and implemented a pilot project targeting fruit trees (e.g., olives and dates), which was the first of its kind in the West Bank. This work was done in collaboration with the Near East Foundation and PCARD. Significant efforts were made to change the image of treated wastewater and demonstrate its safe use, and the project even had to seek and obtain a Fatwa (religious ruling) from religious authorities to allow this activity to be implemented. During FY14, the project organized workshops to share best practices, developed technical and managerial guidelines for the large-scale implementation of treated wastewater, and answered questions about treated wastewater. Compete also organized study tours to Israel for farmers and community leaders from Nablus and Jenin.

Compete reported that most farmers and other stakeholders involved in the workshops and study tours were receptive to the idea of using treated wastewater for certain crops. Positive results from the pilot project to use treated wastewater to irrigate oil trees also helped. The pilot used small land surfaces, typically 1–2 dunams, and between 10 and 20 trees. The results indicate that the use of treated wastewater caused no microbial hazards to the fruits and generates the same weight of olives per dunam as supplemental irrigation using clean water (~230kg/dunam), which in turn produces the same weight in olive oil (~50kg/dunam). Regardless of the source of water used, supplemental irrigation yielded approximately 150 percent more fruits and oil per dunam than growing olives without irrigation. Just as important, the use of treated wastewater did not

⁶¹ An exception to this focus on water was found in the most recent Compete quarterly report (Q2, FY14), in which the project team mentions, after a visit to Beit Fajjar in Area C, a need to assist stone and marble firms with gaining access to new quarries. The project found that, out of 40 quarries in the area, only four were licensed to operate, and out of 10 licensing applications submitted in 2013, all are still pending approval.

⁶² See, for example, *Wastewater Treatment and Use in Agriculture*, FAO, available at <http://www.fao.org/docrep/t0551e/t0551e00.htm#Contents>.

negatively affect the quality of the resulting olive oil, which had the same percentage of acidity as oil derived from trees without irrigation. The pilot also assessed the impact of using humic acid in the water, which was found to be positive (~20 percent increase in yields of fruits and oil). The pilot project report indicated that supplementary irrigation was implemented by neighboring farmers after they saw it being done, and that other farmers were also becoming aware of the benefit of humic acid, since the volume purchased on the local market rose by 300 percent. Both of these findings suggest that the demonstration effect upon which Compete hopes to rely on to spread the use of new techniques is real and can transpire quickly. Compete scaled up treated wastewater pilot projects for olive and other crops to 100 dunams in Jenin and 200 dunams in Nablus during FY13.⁶³

Saline water for irrigation

This activity, started in FY12, aims to assess the effect of using technology that renders saline water more soluble and to increase its use by farmers in the Jordan Valley. The project pilot tested two versions of this technology, one active (requiring a power source) and the other passive, during FY12 and FY13. In FY14, the project gauged farmer interest in this technology and identified farmers willing to cost share this equipment. Salinity of the artesian water wells has been increasing over time (approximately 3.5 times since the 1970s for the Jericho area) as a result of increased stress on the aquifer system due in part to the introduction of new crops with high water consumption. Increased salinity creates several problems for farmers, who want to use this well water for irrigation. In particular, salinity prevents the planting of certain crops and reduces crop yields in terms of both quality and quantity. In addition, salt clogs the irrigation drippers used by farmers, and top soil with high salt content has reduced water permeability, increasing the proportion of water evaporated before it reaches the crops' roots. The electromagnetic water treatment technology selected by Compete possesses significant advantages over the more conventional reverse osmosis desalinization method. In particular, the cost of implementation is an order of magnitude smaller; no connection to the power grid is necessary, enabling mobility of the device, and maintenance is minimal and relatively easy. Moreover, the technology neither requires chemicals nor produces brine water as a by-product of the treatment.

The provision of saline water treatment technology by Compete to five pilot farms growing a variety of crops in the Jordan Valley also yielded positive results, although the gains were not constant across crop types. Compete implemented these pilot projects using control and treatment plots, where water and fertilizer quantities, soil, and other relevant factors were kept constant in order to assess the impact of the electromagnetic treatment of the water. For bell peppers, the treatment plot led to an increase in yields, better quality, and longer shelf life compared with bell peppers in the control plot. For fresh herbs (tarragon and oregano were tested), the treatment plot did not increase yields or lead to a longer shelf life of tarragon and oregano relative to the same type of plants in the control plot. For Medjool dates, trees in the treatment plot were larger on average than those in the control plot, even though the average yield of dates per tree was relatively small between treatment and control plots. For seedless grapes, the grapevines in the treatment plot had a longer shelf life on average than those in the control plot. For bean plants, those in the treatment plots had more fruits per plant on average

⁶³ However, the documentation provided by Compete did not detail which crops were used in the pilot, aside from olives, nor how the 300 dunams total surface was split across the various crops.

than those from the control plot, and plants in the treatment plot had healthier roots on average than those in the control plot.

A reduction in the frequency of clogged drip irrigation systems was also noted when using the electromagnetic water treatment. In addition, soil salinity at depth relevant to beans and bell peppers was found to be significantly lower in treated plots than those irrigated using untreated water. Benefits to the root system of certain crops, including bell peppers, were also reported. Based on these results, it makes sense that farmers have expressed interest in acquiring this technology, especially if they are growing crops that are more sensitive to saline water, such as beans, bell peppers, and oregano.

Filter press program

This activity, which targeted the stone and marble sector, has not been very successful and thus has not done much to increase access to water for firms in this sector. The objective of this activity was to limit the water pollution generated by this industry. In addition, filter presses allow the reuse of a significant portion of the slurry water for industrial purposes, reducing water consumption by approximately 80 percent and reducing costs associated with the disposal of slurry. The USM indicated that simple accounting should be sufficient for companies to understand the monetary benefit of filter presses. During FY12, Compete conducted an assessment of the filter presses already in use by the stone and marble industry. In FY13, Compete repaired and upgraded 16 filter presses and initiated a cost sharing-based procurement process for new filter presses. This procurement effort failed and was followed by a second attempt, which was put on hold indefinitely.

Area C water projects

In its FY14 work plan, Compete proposed a new activity on assessing the feasibility of six different water projects designed to increase access to water for agricultural use. Documents provided by Compete indicate that the terms of reference for some of these projects have been drafted and submitted to the project team. However, the implementation of one or several of the project(s) deemed feasible is not expected to take place in FY 2014.

In summary, Compete was involved in a small number of activities that increased access to water for particular uses, especially in the agriculture sector, but also in the stone and marble sector. However, it did very little to increase access to land for those in the four sectors, when using the definition of people acquiring new land or making productive use of land they already owned. In the case of treated wastewater, the project faced many hurdles and challenges that slowed down progress, including skepticism and concern about health and crop quality. However, the project used demonstrations and tours to persuade Palestinian stakeholders and it is making progress with infrastructure. In the case of the electromagnetic treatment of saline water, the project implemented pilot projects to demonstrate the value of the technology and selected an approach that is both cheaper and more sustainable than alternatives. Pilot testing illustrated that the technology should be used for certain crops, but is less useful for others. FY 2014 marks a shift in the project's approach toward access to water, as it now appears to be focusing more on finding ways to improve the water system.

Extent to which the integration of youth and gender equity in Compete's activities contributed to its overall effectiveness

Compete made incremental progress over the project's duration with regard to explicitly involving women and youth into its activities. There are no mentions of activities explicitly targeting women or youth in the project's FY 2012 work plan, and there are only two activities explicitly seeking greater involvement of women in the FY 2013 work plan. Similarly, Compete did not use or report on indicators specifically focused on female involvement in FY 2012 and FY 2013, although the project indicates that it did disaggregate four of its existing indicators by gender.⁶⁴ The situation changed in FY 2014, as reflected in the project's work plan, which includes the addition of two new activities explicitly targeting women and a greater focus on involving women in a broader range of activities that do not specifically target them. These components have typically focused on activities that provide skills, knowledge, and networks for helping youth and women start their own businesses and gain employment. In addition, Compete developed two new indicators to track the project's success with regard to assistance to women. This change is tied to the fact that Compete was directed to develop a gender strategy in May 2013 as part of an audit by the Office of the Inspector General.

Youth were not directly discussed as a concern in the audit report. However, project documents and the addition of new indicators related to youth suggest that youth received greater attention in the wake of the audit. In particular, four new indicators were developed and implemented for FY 2014 to better track youth outcomes. Three of these four indicators are focused on the ICT value chain, whereas one applies to all four sectors.⁶⁵

Nonetheless, it would be inaccurate to assume that Compete was not seeking to integrate youth and women in its activities prior to the release of the audit report. Starting in FY 2013, project reporting suggests that Compete already sought to place greater emphasis on women and youth in its activities. This is inferred, in part, by the systematic inclusion of a section about youth initiatives and gender outcomes in its monthly and quarterly reports, but also by the previously mentioned increase in activities geared toward these groups in FY 2013.

Since the formal incorporation of a gender strategy into the project, Compete reports indicate that the program has been successful overall with incorporating youth and women into its activities, as shown by the indicator data and activities discussed in the reports. Such successes should help Compete eventually achieve its broader project goals. There is, however, some variation across sectors in terms of the degree of success the project had with incorporating

⁶⁴ This information is contained in the *Additional Gender-Sensitive Indicators for Inclusion in the PMP* section of Compete's gender strategy. They include 1) Number of individuals who have received U.S. government-supported, short-term agricultural sector productivity or food security training, 2) Percent increase in employment of assisted Palestinian agribusiness firms, 3) Number of people gaining employment or better employment as a result of participation in U.S. government-funded programs, and 4) Proportion of female participants in U.S. government-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment). A review of quarterly and annual reports provided by Compete suggests that these indicators were first adopted for FY13.

⁶⁵ These four indicators are 1) Number of business started by youth with U.S. government assistance, disaggregated by sex of founder, 2) Total number of start-up capital raised by youth, 3) Number of businesses started by youth with U.S. government assistance that are still in operation 1 year later, disaggregated by sex of founder, and 4) Number of youth gaining employment or better employment as a result of participation in a U.S. government-funded program. All but the last indicator apply solely to the ICT value chain.

youth and women into Compete activities. Compete was more successful in integrating youth and women into activities for the ICT, agribusiness, and tourism sectors compared to the stone and marble sector. Moreover, the interview data indicates some dissatisfaction with the program's efforts at integrating youth and women into its activities and how these have largely not met expectations in boosting the employment of youth and women.

There are six total gender indicators listed in the FY 2013 final report and the FY 2014 Q1 and Q2 reports. Most of these gender indicators measure female participation in certain Compete activities. There is no indicator on female employment, although a footnote in the FY 2014 Q2 report states that two projects targeting women and employment were about to be launched and that outcome data on these projects would be available soon.⁶⁶ Only two indicators contain data on both planned and actual values—one in the FY 2013 final report and one in the FY 2014 Q2 report. Both indicators are on the “proportion of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment).”⁶⁷ In the FY 2013 final report, data on the actual value exceeded data on the planned value (85 percent against a target of 22 percent), meaning that Compete achieved its goal for this indicator. The same occurred for this indicator in the FY 2014 Q2 report (40 percent against a target of 24 percent), meaning that Compete exceeded its annual goal by the first quarter of FY 2014.

The FY 2014 Q2 report is the only one that lists youth indicators. This report lists four youth indicators, with three having data for both planned and actual values. Out of the three, Compete has already achieved its 2014 goal for two of them (i.e., total number of start-up capital raised by youth in the ICT sector and number of youth gaining employment or better employment across all sectors as a result of participation in a U.S. government-funded program), and Compete is on track to reach its 2014 goal for the third indicator (i.e., number of businesses started by youth in the ICT sector with U.S. government assistance).

ICT sector

Based on the number of women and youth participants at various Compete-sponsored events related to the ICT sector, Compete has been generally successful with incorporating youth and women into this sector, although the degree of success varied across events.

With respect to women, Compete reported that half of the 50 participants at the “Partners for a New Beginning” event held in the second quarter of FY 2013 were women. Compete reported the same situation at the “Salesforce training” event held in the third quarter of FY 2013. Other ICT events supported or organized by Compete routinely had at least 30 percent of women in attendance, including the “ASAL Technologies” training event held during the third quarter of FY 2013. On the other hand, there were several events where female participation was quite disappointing, including the “Content Creation” workshop held in the second quarter of FY 2013, the “Ibdaa Registration workshop,” which was only attended by men, and the “Microsoft IT Academy iOS7 Advanced Application Development Training.” In addition, based on Compete's reporting, the proportion of women at certain recurring events, in particular the Mini-MBA, have increased over time, starting at 10 percent and reaching approximately a third subsequently. However, this pattern was not observed with the Hi-Tech Hub events, which

⁶⁶ See Q2 FY3 report, page 54.

⁶⁷ This indicator is labeled as GNDR-2.

retained a fairly consistent share of women over time (approximately 30 percent). This is likely because these events are much larger and do not require invitation, and therefore capture a broader share of the ICT community.

Compete engaged in various activities to help increase women employment in the ICT sector. First, the Compete ICT team met with H+W MENA, the Palestinian Information Technology Association of Companies (PITA) and Infinite Tiers in mid-2013 to learn about their experience in hiring women and to discuss niche areas where women engineers can bring added value to the business. Second, Compete worked with Arabaneur to help the company hire a woman as an accelerator manager and with H+W Mena Software Development Center in Hebron to help it hire female workers.

Youth, on the other hand, were generally very well represented at Compete's ICT events, to the extent that it is typical for Compete to report that at least half of event participants were in that group. Several events, including the "ASAL Technologies" training and the "Salesforce" training, were entirely attended by youth. For the "Microsoft IT Academy Training" in mid-2014, 14 participants out of 27 total were youths. The "Microsoft IT Academy Android Training Session" in mid-2014 was attended by 14 youths (28 total participants). However, there are also some exceptions. Approximately 30 percent of the attendees at the Mini-MBAs were youth. This is likely the case because this program targets individuals with more experience and higher positions. Only eight of 41 total attendants at the "Startup Cup" were youths.

In the ICT sector, interview data indicates that Compete had some success in boosting youth and female employment, especially among firms that participated in activities that involved and assisted women and youth. This group makes up seven of the 15 interviewees in the ICT value chain, and when asked whether Compete participation helped increase female employment, three out of four respondents agreed or strongly agreed, for a score of 3.5. One firm reported that all its employees in its Hebron office are women, and that this was made possible with Compete's assistance, whereas several others reported hiring several women. Similarly, when this group was asked whether Compete helped increase youth employment, three out of four respondents agreed or strongly agreed, for a score of 3.8. In both cases, however, these scores are lower (2.9 and 3.4, respectively) when including all respondents regardless of whether they reported participating in activities seeking to involve or help women or youth. Among this second group, three highlighted their already high proportion of women among employees, and were proud to have accomplished this on their own accord, while also highlighting that the first focus is qualifications for each position.

Agribusiness sector

Compete recorded some progress with incorporating youth and women into its agribusiness activities. However, similar to the ICT subsection above, the degree of involvement of women and youth in these events varied significantly.

In the first quarter of FY 2013, two food safety trainings held at the Nakheel Co. were attended almost entirely by women. At a packaging and labeling awareness workshop, eight of the 45 participants were women, while women trained six men at the LibanPak training center. Seven women (total of 35 participants) attended a grafting training session. At an olive oil demonstration workshop, 52 women were in attendance.

In the second quarter of FY 2013, Compete helped sponsor various skill-building workshops that contained female participants. Compete's agribusiness team delivered a packaging and labeling workshop to 37 participants from the agricultural community, 22 percent of whom were women. Seventy-two women out of a total of 649 participants attended a series of 25 Compete-sponsored workshops between January and March 2013, which were organized to share results from an olive oil rollout. Compete assisted 27 Palestinian agricultural producers to attend the Fruit Logistica and Gulfood trade shows, with one woman attending each trade show.

However, Compete was less successful at getting women or youth to participate in some events. At a quality system training at Mahareeq Slaughter House Co., only one woman out of a total of 17 participants was in attendance, although 13 youths were in attendance. Only four women and 11 youths attended a saline water workshop (total of 63 participants). At a trade show follow-up workshop, only one woman and one youth attended this event, out of 24 participants.

In the first quarter of FY 2014, Compete helped sponsor various skill-building workshops for those in the agribusiness sector. At the StarPack 2013 conference attended by 95 participants, 22 participants were women and 35 were youths. A 3-day workshop on treated wastewater that attracted 22 total participants had seven women and two youths in attendance. A treated wastewater tour held on December 2 was attended by 11 women and two youths (37 total participants). A second treated wastewater tour held on December 9 was less successful in attracting women and youth; no women attended this tour and only one youth was present.

Interview data from those in the agribusiness sector indicate that Compete activities were moderately successful in helping increase youth and female employment. Thirty-three percent of respondents (out of 26 total and 24 who answered this question) stated that they were a part of activities involving and assisting youth and women. Within this group, 63 percent of the eight respondents either agreed or strongly agreed that Compete participation helped in increasing youth employees, for a score of 3.8. When asked whether Compete helped increase female employees, 50 percent of the eight respondents who participated in activities involving and assisting youth and women agreed or strongly agreed, for a score of 3.5. Three of the companies in this group reported hiring women, typically in their packing houses, but also in food quality testing. Many reported focusing on hiring women before Compete, but appreciated the training and the new equipment obtained with Compete's help that facilitated this. Among the companies that did not report participating in Compete activities that involved or assisted youth and women, the story is similar. Most of them hire women at the processing stage of their operations, although some also hired them for food quality control. Seven companies readily admitted that women were better than men in these positions, as they paid greater attention to detail and were more patient.

Tourism sector

An analysis of Compete reports shows that the program has been successful overall with incorporating youth and women into tourism-related activities, helping Compete reach its project goals. The pattern of engagement of women and youth in Compete activities tracks fairly closely of that found in the ICT sector.

Based on Compete's reporting, most project events targeting the tourism value chain had a female participation rate of approximately 30 percent, although this figure once again varied significantly. For example, 22 women out of 52 participants attended three e-tourism seminars delivered in December 2013. Six of the 24 total professionals who received "soft skills

assessors” training were women. Yet, in an assessor training program for the hotel classification system, six of the 25 total participants were women, and only 12 out of 74 participants at the Certified Hospitality Supervisor (CHS) training were women. Furthermore, there was only one woman among the 10 participants at the Certified Hospitality Administrator Program training. If a pattern emerges here, it is that these lower female participation rates may be tied to training for high-level staff, where women may not be as well represented. This seems to hold also for the Certified Food & Beverage Executive (CFBE) training, where only one woman was represented out of 11 participants.

Youth, on the other hand, were generally well represented across most events. For example, in the third quarter of FY 2013, Compete provided four Train, Retrain, Assess Certify (TRAC) trainings for supervisors, managers, and frontline staff. Out of a total of 64 participants at these events, 20 were women and 58 were youths. Forty-two women and 81 youths completed the Guest Services Gold Training program (172 total participants). Nonetheless, Compete was unsuccessful at attracting youth to the Certified Hospitality Education Program, which saw four women participate but no youth. Similarly, one woman and two youths completed the Certified Hospitality Housekeeping Executive (CHHE) training (11 total hotel executives were trained). It therefore appears that a similar pattern holds for youth as discussed for women, where higher-level trainings have lower participation rates because these groups are less represented at these levels.

Responses from people interviewed within the tourism sector indicate less success with Compete’s efforts at incorporating youth and women into its activities and with activities boosting employment among these groups. Fifty-four percent of the respondents (out of 13 total) were part of activities involving and assisting youth and women, which is a higher figure than in any other value chain. However, only 33 percent of respondents in this group (two out of six) either agreed or strongly agreed that Compete participation helped in increasing female employees, for a score of 2.8. These numbers also apply for whether Compete participation helped in increasing youth employees. Interestingly, the score for employing women doesn’t change when including both interviewees who participated in activities to involve and assist youth and women, and decreases only slightly (to 2.5) when asked about youth employment. There are a few organizations that stand out in terms of their agreement about the role of Compete on hiring youth and women; Rozana and HLITOA. Both of them were part of more tailored support from Compete.

Stone and marble sector

Overall, Compete has been successful with incorporating youth and women into stone and marble sector activities. Moreover, reports suggest that the project has been more successful with trying to incorporate women into this sector than youth. In 2013, the Women’s Stone and Marble Union in Nablus showed decorative stone-based items, demonstrating that women can work in this traditionally male-dominated industry. A new company producing art from carved stones began looking to hire female employees in 2013, hoping that women could help them with the designing, engineering, and exporting of stones. The Compete project is providing financial support to this firm so that it can hire female employees. Finally, Compete’s stone and marble team met with stakeholders within the sector during the first half of 2013. Stakeholders conveyed to the Compete team that there is a need for women in administrative, marketing, and design positions within the sector.

However, at a stone symposium in 2013, 69 participants were in attendance, but only five women and three youths were included. This is much more typical of the situation in this industry. In addition, many respondents interviewed from the stone and marble sector felt that Compete's actions were less successful with incorporating youth and women into activities and achieving key project outcomes. Only 33 percent of respondents (out of six total) agreed that Compete participation helped in increasing youth employees, for an overall score of 3.2. Thirty-three percent of respondents (out of six total) said that they participated in activities involving and assisting youth and women, including the speciality firm looking to hire women discussed above. More problematic, fully 100 percent of all respondents (out of six total) disagreed or strongly disagreed that Compete participation helped with increasing female employees, for an overall score of 2. The company working to implement a program to hire women with Compete's help could not yet agree or strongly agree because the project undertaken with Compete had not yet taken place.

Although the Compete documents and interview data indicate that the program has incorporated women and youth into many of its activities and events, thus helping these groups acquire the skills and knowledge to start businesses and obtain employment, Compete still has much work to do so that these goals can be achieved. Compete needs to continue working with youth and women by increasing their participation in Compete activities. This should boost their ability to start businesses and obtain employment. Nevertheless, the gains that Compete has made so far with incorporating these groups into many activities across sectors and with helping them obtain employment or start businesses indicates that progress is being made.

Evaluation Question 3: What effect does DAI's local structure and/or management of Compete have on the overall effectiveness of the project?

Overall, DAI's local structure has been effective for helping it achieve its project goals. Most respondents were satisfied with DAI's management in certain areas. However, changes could be made to the local structure to make it more effective.

DAI has implemented an effective local structure that leverages the familiarity of local staff and the expertise developed by staff involved in the project preceding Compete (EDIP). The Compete local management structure is segmented by value chain and relies heavily on Palestinian staff. The structure in place at the time of this evaluation is illustrated in the organizational chart in appendix 6. Many Compete staff members have past experience in private-sector firms within the sector on which they focus, and some staff members have been involved in previous USAID projects, in particular EDIP. The Compete team has improved its local structure over time, making it more effective for achieving project outcomes, and has made some useful additions to its ranks over the implementation period, including an economist and an engineer. Further, Compete has worked closely with USAID/WBG throughout the project. Feedback from project participants about access to the Compete team was excellent across all four value chains.

However, some of the Compete team's organizational structure appears insufficient for achieving the project's ambitious goals, especially in the ICT and tourism sectors. These inadequacies may have been partially responsible for respondent dissatisfaction with some aspects of the Compete team's management. The project has set ambitious goals for the ICT and tourism sector, such as increasing new businesses, employment, exports, and the use of new technologies. However, the

organizational chart for implementing the Compete project does not indicate that the project has permanent staff experts in each sector.

Moreover, some respondents expressed dissatisfaction with the Compete team listening to beneficiary concerns and addressing them. Finally, some respondents were dissatisfied with how long they had to wait to receive Compete funding for activities. Additionally, frequent and clear communication by Compete to eligible beneficiaries about any delays in the disbursement of Compete funds could possibly increase satisfaction levels among such beneficiaries. These organizational characteristics could have played an important role in Compete not achieving some of its project goals and with many beneficiaries being dissatisfied with Compete.

Project beneficiaries and service providers were asked several questions about their perception of Compete's management and responsiveness. The majority of people interviewed expressed satisfaction on most questions, indicating that Compete used an effective local structure overall. Interviewees were asked whether they knew whom to contact when they needed guidance, or wanted to report a success or voice concern. Ninety-one percent of the 58 respondents across the four value chains answered "Yes." A key exception was that all of the small farmers interviewed did not know the responsible Compete staff or whom they could contact, as they were indirectly involved in Compete activities through larger agricultural firms. The 12 respondents in the tourism value chain had the lowest percentage of agreement, 83 percent, whereas all five in the stone and marble sector agreed. When asked whether participants felt that any concerns with regard to Compete activities were heard and addressed by the project team, 74 percent of the 57 respondents across the four value chains agreed that Compete listened to their input and addressed issues they reported. However, this figure varies significantly across the value chains. Only 67 percent of 14 respondents in the ICT value chain agreed, whereas between 75 percent and 80 percent of the respondents in the other three value chains felt the same.

A small number (four) mostly involved in the agribusiness value chain expressed concern that Compete's management was "scattered", "out-of-touch", and "not receptive to suggestions and new ideas." Several participants across two of the four sectors expressed concerns about the impartiality of Compete staff with regard to the allocation of resources across regions. Lack of coordination with service providers and other project stakeholders was mentioned by only two participants. The two most frequently mentioned issues were linked to delays in the provision of funding tied to various project activities. Six interviewees across the ICT, tourism, and agribusiness value chains reported long waits, often for 6 months and up to a year, to receive the funding that Compete had committed to provide. In some cases, these participants had already invested their cost share, but could not begin their project in earnest without the remaining portion of the funds. Most of these respondents had already been vetted as they were already involved in the project, and three of the six reported that these issues were problematic enough for them to reassess whether they will continue to work with Compete. There were also five interviewees who reported that they had been promised assistance from Compete, but that the project did not act on them or re-contact them. It was not possible for the project team to assess whether these were misunderstandings or poor performance by the Compete team, however.⁶⁸

Interviews with Compete staff highlighted how closely and frequently the project staff meets with USAID/WBG. The discussions reported close coordination, with frequent phone calls and

⁶⁸ This would have required that the project team provide specifics about the situation of these participants, who typically spoke "off-the-record" and did not consent to being named directly.

face-to-face meetings. Feedback from the three ministries is significantly mixed. The MoA noted that relationships with Compete were good, but all three ministries identified the need for greater coordination between them and Compete. The MoTA mentioned that Compete typically reaches out to its staff when situations emerge, but then they find out about the project's progress primarily through companies and service providers involved in Compete. This second point was echoed by the MoNE, and both were concerned about the lack of formal information about the project's progress. The MoTA also reported that it was not invited to participate or assist in Compete activities aside from the hotel classification system in which the ministry plays an important role. This led the ministry to suggest that Compete should develop a formal partnership with it. The MoNE reported that the Compete team coordinated with them during the design phase of the project, but that this stopped after this phase and that there was little to no relationship between the two entities during implementation.

Information in the lessons learned sections within some reports provide information about Compete's organizational characteristics and its effects on project goals. In terms of organizational flaws, the 2012 Annual Report mentions how Compete needs to improve its methods for identifying the right business partners, understanding local standards and regulations, and bridging cultural barriers at trade shows. In the Q3/FY2 report, Compete noted that it had some difficulties working with multinational corporations (MNCs), which was partially caused by its organizational structure. The report stated that Compete needed to find ways of better understanding MNCs' decision-making processes and what they think facilitates success among business partnerships. Moreover, Compete stated that its ICT team should understand MNCs and the environment where they operate because this will help them convey the benefits of working in the West Bank and Gaza to MNCs.

Compete also noted the importance of having certain kinds of staff in its organization and how this has helped achieve key project results. In various FY3 reports (Q1 and Q2), Compete stated that having an economist on the M&E staff has added significant value to the organization as this person provided economic analyses on most of the project's interventions. Further, Compete highlighted the importance of having an engineer on its team because this allows the M&E team to better address environmental issues, the installation of equipment, and any construction work that comes under various project activities. Compete also reported the implementation of new systems that aim to help the project team deliver services more effectively and achieve key project results. In 2012, Compete implemented, through close collaboration with its Compliance and Grants team, the Technical and Administrative Management Information System. The goal of this system is to provide a centralized repository of project documentation and traceability of activity development, execution, monitoring, and evaluation.

In summary, Compete has overall implemented an effective local structure that leverages the familiarity of local staff and the expertise developed by staff involved in the project preceding Compete (EDIP). The project team has also improved its local structure over time, making it more effective for achieving project outcomes. It has made some useful additions to its ranks over the implementation period, including an economist and an engineer. Moreover, DAI has worked closely with USAID/WBG throughout the project. Feedback from project participants about access to the Compete team was excellent across all four value chains. On the other hand, participants were less positive about Compete's responsiveness to their concerns and issues. Some participants expressed frustrations with funding delays (some lasting more than 6 months), while others reported misunderstandings, at best, between them and the project team, and at

worst, poor performance by the team. Feedback from the Palestinian Authority ministries was mixed, with concerns about the lack of coordination between them and the project, as well as the lack of updates from the project team, which forced them to obtain information from participants instead.

Evaluation Question 4: Are key project results (i.e., export, investment, employment) expected to be sustainable in the long run?

Overall, Compete made efforts toward implementing sustainable activities where possible. For example, the project purposefully selected saline water treatment methods that require minimal maintenance and energy, and worked to institutionalize certain activities in collaboration with project stakeholders, such as ministries and non-profit organizations. Compete also developed and launched, along with a sustainability plan to ensure ongoing use, a tourism image bank (free of charge to those in the tourism sector). However, some activities are more sustainable than others. For example, the hotel classification system implemented in the tourism value chain is now established and mechanisms to adjust the system are in place. Similarly, the improvements to historical sites, the adoption of new crops and the forward pricing system, and the improved image of Palestinian produce, stone, and marble on the international market can be reasonably expected to last for some time. On the other hand, financial assistance for hiring and training staff, the cost sharing of trade show attendance, and the use of export managers are directly tied to ongoing funding. Companies can continue to allocate resources toward these activities, but they are inherently less sustainable. Nonetheless, the cost-share mechanism implemented by Compete across nearly all activities indicates that Compete has helped reduce costs to firms. However, Compete decreased the project's contribution over time for activities such as trade show participation or the hiring of export managers, and beneficiaries were told upfront that they would have to eventually shoulder more costs for activities.

Confidence in project sustainability is generally reflected in the interview data. Overall, 77 percent of the 57 respondents across the four value chains reported that they could maintain at least some of the Compete-related activities without Compete support. Figures varied somewhat across value chains, as all 12 respondents in the tourism value chain reported they would be able to sustain some of their activities, whereas only 57 percent of the 14 respondents in ICT felt the same. Seventy-six percent of the 25 agribusiness respondents reported they would be able to carry on with activities started under Compete, whereas 83 percent of the six respondents in the stone and marble value chain reported they would be able to at least somewhat continue them. When the interview data is segmented by type of activities received, it also becomes clear that some activities are viewed as more sustainable than others. For example, 90 percent of agribusiness firms pursuing certifications reported they will be able to sustain their effort, whereas this figure decreases to 76 percent for those involved in trade shows. However, the lower number of responses for other value chains does not provide enough information to derive reliable trends across activities. Several participants commented that some activities, especially trade show attendance, were so valuable to them that they will continue to attend regardless of Compete funding. For example, three mentioned that the assistance from Compete gave them confidence to attend future trade shows, as the insight on foreign markets and the sales opportunities justified the high cost of trade show participation.

Unsurprisingly, smaller firms across the four value chains were also more likely to report that they would not be able to sustain the activities they started under Compete, mostly due to a lack

of adequate finances. Service providers typically reported that they had some sources of revenue other than Compete, including membership dues or funding from other donors, which would enable them to continue to provide support to Palestinian firms. However, those in ICT indicated that they do not expect to be able to continue without Compete for at least several years.

The interview data indicates that some firms have made efforts to ensure the sustainability of key project results. Thirty-seven percent of the 30 respondents across all four sectors reported exploring options to enable sustainability. However, there is some variation across sectors on this issue. This figure is approximately 65 percent for the 10 respondents in the ICT and the eight respondents in the tourism value chains, whereas it decreases to approximately 15 percent for the 10 agribusiness respondents and the two stone and marble respondents. It is also important to note that some activities, including those that involved the pilot testing of technology in agribusiness, or those that involved feasibility studies for commercial uses of sludge, cannot yet be assessed in terms of their sustainability because it is too early to determine whether they will have a strong take-up rate.

Assessing whether the results generated by Compete are likely to be sustainable is a difficult task at this stage, because the activities that would sustain them have various degrees of sustainability themselves, and because few key activities have ended at this stage. However, some interesting anecdotes were reported by project participants during their interviews. For example, two service providers mentioned that, at least for some of the firms they worked with, they saw a shift toward better planning and efficiency once these firms learned how to develop marketing plans. This change in mindset was confirmed by many beneficiaries, as discussed previously. In addition, an ICT company, which received hiring and training assistance from Compete, reported that all of the engineers involved were hired on a permanent basis and that the company had signed another contract with the same client for whom this effort was undertaken. This suggests that even the funding-driven activities provided by Compete can be sustainable. Similarly, a service provider that placed interns in ICT companies reported that 35 out of the 50 interns had been hired.

In other sectors where trade shows are a key component of Compete's support, the information learned by participants suggests that they will continue to attend them on their own, with many having already done so. Thus, the increase in exports reported under Compete should at least in part be sustained. In addition, the benefits derived from training are likely to be sustained over time by the staff and managers who received it. One caveat associated with training is that in some cases, especially in the ICT sector, the skills learned may become outdated over time without active efforts by beneficiaries to maintain and update them. Results associated with start-ups are likely to be sustained only if the service providers and the Palestinian entrepreneurial ecosystem continue to grow and develop.

Evaluation Question 5: What constraints, challenges, and issues inhibit Compete from achieving its goal and target results for the remainder of its term?

The evaluation team identified several constraints, challenges, and issues that have hindered the progress of Compete and negatively affected the project's ability to achieve its target results. These constraints, challenges, and issues were derived from the review of project documents and interviews with project participants and stakeholders.

Overall constraints, challenges, and issues

- The geopolitical situation in which Compete operates is a major challenge. Political instability could quickly negate gains made in terms of access to foreign markets, contracts with foreign entities, and the development of the stone and marble and agricultural sectors in the West Bank. In addition, restrictions on land and water access, as well as the threat of Israeli land annexation in Area C, are constant concerns for project beneficiaries. To compensate for water access issues, many Palestinian farmers rely on tankered water for crop irrigation, which is expensive and hinders their ability to compete in the international markets. Higher costs also stem from having to pay for certifications issued by Israel for each shipment made and high transportation costs to ports or airports.
- Compete relied on certain service providers since the beginning of the project, despite the fact that a small number of them have not performed in a satisfactory manner based on project reporting and interviews of beneficiaries. This situation creates a dilemma for the project, as it aims to help build their capacity and therefore must show patience when service providers are not performing well, while at the same time try to provide the most valuable and effective support to beneficiaries. Furthermore, in some cases, there are few, if any, alternative service providers that are specialized in a given service or form of assistance, leaving few options for the project to mitigate performance issues. Compete has demonstrated in several cases, however, that it was aware of this issue and was actively working to foster competition among service providers to encourage them to improve.
- Issues with shipping product samples for trade shows and studies have negatively affected Compete activities. However, the severity of these delays generally led to disruptions instead of failures. For example, certain companies were operating within the sectors where trade shows were promoted and supported by Compete (i.e., the agribusiness and stone and marble sectors).
- Delays in the vetting process by USAID have caused many activities to start late and resulted in frustration among participants who fulfilled their portion with regard to cost-sharing agreements but have not received Compete assistance. In 2012, Compete noted the continuing challenge it faced with USAID's vetting system of Palestinian organizations wanting to work with the Compete project. The 2012 annual report stated that over 50 percent of the organizations applying to collaborate with Compete waited 45 days or more to receive information from USAID about their application status. In the 2013 annual report, Compete reported that the vetting delays decreased slightly. However, it stated that its most critical partners continue to wait a long period between the submission and receipt of vetting approval from USAID. Specifically, over 40 percent of firms submitted for vetting waited at least 60 days or more before a response from the U.S. government was provided. The annual report notes that this delay is "possibly the most serious impediment to the successful implementation of the Compete project" (pg. 74). It is difficult to assess the vetting process throughout 2014 because reports from this year contain little information on this topic.
- Misunderstandings between Compete and beneficiaries, as well as multiple interruptions in project funding over the project's period of performance, have damaged the reputation

of Compete among some project participants and stakeholders. Some of these issues are outside of Compete's control, but others can be remedied by the project.

Overall constraints, challenges, and issues in the agribusiness sector

Compete has faced many constraints within the agribusiness sector, many of which have been out of Compete's control. The first is climate change; Palestinian territories have been hit hard with droughts in recent years, and frost during the winter of 2013 destroyed a significant quantity of crops. A second constraint is the poor infrastructure throughout the Palestinian territories, which makes it difficult to transport water, needed farm inputs, and exports. A third constraint is the restrictions on new farm land by the Israeli government. This means that many Palestinians are forced to use the same relatively small piece of farmland year after year, some of which decline in productivity because farmers lack access to fertilizers and other farming technologies.⁶⁹ Access to these important farm inputs has been severely limited by the Israeli government in recent years. Limited access to technologies, such as certain fertilizers and other important farming equipment, is a fourth constraint. Lacking certain fertilizers can lead to a high vulnerability to plant/ animal pests and diseases.

Other issues within the agribusiness sector are ones that Compete can influence moving forward. Most of these were reported in the interviews undertaken by the project team. A key concern surrounds the ability of Compete to foster partnerships among firms in each sector and across sectors. Several participants lamented that Palestinians were not prone to collaboration with each other due to mistrust. Participants also reported that Compete did not help them 1) in developing partnerships with Israeli firms, which remain an important gateway to access foreign markets; 2) in improving the packaging of products; 3) in reducing crop losses associated with draughts or reducing the production costs of crops; 4) in improving access to capital, either through bank loans, Palestinian investment, foreign investment, or other types of funding; and 5) in finding new Palestinian buyers of new products and services.

Overall constraints, challenges, and issues in the stone and marble sector

Compete has faced many constraints within the stone and marble sector, many of which have been out of Compete's control. One constraint is the limited supply of stone and marble in Areas A and B and limited access to the stone and marble in Area C, which potentially has large supplies of these natural resources. A second constraint is with the transportation of stone and marble. When exporting stone and marble, Palestinian firms usually have to transfer their products to Israeli trucks at Israeli-controlled borders, which is very time consuming and expensive.

However, Compete has some control over other issues facing the stone and marble sector. One issue is that many companies in this sector are skeptical about Compete's decision to focus on group marketing as a means to increase exports. Although several of the companies interviewed were part of the group marketing effort and praised its effectiveness and value, others were either significantly more skeptical or hostile to the concept. This skepticism and hostility affects

⁶⁹ Israel places restrictions on various technologies and chemicals that are considered "dual-use." For example, milk factories in Hebron reported that they could not clean their production lines in accordance with the guidelines from the manufacturer because Israel does not allow the appropriate concentration of hydrogen peroxide to enter the West Bank. This leads to more frequent stops of the production lines and in some cases, tainted products that cannot be sold.

relationships among stone and marble firms (for example, one large firm lamented that booth space was not divided evenly due to group marketing) and hinders Compete's strategy to promote the whole sector abroad. A second issue is the varying level of comfort and aptitude showed by stone and marble companies with regard to marketing, web development, and their networking skills. Few stone and marble companies were deemed ready to attend trade shows in the United States. A third issue is the time spent by the Compete stone and marble team in assessing the target markets of stone and marble firms and conducting research on current trends in preparation for trade show attendance by Palestinian firms in this sector. Oftentimes, this work did not produce the expected results for these firms. Other issues reported during interviews include the fact that Compete activities did not allow some companies to implement new technologies. Moreover, some people did not feel that Compete participation helped them improve access to Palestinian investment, foreign investment, or bank loans, nor increase their employment of women.

Overall constraints, challenges, and issues in the ICT sector

Compete has faced many constraints within the ICT sector, many of which have been out of Compete's control. One general constraint deals with flawed government policies, all of which reduce the potential development of the ICT sector in the Palestinian territories. Such government laws revolve around the lack of a local procurement policy to promote local ICT, the lack of competition in telecommunications, the lack of a harmonized legal and regulatory framework, the lack of enforcement of intellectual property rights, the lack of certification and quality systems, and minimal government spending on the telecom and IT sectors. A second constraint is a poorly trained IT workforce, even among college graduates with an IT degree. There is a gap between fresh college graduates and the IT job market in terms of skill level, practical hands-on experience requirements, and the lack of necessary specialization. This was reported consistently among managers of ICT firms interviewed by the evaluation team.

However, Compete has some influence over other issues facing the ICT sector. One issue is that many Palestinian participants of workshops and trainings had a poor understanding of English and Compete did not have enough Arabic translators present, limiting the positive effects of these activities on participants. Moreover, some of these events were also attended by too many people, creating an environment that seemed chaotic to participants and where many had a hard time hearing presentations. A second issue is that the ICT team has had a difficult time increasing the number of MNCs willing to work with Palestinian ICT companies. The team has had a hard time getting the attention of large companies and convincing them to work with Palestinian ICT firms. A third issue is that many people did not feel that Compete participation helped them in establishing new partnerships with Israeli or Palestinian firms/organizations. A fourth issue is that many people did not feel that Compete participation helped improve access to foreign investment or Palestinian investment.

Overall constraints, challenges, and issues in the tourism sector

There are many constraints within the tourism sector that have been out of Compete's control. One constraint, which is present to some degree in all sectors but is arguably more of a factor for the tourism sector, is the view among many foreign tourists that the Palestinian territories are dangerous. Countries frequently put out travel advisories warning their citizens that traveling to the territories is unsafe, thereby decreasing the number of foreign tourists throughout Palestine. Relatedly, there is an absence of security and safety programs in the territories to make people

feel safe and want to visit them. A second constraint is market access to areas that could attract tourists or the ability to make changes to tourist establishments because of Israeli restrictions. For example, oftentimes, Palestinian hotel owners are not allowed to expand their buildings because of Israeli restrictions. Moreover, it is difficult for Palestinians to obtain permission to build in Area C because it is under Israeli control. This is regrettable, since Area C contains many important historical sites. A third constraint is the lack of a credit card system in most Palestinian tourist establishments, and the lack of a reliable, centralized booking system for these establishments to use. A fourth constraint is the time required to obtain a license to establish or expand a tourist business. A fifth constraint is weak infrastructure. In some areas, traffic congestion is too high or electricity, sewage, water, and other facilities are not present, deterring Palestinians from establishing a tourist business or people from visiting tourist establishments in those areas. A sixth constraint is the cost of land in the Bethlehem region, which is a very lucrative tourist area. This makes it extremely difficult for Palestinians to establish tourist businesses in that area. A seventh issue is the reported high turnover rate among tourism employees, especially those working in hotels. This creates a disincentive for hotels to invest in training, despite the need for such an intervention. An eighth issue is that many hotel managers do not have the expertise and skills to optimize the operation of their establishment, which is typically family owned.

Other issues, based on interview data, are ones that Compete can influence to a large degree. One of these issues is that some people felt that Compete participation did not help reduce operational and investment risk. A second issue is that some beneficiaries felt that Compete participation did not help improve their access to foreign investment. A third issue is that many respondents felt that Compete participation did not help increase women or youth employment.

IV. CONCLUSIONS

The following conclusions can be drawn with regard to the evaluation questions.

Evaluation Question 1: Are project activities appropriately aligned with the project's stated goal and results across both Components A and B?

- Overall, Compete activities have been strongly aligned with its goals in that all activities logically feed into one of the key result areas. By targeting a broad range of key results areas and PIRs, the project not only increases the chances that at least some of them will yield results, thus feeding into Compete's highest-level goal, but also enables the compounding of effects across activities, reducing the risk of bottlenecks and making it possible for the overall results to be greater than the sum of its parts. However, it is important to note that there are a certain number of assumptions that are embedded in the Results Framework that may not be true on a systematic basis, which could prevent Compete activities from achieving its goals.

Evaluation Question 2: What has been and likely will be the contribution of Compete toward increasing key project outcomes and specific project outcomes of interest to USAID/WBG?

- To what degree has Compete addressed gaps and constraints in the business-enabling environment and targeted value chains?
 - The influence of Compete on exports and revenues is encouraging. In the agribusiness and ICT sectors, the project has exceeded its targets for all indicators relevant to export and revenue and is on track to meet or exceed the vast majority of them again for FY 2014. Beneficiaries were generally positive about the role of Compete on their ability to export and the influence the project had on their revenue, but somewhat less positive about the role of the project in boosting their profits. In the tourism value chain, the project was affected by external factors that prevented it from achieving its targets, and beneficiaries painted a somewhat less grim picture, with a majority of respondents reporting that they felt Compete helped in increasing the number of incoming tourists. However, improvements in the services and quality of the tourism sector implemented by Compete are positive developments that form a strong basis to market the sector. Finally, in the stone and marble sector, the project appears to have been successful in increasing exports and revenues, and given the feedback of participants, the services offered by Compete yielded worthwhile results.
 - The positive effects of Compete on overall employment seem to vary across sectors, with a greater effect on the agribusiness and ICT sectors. In tourism, the development of new types of tourism and new locations seems to be the most promising avenue for inclusive growth in employment, whereas in stone and marble, the area that appears most promising is specialty stone work in which barriers for women are lower. However, a relatively small number of women are involved in this type of work.
 - Compete's focus on helping Palestinian firms access capital has been relatively limited outside of the ICT sector, and this is supported by the interview data. Even in that sector, most of the projects were relatively new or had not been in operation long enough to have a widespread perceived influence on access to capital, outside of the start-ups that were funded directly. However, interview data suggests that some of the most ambitious activities, including the implementation

of a computerized and automated system of irrigation for greenhouses, would not have been undertaken without Compete's help.

- For entrepreneurship and starting new businesses, Compete's entrepreneurship-based activities in the ICT sector seem to have yielded positive results on start-ups. Hi-Tech Hub events, although not universally praised, appear to have been generally useful. Efforts by Compete to provide training were often praised for improving the mindsets and confidence of beneficiaries, as well as their performance. In the agribusiness and tourism industries, there are some reports of new businesses, mostly tied to the greater demand of crop exports and the success of new trails to lesser-known tourism sites. However, because the evaluation team did not directly observe the new businesses or talk to the people working for them, the team was not able to verify the establishment of these new businesses.
 - Compete has achieved mixed results in helping Palestinian beneficiaries innovate, develop new products, and employ new methods. Compete was more effective in the agribusiness and ICT sectors than in the tourism value chain. Due to the halting of the filter press program, it appears that Compete will not meet its target for adoption of new technologies for the stone and marble sector in 2014. Interview data show general satisfaction in some areas and dissatisfaction in others in all sectors.
 - Overall, Compete has been only moderately effective in helping Palestinian beneficiaries establish private-sector partnerships. This is indicated in the interview data, since Compete does not have indicators to track this goal. Overall, respondents in the agribusiness value chain disagreed that that Compete helped in the creation of partnerships, particularly with Israeli companies. Similarly, respondents in the stone and marble value chain did not agree that Compete helped in the creation of partnerships, except with other Palestinian companies. On the other hand, respondents in the tourism value chain were significantly more positive about the effect of Compete on the creation of partnerships, especially with Palestinian companies, and to a lower degree with international and even Israeli companies. Respondents in the ICT value chain reported that Compete did help create partnerships with international companies, but was not effective with regard to partnerships with Palestinian and especially Israeli firms.
- To what degree has Compete addressed gaps and constraints in the business-enabling environment and targeted value chains?
 - The West Bank faces a multitude of gaps and constraints in its business-enabling environment in general and within the four specific sectors. Compete's goals and activities, as well as interview data from beneficiaries and Palestinian ministers, have so far addressed many of these gaps and constraints. However, there are many significant gaps and constraints that are outside of Compete's control, which could very well limit the effects of Compete's activities on intermediate results and project goals.
 - To what degree has Compete increased Palestinian access to land and water for business development purposes?
 - Compete has focused relatively less on increasing access to land and water for business development purposes. As far as the evaluation team could tell, more

activities were undertaken by Compete to increase access to water. Increasing access to water was a major constraint in the West Bank, as mentioned by many interviewees. Compete was involved in a small number of activities that increased access to water for particular uses, especially in the agriculture sector, but also in the stone and marble sectors.

- To what extent has the integration of youth and gender equity in Compete’s activities contributed to its overall effectiveness?
 - Compete began incorporating youth and women components into the project in 2013. With regard to gender in particular, the project formalized its approach via the development of a gender strategy in late 2013, which was incorporated in the FY 2014 work plan and included the addition of new indicators. These components have focused on activities that provide skills, knowledge, and networks that help youth and women start their own businesses and gain employment. Since the incorporation of these components into the project, Compete reports indicate that the program has been successful overall with incorporating youth and women into its activities as shown by the indicator data and activities discussed in the reports. Such successes have likely helped Compete achieve its broader goals. There is, however, some variation across sectors, and in relation to activities implemented within the sectors, with regard to the degree of success with incorporating youth and women into Compete activities. Compete was more fruitful in integrating youth and women into activities for the ICT, agribusiness, and tourism sectors compared to the stone and marble sector. In addition, Compete’s reporting suggests that it is more difficult for these groups to be well represented in more advanced training, especially those geared toward executives and supervisors. Interview data indicates that Compete did not consistently promote women and youth involvement and hiring, but that most organizations are already aware of the importance of doing so, and have in fact done so in a significant number of cases. Interviews also suggest that when Compete collaborated with organizations to develop a customized approach to hiring youth and women, the results are strong. Otherwise, interviews suggest that Compete has largely not met expectations in boosting the employment of youth and women. However, it is important to note that lag between activities and results may be responsible for this outlook.

Evaluation Question 3: What effect does DAI’s local structure and/or management of Compete have on the overall effectiveness of the project?

- Overall, the Compete project team has implemented an effective local structure that leverages local staff and their knowledge of the challenges facing businesses in the four value chains, and has also done well in leveraging the expertise developed by staff involved in EDIP, the project preceding Compete. The Compete team made some useful additions to its ranks during the implementation period, including an economist and an engineer, and worked closely with USAID/WBG throughout the project. Feedback from project participants about access to the Compete team was excellent across all four value chains. On the other hand, participants were less positive about Compete’s responsiveness to their concerns and issues. Feedback from the Palestinian Authority ministries was mixed, with concerns about the lack of coordination between them and the

project, as well as the lack of updates from the project team, which forced them to obtain information from participants.

Evaluation Question 4: Are key project results (i.e., export, investment, employment) expected to be sustainable in the long run?

- Overall, Compete made efforts toward implementing sustainable activities when possible. However, some Compete activities have been more sustainable than others. For example, the project purposefully selected saline water treatment methods that require minimal maintenance and energy and worked to institutionalize certain activities in collaboration with project stakeholders, such as ministries and non-profit organizations. Compete developed, along with a sustainability plan to ensure ongoing use, a tourism image bank. Compete also implemented the hotel classification system in the tourism value chain. Similarly, the improvements to historical sites, the adoption of new crops and the forward pricing system, and the improved image of Palestinian produce, stone, and marble on the international market can be reasonably expected to last for some time. On the other hand, activities such as financial assistance for hiring and training staff, the cost sharing of trade show attendance, and the use of export managers are directly tied to ongoing funding and are inherently less sustainable. Optimism about the sustainability of Compete's activities and goals over the long term are generally reflected in the interview data, with some variation across value chains.

Evaluation Question 5: What constraints, challenges, and issues inhibit Compete from achieving its goal and target results for the remainder of its term?

- Compete has faced various constraints and challenges in the general business environment as well as in the four sectors, many of which are outside of its control and will likely continue to hamper the project's activities and the ability to achieve some of its intermediate results and goals. However, Compete has greater control over certain issues and needs to address them so that the project is more effective moving forward. These issues, most of which were identified by project beneficiaries, are more manageable problems and can be resolved to a large degree by changes in program design and/or implementation as Compete moves forward with the project.

V. RECOMMENDATIONS

To conclude the evaluation, the evaluation team has developed recommendations based on the data collected. These recommendations are based on specific findings and include both lessons learned and good practices that can be used to inform future decision-making and programming.

Overall recommendations are the following:

- Improve the coordination and flow of information between the project and the relevant Palestinian Authority ministries. Compete should inform the relevant ministries on a regular basis about its activities and encourage the ministries to partner with Compete. To accomplish this, Compete should hold regular meetings with the staff of ministries that are relevant to Compete's work. Meetings will allow Compete to ensure the ministries are aware of project activities and results, build strong partnerships with ministries, and coordinate with them on the implementation of projects. These meetings will also allow the relevant ministries to promote Compete's services across the government and non-government sectors. Furthermore, Compete should partner more frequently with ministries that are involved in activities similar to those undertaken by Compete. Partnering would allow Compete to draw on the expertise of ministries and their networks, increasing the chances that Compete's activities will be successfully implemented.
- Provide more customized, sustained assistance to businesses across all four value chains. Such assistance could take the form of coherent, modular services and workshops, and access to one-on-one counseling. A possible approach involves conducting needs assessments for each company already involved in Compete and those joining in the future, and then for the project team or one of its service providers to regularly and systematically meet and discuss their needs and possible opportunities. This recommendation extends to women and youth involvement and employment as well, since there are indicators that projects designed specifically for and with an organization have yielded results faster and likely of a greater magnitude. The evaluation team realizes that it may be too late in the project's implementation to implement this recommendation, however, it should be noted for future projects.
- Place greater emphasis on training across all sectors, with a special focus on marketing, promotion, general business skills, planning, and operations. Training should aim to reach a larger share of companies across a greater number of sub-sectors within the value chains targeted, and to remain relevant in this expanded model, training should be tailored to meet the varied needs of participants in these different sub-sectors.
- Promote entrepreneurship in other areas of the economy besides ICT. For example, Compete should focus on incubators for agribusiness that develop and use new technologies for increasing water and crop yields. The stone and marble sector could also benefit from innovation by promoting entrepreneurship and greater involvement of Palestinian universities. However, this recommendation is less applicable to the tourism sector, in which the first priority should be to increase the collaboration between this sector and the ICT sector.
- Develop and implement more targeted opportunities to network and establish business relationships for Palestinian companies attending trade shows. This includes working with trade show attendees to identify their target market and clients, and using this

information to organize structured networking dinners and other events where business connections are facilitated.

- Improve methods for verifying progress indicator data provided by beneficiaries. Although documents provided by the Compete team demonstrates that it spoke to beneficiaries when verifying progress indicator data, the information in some of the invoices provided did not perfectly align with some of the indicator data reported by the beneficiaries. Ultimately, having sufficient, transparent, and verifiable documentation ensures that a more accurate evaluation of the Compete project can be undertaken, so that effectiveness can be better highlighted and improvements can be made. Further, the evaluation team recommends that indicators be collected more frequently, with a focus on obtaining more than one supporting source or document. Beneficiaries should be held accountable for reconciling any discrepancies, and if these discrepancies cannot be resolved, Compete should report the data from the most reliable source(s) and provide clear qualifiers about their limitations and uncertainties.
- Report indicator data more consistently in each report. Quarterly reports sometimes had missing data for multiple indicators. At various points throughout the project, this makes it difficult to know if Compete is achieving particular goals. In addition, Compete should ensure that each indicator is defined in greater detail, in particular with regard to what specifically is being measured (e.g., inclusion criteria for specific common scenarios) and the formulas that underpin each indicator. This should be incorporated in the project's performance monitoring and evaluation plan (PMEP), which should be updated on a regular basis to reflect new indicators tied to new or modified activities.
- Ensure that communication between the project and beneficiaries is regular and effective, and that all parties are clear about their responsibilities, investments, and the project's timeline. For instance, all meetings should include summary documentation to reflect discussions, decisions, and actions items, and this information should be shared with all relevant stakeholders. Although Compete can be affected by funding issues, leading to changes in the timeline and possibly a curtailment of investment commitments, the project team should ensure that there is clarity and honest communication. Ensuring this would likely reduce the number of misunderstandings reported by participants, and help them to better accept funding issues beyond the control of the project.
- Develop more activities that do not focus on the same, often larger and more established firms. As reported, Compete's current focus damages the perception of some first-, and especially second-, and third-order beneficiaries in many (but not all) cases. Larger firms are more likely to be export ready. Therefore, providing a disproportionate amount of assistance to them is more likely to generate larger and faster positive economic effects throughout the West Bank. However, smaller firms need to increase their capacity in this area as well. These smaller firms and farmers may not be export ready yet, but increasing their capacity in ancillary areas (on overall business practices and methods, for example) would help the sector and the larger exporting firms in the medium term. Strategies that could be used include creating a "mentor-protégé" program that would pair small firms with larger ones, providing more training to small firms, and enabling further capacity building of the service providers so they may be better-equipped to address the needs of smaller firms.
- Track more gender indicators. Compete's gender strategy report lists various planned activities and goals for economically improving the lives of Palestinian women. As of Q2

FY 2014, however, Compete has only tracked a three indicators (i.e., the proportion of women in U.S. government-assisted programs designed to increase access to productive economic resources, the increase in exports and/or sales by women-owned businesses and cooperatives as a result of U.S. government assistance, and the number of women participants in training and capacity building courses). The evaluation team recommends that Compete track the remaining indicators that measure planned activities and goals stated in its gender strategy report, such as the number of women participating in trade shows and group marketing, as well as the number of women gaining internships in particular sectors.

Agribusiness:

- Although Compete supports firms in their access to quality and food safety certifications, Compete should also be clearer about the possible implications of these certifications in terms of investments to comply with certification audits and be prepared to provide financial assistance to these firms when such investments to improve their infrastructure and machinery must be made to complete the process. In the case of milk producers in Hebron, these investments have been reported to reach over a million dollars. In some cases, the certification process cannot be completed without these investments, rendering previous certification efforts made by both Compete and the firms moot.
- Encourage greater participation in trade shows by agribusiness firms. Indicator and interview data suggest that trade shows for agribusinesses were successful and that farmers want to participate in them. However, at least one trade show (the 2014 Fancy Food Trade Show) was cancelled because a small number of farmers submitted proposals by the deadline. It is possible that farmers were not aware of the proposal submission deadline and/or that they needed help with writing a proposal. The evaluation team therefore recommends that Compete use better outreach to inform farmers about trade show participation (e.g., through text messages and call, emails, farmers associations) and provide more assistance to farmers with writing proposals for trade show participation.
- Focus more on supporting fair-trade groups (e.g., Palestinian Fair Trade Association). These organizations tend to prioritize the interest of farmers by paying above-market rates for crops and have various schemes to encourage investment in local communities. In the interviews, farmers working with fair trade organizations, for example, were much more satisfied with their situation than those working with larger firms. There may also be a need to involve local farmers' cooperatives to a greater extent as part of export capacity building, although it is known that some of them have been captured by minority interests.

ICT:

- Provide training or coaching to people interested in launching a start-up or those that have just launched one. It is important to ensure that there is a strong pipeline of start-ups that can benefit from the newly implemented elements of the entrepreneurial ecosystem, including the accelerator and incubators. Participants of the Hi-Tech Hub event should receive training or coaching prior to this event. Such activities will help participants be more successful at these events. Training or coaching can help participants with the marketing of their products and instruct them on how to effectively engage investors. Both can increase the chances of participants launching their start-ups. For start-up

founders, the Mini-MBA is an excellent opportunity to receive accessible and focused training in the areas of marketing and public relations. However, other assistance should be provided for people who, for example, need one-on-one help for a short period of time (i.e., only for an hour) on an issue related to their particular start-up.

- Use a different strategy for connecting Palestinian ICT firms with the Palestinian diaspora in the United States, the Gulf, and Europe. One approach would be to *not* use the Palestinian Information Technology Association of Companies for this goal, given its limited success in connecting Palestinian ICT firms with firms in the United States, Europe, and Gulf states. Instead, Compete should consider using Arab business councils and networks located in the United States, Europe, and Gulf states for developing business ties between companies in these regions and Palestinian firms. Another approach would be to organize more international exchange and scholarship programs.
- Foster greater collaboration and linkages among Palestinian ICT firms so that they can take on more risky and complex projects. Collaboration among firms should allow them to combine their skills and experiences. Compete should hold networking events that bring ICT firms together in a relaxed, informal environment so that they can discuss their projects, goals, challenges, and ideas for collaboration.
- Compete should look for opportunities for how Palestinian universities and ICT firms can work together. The goal is to create a feedback loop between these two worlds so that information about company needs and the results of improvements in the universities' curriculum are exchanged on a more formal and systematic basis. This could be done through regularly held networking events between the firms and university professors and administrators, for example.
- Foster greater collaboration between the ICT sector and other sectors most likely to benefit from greater access to software and technology, including the healthcare, agriculture, accounting and finance, and government sectors. Although the Palestinian market is small and fragmented, ICT firms do not appear to have penetrated their domestic market very well yet.

Tourism:

- Implement the third-party auditing of the hotel classification system on a regular basis to ensure that the classification process is fair, reliable, and efficient. It would be desirable for these audits to include interviews of hotel assessors about their experiences and perceived shortcomings in the process. In addition, the hotel classification system would benefit from unannounced visits by assessors, as opposed to the current situation in which hotels are notified in advance and can take steps to show their facilities and services under the best possible light.
- Ensure that staff trainings are conducted in a time frame that enables staff to properly study and learn the material. This could be challenging for many reasons, including the fact that hotels are generally reticent to pay their staff while they train, but it would likely yield better and more durable results.

Stone and Marble:

- Work with the Union of Stone and Marble (USM) and larger companies in the sector to either persuade them of the value and effectiveness of group marketing, or to revise the strategy so that a greater buy-in emerges. Currently, the skepticism by these stakeholders

toward this strategy is creating tensions among firms and damaging the credibility of Compete.

- Conduct more direct training and capacity-building assistance to medium-sized firms in the stone and marble sector. Such training and other forms of assistance should provide information on marketing, accessing finance, ideas for creating new products, and ways of creating partnerships with firms, especially Israeli ones. Such information should help stone and marble companies increase their sales, revenues, employment, and competitiveness.
- Continue to work toward a greater number of filter presses in the stone and marble industry, and toward implementing economically viable uses of sludge. The environmental and economic costs of not doing so would be prohibitive. To progress in this area, it is important for Compete and the USM to clearly demonstrate the financial benefits that firms can reap from using filter presses, including significantly reduced water consumption and disposal costs.

Change the reported figure for the indicator tracking the number of stone and marble companies receiving a technological upgrade or investing in new equipment (indicator 4.7.3-C10) in the FY 2013 annual report from 31 to 16, given that only 16 firms received maintenance on their existing filter presses to date.⁷⁰

⁷⁰ This recommendation is based on email communication with Eyad Anabtawi, a monitoring and evaluation specialist at Compete on December 8, 2014. Anabtawi confirmed that the 15 remaining firms were slated to receive a new filter press, but that the program was placed on hold indefinitely in January 2014. As a result, the indicator is no longer tracked in FY 2014, according to the most recent reports provided by Compete.

VI. APPENDICES

Appendix 1: USAID Evaluation Statement of Work

Mid-term Evaluation of the Compete Project

I. PROJECT INFORMATION

A. Project Information

- a. **Project Title:** Enterprise Development for Global Competitiveness Project -- Compete
- b. **Award Number:** AID-294-C-12-00001
- c. **Award Dates:** December 30, 2011–December 29, 2016
- d. **Project Funding:** \$58,018,718
- e. **Implementing Organization(s):** DAI
- f. **Project/Activity COR/AOR:** Ghassan Al Jamal, Kevin Fox

B. Background

On December 30, 2011, USAID/WBG awarded contract number AID-294-C-12-00001-00 to Development Alternatives Incorporated (DAI) to implement the Compete project. The Compete project promotes economic growth in key economic sectors of the Palestinian economy. To achieve global competitiveness, Compete helps Palestinian small and medium enterprises (SMEs) become better integrated in the global economy and to be prepared to embrace the technical and market challenges of their global industries. As of January 2014, the project has obligated \$29,763,000 of the total \$58,018,718 total estimate cost and it ends on December 29, 2016. This project has two main components:

Component A: Assists Palestinian firms to compete in international markets through innovation, skills trainings, and by linking enterprises to sustainable, high-value distribution channels.

Component B: Assists in the development of Palestinian service providers and business support organizations to create a market-friendly environment to maintain growth in the Palestinian economy beyond the life of the project.

Within the two components, the Compete project specifically implements activities in four sectors: agribusiness; tourism; information, communication, technology (ICT), and stone and marble. These sectors have been identified by USAID and stakeholders as having the most potential for both employment and export growth.

Activities to be evaluated

The Compete project implements activities throughout the West Bank spanning the four priority sectors. The project has not implemented any activities in Gaza due to political and logistical constraints outside of its control. The following is a general overview of the activities in each sector (more information can be found in the work plan, reports, and other documents, which will be shared with the contractor):

Agribusiness sector: Activities under this sector focus on enabling Palestinian commercial farmers to address market gaps and constraints, which will enable Palestinian enterprises to identify and exploit significant economic opportunities, primarily in the international market. The project assists farmers to produce new types of crops varieties for targeted export markets at international recognized standards for quality and production. The project is also supporting the sector to integrate new modern technologies and techniques to both reduce production costs and increase access to quality water. Key stakeholders include the Ministry of Agriculture, the private sector, and non-governmental organizations (NGOs).

Tourism sector: Activities under this sector focus on assisting the Palestinian tourism sector to increase tourist numbers, overnight stays, and overall revenue. This includes tourist site renovations, support to tour operators, and the development of Palestinian tourist hubs in Bethlehem, Jericho, and Nablus through support to city festivals, the development of touristic offerings, and SME development. Furthermore, the project is working with stakeholders to improve the overall quality and service of hotels in the West Bank through the launch of an internationally recognized hotel classification system, online payment systems, and support for in-service hospitality training for hotel employees. Key stakeholders include the Ministry of Tourism and Antiquities, Holy Land Incoming Tour Operators Association (HILTOA), Arab Hotel Association (AHA), various municipalities, the private sector, and NGOs

ICT sector: Activities under this sector work to facilitate private-sector partnerships with U.S. multinationals and Palestinian firms to boost exports, improve skills, and develop new market channels. The project provides training for Palestinian IT executives through a Mini-MBA program, which provides these entrepreneurs with the business skills needed to take their businesses to the next level. Key stakeholders include U.S. multinational corporations, Palestinian and Israeli universities, NGOs, and the Palestinian private sector.

Stone and Marble sector: Activities under this sector support medium-sized stone and marble producers to build new export channels in markets such as Europe, Brazil, and the United States through the development of innovative “group marketing” in conjunction with participation in international trade shows. The project also supports producers to utilize more sustainable mining practices, including recycling and water reuse. Key stakeholders include the Union of Stone and Marble (USM), Hebron municipality, academia, private sector, and NGOs.

C. Provision of Documents

The COR and A/COR, through the Mission's Private Enterprise Office (PEO) will put the contractor in contact with its implementing partner and will provide assistance with meetings as necessary (such as meeting with U.S. government agencies). To the extent possible, relevant reports and other project documentation will be provided by the Mission to the contractor prior to travel to Israel/West Bank. These documents are:

1. Statement of Work for Compete
2. Compete annual, quarterly, monthly, and weekly reports
3. Compete work plans
4. Studies/assessments produced under project.
5. Other projects documents, which will be provided by the PEO office at USAID/WBG

The Mission's PEO team will brief the evaluation team on their perceptions of political dynamics.

II. EVALUATION RATIONALE

The mid-term evaluation will review the progress of the project in improving the overall competitiveness of the Palestinian private sector through consideration of the project's design, implementation to date, management, and consortium structure. Additionally, the evaluation will (a) assess the contribution of Compete's activities toward strengthening the overall competitiveness and export potential of Palestinian SMEs, and (b) advise on the practicality of measuring "the success of Compete as a whole" on such results. The evaluation will cover the period of January 2012 through February 2014. The conclusions of the evaluation will be used by USAID/WBG to improve or design current and/or future interventions in the area of private-sector development. With similar purpose, USAID will share the results of the study with other donors, host country government stakeholders, and partners working in this area. The evaluation team should review and summarize the implementation and results achieved by this project to address the following purposes and answer the key evaluation questions.

Evaluation questions and considerations

- 1) Evaluate the contribution of Compete's activities toward achieving the specific impact in the project's four priority sectors and progress in the development of Palestinian business support organizations and service providers.
- 2) Discuss constraints/challenges/issues that inhibit the project's contribution toward achieving this impact during the remaining term of the project.
- 3) With respect to Compete's targeted sectors, what has been and what will likely be the contribution of the project toward increasing:
 - a. Palestinian exports/revenue
 - b. Employment
 - c. Domestic and foreign debt and equity invested in the Palestinian territories

- d. Access to local finance
 - e. Innovation of Palestinian products and service
 - f. Entrepreneurship and new venture creation
 - g. Private-sector partnerships: Palestinian to Palestinian, Israeli to Palestinian, Multinational to Palestinian
- 4) Identify the main effects of the project on targeted agriculture and non-agriculture value chains and the business-enabling environment, including an overall country-level competitiveness by answering the following questions:
- Have SMEs changed business practices, increased productivity, and/or boosted the value of their enterprises, thus contributing to the overall competitiveness of value chains and the Palestinian private sector as a result of this project or other factors?
 - To what extent are any of the project results in terms of increased exports, investment, or employment actually sustainable long term? What gaps or constraints need to be addressed to increase sustainability?
 - To what extent has the project been successful in addressing gaps and constraints in the business-enabling environment and targeted value chains in order to increase competitiveness in global markets?
 - To what extent has the project been successful at increasing Palestinian access to water and land for business development purposes (e.g., commercial farming, mining, tourism)?
- 5) Identify opportunities to improve impact and enhance the implementation and management of the project.
- To what extent does DAI's local structure and/or management of the project either promote or inhibit the overall effectiveness of the project. What gaps or constraints should be addressed by the contractor and USAID?
 - To what extent does Compete's integration of youth and gender equity in its activities contribute to the overall effectiveness of the project?

A. Audience and Intended Uses

The evaluation results will be used by the WBG mission, specifically by the PEO, to determine to what extent results have been achieved to date and to inform management decisions and project implementing partner(s) to ensure they are engaged with implementing evaluation recommendations that improve overall results.

III. EVALUATION DESIGN AND METHODOLOGY

A. Evaluation Design

The evaluation will be a mid-term performance evaluation. The contractor's evaluation team (ET) will be expected to select the appropriate design approach(es) to generate the highest quality and most credible evidence that best answers the questions being asked. Designs may include any of the following: cross-sectional, before and after, and mixed methods.

B. Data Collection & Analysis Methods

WBG anticipates that the contractor is looking for new, creative suggestions with regard to this evaluation, and it is anticipated that the contractor will provide a more detailed explanation of the proposed methodology for carrying out the evaluation. The methodology will be composed of a mix of tools appropriate to the evaluation's research questions. These tools may include a combination of the following:

1. Review of project documentation: as necessary, a review of primary material related to the overall program, as well as background material used in project preparation, project proposals, approved project documents, project monitoring documents, disbursement reports progress reports, quarterly work plans, and other information available in files.
2. Field visits: conduct field visits to the various Compete activities and beneficiaries.
3. Suggested data collection methods:
 - Document analysis
 - Key informant interviews
 - Focus group discussions
 - Questionnaires and surveys
 - Community group meetings
 - Direct observation

The ET shall also propose their methodology to conduct the mid-term evaluation. The evaluation will attempt to utilize randomized control trials and/or some form of quasi-experimental evaluations as a part of the USAID Learning Evaluation and Analysis project (LEAP) (OAA-C-11-00169).

C. Data Disaggregation

Data must be disaggregated by:

- a. Sex: male and female, with impact/satisfaction elements
- b. Sector: agriculture, tourism, ICT, and stone and marble

D. Methodological Strengths and Limitations

The ET must articulate methodological strengths and limitations for each of the data collection methods it uses. For example, it is anticipated that some interviews may be conducted in the presence of at least one or more outside observers, including project and WBG staff, and that interview responses could be affected by the presence of these observers. Furthermore, bias can distort questionnaire and survey responses, which can lead to incorrect conclusions based on the data collected. Language differences could influence the data collection process, and data collected and analyzed by the ET may not capture the full intent or meaning offered by the interviewees and respondents.

IV. EVALUATION PRODUCTS

A. Deliverables

Evaluation work plan and methodology plan: The contractor shall submit a work plan and methodology plan to be approved by the PEO Office Director, Compete COR and Program and Project Development Office (PPD) Monitoring and Evaluation (M&E) Team Lead prior to the execution of the actual work. The plans will include the overall design of the evaluation, a detailed methodology of data collection and analysis, a schedule, and a list of team members identifying the team leader and primary contact.

Initial briefing: The contractor will schedule an initial briefing with the PEO and M&E teams on strategy and methodology prior to commencing fieldwork to discuss lists of potential interviewees, sites visits, logistics, and other pertinent information critical to successfully completing the evaluation.

Review of preliminary draft evaluation report: The team will submit a rough draft of the report to the WBG COR, PEO, and WBG M&E teams, who will provide preliminary comments prior to Mission briefing. This will facilitate the preparation of a more final draft report.

Briefing on preliminary data analysis: The ET will brief WBG's Front Office, PEO, PPD, and Office of Contracts Management. The ET will present the major findings of the evaluation to WBG after submission of the draft report and before the team's departure from country. The debriefing will include a discussion of findings, conclusions, and any recommendations the ET has for possible modifications to project approaches, results, or activities. The team will consider WBG comments and revise the draft report accordingly, as appropriate.

Draft report: The contractor shall submit a draft report to USAID within 60 days of the agreed start date. The written draft report should clearly describe findings, conclusions, and recommendations. USAID will provide comment on the draft report within 2 weeks of submission.

Final evaluation report/oral presentation: The ET will submit a final report that incorporates the team's responses to Mission comments and suggestions no later than 5 days after WBG provides written comments on the ET's draft evaluation report (see above). The format must include:

- *Executive Summary*—concisely state the most salient findings and recommendations; Table of Contents
- *Introduction*—purpose, audience, and synopsis of task;
- *Background*—brief overview and description of Compete, WBG project strategy, and activities implemented in response to the development problem and purpose of the evaluation;
- *Methodology*—describes evaluation methods, including constraints and gaps;
- *Findings/Conclusions/Recommendations/Lessons Learned*—of the evaluation; and also include a data quality and reporting system that should present verification of spot checks, issues, and outcomes;
- *Issues*—provide a list of key technical and/or administrative, if any;
- *References*—including bibliographical documentation, meetings, interviews, and focus group discussions;

- *Annexes*—annexes that document the evaluation methods, schedules, interview lists, and tables should be succinct, pertinent, and readable.

The report will be submitted in English, electronically. The report will be disseminated within USAID and submitted to USAID’s Development Experience Clearinghouse. A second version of this report excluding any potentially procurement-sensitive information will be submitted (also electronically, in English) for dissemination among implementing partners and stakeholders as necessary.

B. Reporting & Submission Guidelines

The draft and final evaluation reports must comply with USAID’s “Criteria to Ensure the Quality of the Evaluation Report” copied below.

In accordance with ADS 203.3.1.10, the contractor is required to turn over evaluation data to WBG after completion of the evaluation. The data must be organized and fully documented for use by those not fully familiar with the project/activity or the evaluation.

The length of the report should not exceed 50 pages in English, excluding annexes and other supporting documents, in Times New Roman 12 point font, single spaced, consistent with USAID branding policy.

APPENDIX I
CRITERIA TO ENSURE THE QUALITY OF THE EVALUATION REPORT

- The evaluation report should represent a thoughtful, well-researched and well organized effort to objectively evaluate what worked in the project, what did not and why.
- Evaluation reports shall address all evaluation questions included in the scope of work.
- The evaluation report should include the scope of work as an annex. All modifications to the scope of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline need to be agreed upon in writing by the technical officer.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists and discussion guides will be included in an Annex in the final report.
- Evaluation findings will assess outcomes and impact on males and females.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).
- Evaluation findings should be presented as analyzed facts, evidence and data and not based on anecdotes, hearsay or the compilation of people’s opinions. Findings should be specific, concise and supported by strong quantitative or qualitative evidence.
- Sources of information need to be properly identified and listed in an annex.
- Recommendations need to be supported by a specific set of findings.
- Recommendations should be action-oriented, practical and specific, with defined responsibility for the action.

C. Team Composition and Roles & Responsibilities of Team Members

The contractor's ET should have considerable experience in project evaluation, designing questionnaires, and analyzing data, as well as excellent English writing skills.

The Team Leader should have worked in the field of development and taken the lead in at least two similar evaluations. The Team Leader will take specific responsibility for assessing and analyzing the organization's progress toward targets, factors for such performance, benefits/impact of the strategies, and compare this information with other possible options. S/he will also suggest ways of improving the present performance, if any. S/he will provide leadership for the team, finalize the evaluation design, coordinate activities, arrange periodic meetings, consolidate individual input from team members, and coordinate the process of assembling the final findings and recommendations into a high-quality document. S/he will write the final report. S/he will also lead the preparation and presentation of the key evaluation findings and recommendations to the WBG team and other major partners as requested by the COR.

The ET members must have experience and education in business and private-sector development. At least one team member must have experience in the field of economic and social development, as well as financial analysis. Knowledge of Arabic is highly desirable. Prior experience with USAID evaluation work is also desirable.

Each team member should have extensive experience, and demonstrate state-of-the-art knowledge in conducting qualitative evaluations.

The contractor must provide the COR a list of the team to be assigned for the mid-term evaluation, including technical and administrative staff.

V. EVALUATION MANAGEMENT

Logistics

In order to facilitate the work of the ET inside West Bank, USAID will provide the following logistics support:

- Help with visa/permits issuance for international staff for entry into Israel and West Bank.
- USAID/PEO and its implementing partner will coordinate meetings with the Palestinian Authority (PA) and the Palestinian business community, in addition to coordinating interviews with local beneficiaries.
- USAID/PEO will facilitate the provision of needed materials and documents that are needed for the document review.

ET will be responsible for:

- All travel and stay arrangements for the international staff
- All transportation arrangement for the team trips and field work
- Provision of translator/s
- Secretarial work, report printing, and communication

VI. Work Location

The team will travel to Israel (Tel Aviv and Jerusalem) and the West Bank in order to meet with key players and to get a better sense of the overall context within the Palestinian territories. Compete activities currently encompass the West Bank only; therefore, there isn't any need to meet with contacts in Gaza for the purpose of this mid-term evaluation.

VII. Evaluation Resources

PEO anticipates that the proposed budget for the Compete mid-term evaluation will not exceed \$150,000.

VIII. Timeline

It is anticipated that the evaluation will be conducted over a course of 12–14 weeks starting on or about April 1, 2014. The final report will be submitted prior to August 30, 2014.

Tasks and Deliverables	W 1	W 2	W 3	W 4	W 5	W 6	W 7	W 8	W 9	W 10	W 11	W 12	W 13	W 14
Preparation - Communication with USAID and the project - Documents review - Evaluation work plan submission to PEO	X	X	X	X										
Field work - Data collection - Maintain data quality control - Complete preliminary data processing					X	X	X	X						
Data analysis and reporting - Prepare preliminary analysis - Solicit feedback and revise analysis - Write report - Present findings and conclusions and recommendations to client and other stakeholders									X	X	X	X	X	X

Appendix 2: Project Context

The history of the Palestinian territories, composed of the West Bank (including East Jerusalem) and the Gaza Strip, is both incredibly complicated and controversial. Formative events include the occupation of Gaza by Egypt between 1948 and 1967, the occupation by Israel of both the West Bank and Gaza following the Six-Day War in June 1967, and the signing of the 1993 Oslo Accords that placed Gaza under Palestinian authority while dividing the West Bank into three separate areas. Area A is under full Palestinian civil and security control, makes up approximately 18 percent of the West Bank, and does not contain any Israeli settlements. Area B is under Palestinian civil control and joint Israeli-Palestinian security control, makes up approximately 21 percent of the West Bank, and also does not include any Israeli settlements. Finally, Area C, which makes up the largest share of the West Bank (approximately 60 percent) is under full Israeli civil and security control, and contains extensive Israeli settlements. However, Areas A and B are generally not contiguous, instead they are “islands” separated by Area C, where freedom of movement is generally limited for both persons and goods in transit (see the map below). In 2007, after several years of rising tensions between the two leading Palestinian political parties, Fatah and Hamas, and the legislative victory of Hamas in Gaza in 2006, the Palestinian Authority was essentially split up. As a result, Hamas controlled Gaza, whereas Fatah controlled the West Bank. In June 2014, Fatah gained political control of Gaza. Most recently, Palestine was upgraded to “non-member observer state” status in the United Nations, after the passing of United Nations General Assembly resolution 67/19 in 2013.

Map of West Bank



World Bank, *West Bank and Gaza – Area C and the Future of the Palestinian Economy*, October 2013

The Palestinian economy has been volatile and unpredictable over the past 20 years, fluctuating largely based on geopolitical events affecting the region. A period of rapid growth following the Oslo peace process abruptly ended in 2000 with the outbreak of the second Intifada, which was accompanied by major restrictions in the movement of people and goods. A brief subsequent recovery was interrupted by the split between Fatah and Hamas in 2007, but growth resumed subsequently, triggered in part by reforms, large inflows of donor assistance, and a reduction in the restrictions on movement. However, the World Bank (WB) reports that, as donor funds are tapered, economic growth is decreasing sharply. Even more troublesome, unemployment has remained very high throughout the past 10 years (it is estimated to be approximately 19 percent in 2013 for the West Bank, but 30 percent in Gaza), while tradable sectors of the economy have declined. For example, the share of the manufacturing sector in the Palestinian gross domestic product (GDP) decreased from 19 percent in 1994 to 10 percent in 2011.⁷¹ Export-led growth has been largely replaced by the growth in public-sector services that provide education, healthcare, social assistance, and law and order to citizens (WB 2013 report). Government spending continues to outpace revenue, with wages being the largest government outlay in recent years. Public and private investment has been much lower than planned and below the level needed to maintain strong economic growth and employment rates (see WB economic status brief). Palestinian governments have run deficits for years, which have made it harder for them to spend money on core expenditures (e.g., infrastructure, education, healthcare) that would create stronger economic competitiveness and growth in Palestine. Given the decline in donor support in recent years and continued reliance on short-term domestic bank financing, these deficits pose risks to debt sustainability and financial system risks (International Monetary Fund [IMF], 2014). Due to the political and military instability of the region, foreign direct investment amounts to only 1 percent of GDP.

Restrictions on trade and the movement of goods and people by Israel, including the building of a separation wall, a system of check points within the West Bank itself, but also the fact that all exports have to pass through Israel on their way to their international destination, have led to three distinct but equally difficult economic conditions.⁷² The first is that Palestinian exports become more expensive due to higher transaction costs, and on-time delivery to clients can be challenging, a major issue for certain goods such as fresh produce. The second is that restrictions severely limit access to critical imports such as machinery, tools, and communication technology that constitute inputs for the production of goods and services in the Palestinian territories. Third, labor movement is also restricted due to the fragmented nature of Areas A and B and checkpoints controlling access to Jerusalem, limiting the ability of workers to travel from one city to another despite the relatively small distances between cities in the West Bank.⁷³ However, these restrictions have been eased somewhat in recent years with the advent of the Fayyad government (2007–2013), offering a valuable opportunity to intervene in the economy.

⁷¹ The World Bank, *Area C and the Future of the Palestinian Economy*, Poverty Reduction and Economic Management Department, available at <http://documents.worldbank.org/curated/en/2013/10/18836847/west-bank-gaza-area-c-future-palestinian-economy>

⁷² This is true for Gaza as well, since the Gaza–Egypt border was closed “indefinitely” in 2013, and Israel has de facto control of all air and sea transit in and out of Gaza. These and other long-standing restrictions have led to the building of dozens of illegal tunnels between Egypt and Gaza, where goods are smuggled in large quantities.

⁷³ For example, a trip from Jenin to Nablus amounts to less than 50 km.

Other constraints on the long-term economic development in the Palestinian territories involve domestic economic regulations, infrastructure, education, poverty, and the make-up of the private sector. Domestic economic regulations by Palestinian governments have contributed to the high cost of doing business throughout the territories, preventing greater economic development (while Israeli barriers on the movement of people and goods have been another contributing factor). According to the World Bank's "Doing Business" Indicators (2014), the overall cost of doing business in the Palestinian territories was very high, with a ranking of 136 in 2013. This marks a decrease from 2012, indicating that the overall cost of doing business in the Palestinian territories has slightly declined overtime. According to the World Bank, this overall high cost is partially due to, among other things, the difficulties that come with starting a business, getting access to credit, and resolving insolvency, as well as the high barriers on domestic and international trade. The IMF has noted that an incomplete competition framework, missing regulatory government bodies, burdensome procedures, and the inability to use movable assets as collateral to access bank finance are reasons for the high cost of doing business in the Palestinian territories.

The infrastructure in Palestine, particularly in Gaza, remains poor and an obstacle to economic development. According to a 2013 IMF report, public spending has been tilted toward wages, pensions, and social assistance rather than investment in education and public infrastructure. Such a skewed allocation of fiscal resources has created an economy dominated by the non-tradable service sector, at the same time that inadequate infrastructure has created additional obstacles to private-sector development and economic growth. The World Bank has also noted that the level of investment infrastructure by the Palestinian government has not been sufficient to even maintain the quality of the current stock of infrastructure. This makes it more costly to do business in Palestine. Moreover, this lack of investment in infrastructure has meant that Palestinians are limited to their access of key assets and resources, such as water supply, roads, and radio spectrum, electricity, water and wastewater, and transport (WB, 2013).

Palestinian governments have promoted equitable access to education and worked to improve education quality throughout the territories. The territories have ranked relatively high in terms of primary, secondary, and tertiary enrollment rates. Moreover, Palestine possesses one of the highest literacy rates of any country, and it has the highest female literacy rate (over 90 percent). However, there are indications that many graduates lack the skills required by private-sector employers (IMF, September 2013). Business owners have identified the education system, poor technology education, and the lack of higher-order skills as impediments to business (WB, 2014). The Palestinian private sector has been largely confined to small-sized firms in low productivity sub-sectors and with weak employment growth. This represents relatively high levels of employment in what are typically lower productivity firms. In 2013, only 1 percent of all establishments (formal and informal sector) had 20 or more workers. The proportion of *formal* firms with more than 20 workers is just 11 percent, compared with 35 percent in comparable lower-middle-income countries. Informal activities are a significant part of the economy in Palestine, both in terms of the contribution to overall economic activity and the workforce. Total informal employment has been around 60 percent of the non-agricultural workforce, meaning that nearly three of five people in the Palestinian workforce hold an informal job, either within informal or formal enterprises. Of this share, about one in five people work directly in the informal sector for informal firms. The informal sector has little overall impact on the economy. These informal enterprises, which are mostly young; run by men; and small, focus on the domestic market and are concentrated in the industries of construction, home

repair, food and grocery products, and the repair of motor vehicles and motorcycles. Moreover, wages are lower in informal firms than in formal firms.

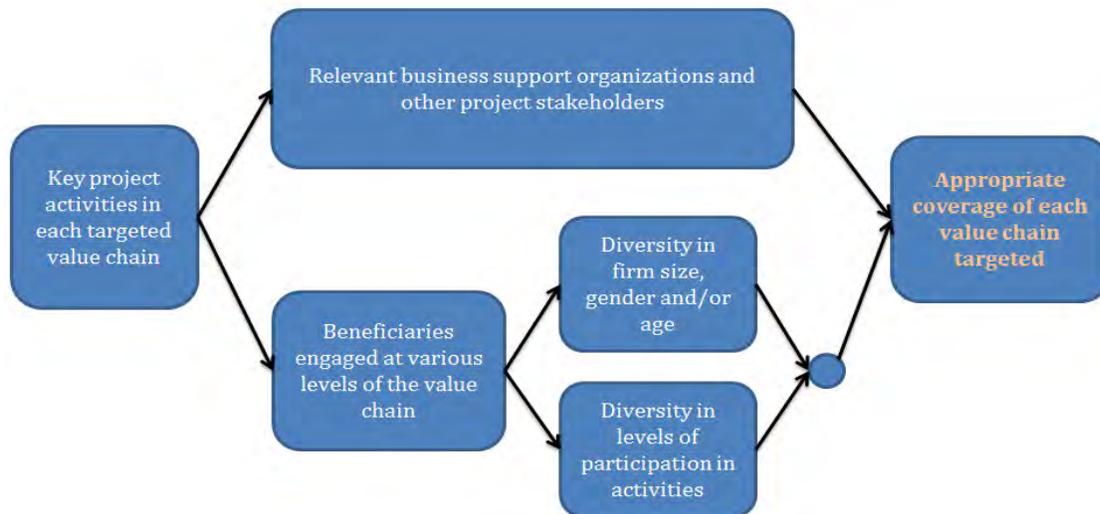
Although poverty rates in Palestine have been on a general decline since 2003, they still remain high. In 2003, poverty (based on the headcount ratio at national poverty line as a percent of the population) in 2003 was 35.5 percent. In 2011, it was 25.8 percent (latest year that has data from WB indicators). However, it is almost certain that poverty rates have increased in recent years as the economy has slowed, employment growth has stalled, and violent conflict between Gaza and Israel has resumed. High poverty rates are a drag on economic growth.

USAID has been active in providing a host of assistance to Palestine since 1994, when the mission to the West Bank and Gaza officially opened, although American assistance to Palestine dates back over 100 years. The agency has been active on a variety of fronts, including democracy and governance, education, health, infrastructure, and economic growth and trade. Past projects implemented have paved the way for the Enterprise Development for Global Competitiveness Project (Compete) evaluated here, including its direct predecessor, the Enterprise Development and Investment Promotion (EDIP), and the Trade Facilitation Project, which supported facilities and equipment upgrades on the Palestinian side of selected crossing points and operational efficiencies at Israeli-managed crossings.

Appendix 3: Methodology

In the first phase of the project, the evaluation team focused on asking initial questions to the Compete team via phone and email, and requesting project documents. These two steps were critical in guiding the study’s design, planning, and implementation. Documents provided by the Compete team were categorized by type and value chain, and any gaps were identified and discussed with the Compete team. A detailed list of the documents provided by the Compete team can be found in appendix 7. Next, the evaluation team reviewed and coded the information contained in all monthly, quarterly, and annual reports for the Compete project. Coding was based on the value chain, project component, and type of information. Based on this information, as well as other background documents obtained from the Compete team and the in-brief comments from USAID/WBG, the team developed interview guides tailored to each value chain. These guides were designed in two parts: the first contains core questions relevant for a wide range of project stakeholders (e.g., beneficiaries at various levels within the value chain, service providers, and business support organizations), whereas the second contains shorter modules to be used selectively based on their involvement in specific project activities. The evaluation team used a semi-structured interview approach to allow for unplanned follow-up questions that provide greater context and can help answer research questions based on interviewees’ past responses.

Next, the evaluation team obtained the full list of Compete activities undertaken within the evaluation timeframe (i.e., January 2012 up to and including February 2014) across all four target value chains from USAID’s Geo-MIS system. The team then identified activities within each value chain that are of particular interest for the purpose of this mid-term evaluation.⁷⁴ Finally, the evaluation team requested supporting documents (e.g., participant lists, service providers’ progress reports) for these activities from the Compete team in order to independently select organizations and individuals for interviews. The interview selection process and principal criteria are illustrated in the figure below.



⁷⁴ In particular, these activities cover all four value chains and focus on training and technical assistance, as well as the provision of in-kind assistance and financial assistance.

Finally, the evaluation team reviewed the geographic distribution of the organizations and individuals to be interviewed to verify that enough variation was present within each value chain. For some value chains, there was inherent clustering in certain regions (e.g., stone and marble), but the team looked to ensure that reasonable geographic variation existed. As a result, interviews were conducted in nearly all West Bank governorates.

The evaluation team conducted a total of 76 in-person interviews, including three with Ministries of the Palestinian Authority.⁷⁵ In addition, one meeting with another donor involved in similar work was conducted by phone. The table below summarizes the distribution of interviews with project beneficiaries, service providers, and business support organizations across value chains.⁷⁶

Value Chain	Beneficiaries	Service Providers	Business Support Organizations	Total
Stone & Marble	4	2	3	9
Agribusiness	24	3	5	32
ICTs	15	0	4	19
Tourism	12	0	3	15

Interviewees listed above were classified in three categories:

- **Beneficiaries:** those organizations and individuals that more or less directly benefited from the Compete project.
- **Business support organizations:** those organizations that were supported by the project and have a recognized, ongoing role in supporting the Palestinian business environment as a whole or a specific value chain.
- **Service providers:** those organizations or individuals that provided a specific activity in support of one of the target value chains, but whose role is not to support the Palestinian business environment in an ongoing manner.

The distinction between “business support organization” and “service provider” exists to set apart organizations under Component B with organizations providing a one-time service in the project and whose mission isn’t directly to support the Palestinian business environment. The total number of interviews with beneficiaries, service providers, and business support organizations is 55, 5, and 13, respectively.

Overall, the interviewees were very cooperative and candid, and many respondents provided detailed information “off-the-record” that was of great value for the evaluation. Only a single organization, the Bethlehem Chamber of Commerce, declined to be interviewed (even by phone at a time of its choosing), citing a lack of time. Ramadan impacted the number of interviews that could be reasonably held each day, but not in a way that significantly differed from what had been accounted for by the evaluation team. The ongoing geopolitical situation had a limited impact on the evaluation team’s ability to schedule and hold interviews, and just 1 day (six

⁷⁵ However, one of these interviews was a site visit to one of the tourism rehabilitation project that was undertaken under Compete. No interview could take place because the point of contact for the site is the Palestinian Ministry of Tourism and Antiquities.

⁷⁶ The sum of the “total” column is 75 instead of 73 because two organizations were active in more than one value chain (i.e., PalTrade and BESCO).

scheduled interviews) was lost to the general strike held on July 21, 2014. Despite these challenges, the evaluation team reached its target number of interviews (70).

At the end of each day, the team coordinated to confirm that the interviews had been completed, that the appropriate consent form was collected, and to report any challenge or issue that would prompt a change in scheduling methods. Interview notes were merged and then reviewed by each interview team's lead. Toward the end of the interview process, an interview coding spreadsheet was devised. This spreadsheet was tested, improved, and finally used to systematically capture dozens of key elements about the interviews. This coding enabled the calculation of the number of respondents who reported various key project benefits, shortcomings, or their involvement in a certain type of activity. The coding frequently broke up answers into "Yes," "No," and "Not applicable," and then captured associated qualitative information that supported the answers. This enabled the evaluation team to effectively incorporate qualitative elements from the interviews and look for certain patterns within the data.

Once the coding was completed, the evaluation team scheduled a series of four calls with the Compete team, one for each value chain. These calls focused on clarifying certain items flagged during the document review, to cross-check certain assertions and information obtained from project participants, and to assess the feasibility of tentative recommendations to improve the project.

Because the mid-term evaluation was expected to leverage M&E data and indicators collected by the Compete team, the evaluation team also sent follow-up questions to Compete's M&E specialist to fill any gaps in the PMEP and other M&E-related documents. These questions included clarifications about standard operating procedures in place, definitions, and typical means of obtaining and validating data. In addition and in agreement with USAID/WBG, the evaluation team also selected 12 outcomes reported by the Compete team in their reports and requested access to appropriate supporting documents. These figures were primarily about jobs, sales, and exports of various project beneficiaries. This process aimed to complement the data quality assessments undertaken annually by USAID/WBG to uncover any issues or irregularities associated with the M&E processes in place within Compete.

Appendix 4: Summary Information on Compete Activities Over Time

FY12					
	Agribusiness	ICT	Stone & Marble	Tourism	Total
PIR 1	4	2	0	2	8
PIR 2	0	0	1	0	1
PIR 3	5	2	0	0	7
Multiple	13	5	3	12	33
Component A	12	7	1	5	25
Component B	10	2	3	9	24
Both	0	0	0	0	0
Unlabeled	0	0	0	0	0
Total	22	9	4	14	49
FY13					
	Agribusiness	ICT	Stone & Marble	Tourism	Total
PIR 1	10	6	4	7	27
PIR 2	3	2	5	6	16
PIR 3	5	2	6	3	16
Multiple	8	0	0	0	8
Component A	8	0	7	12	27
Component B	9	0	4	4	17
Both	1	9	4	0	14
Unlabeled	8	1	0	0	9
Total	26	10	15	16	67
FY14					
	Agribusiness	ICT	Stone & Marble	Tourism	Total
PIR 1	9	4	3	7	23
PIR 2	2	4	5	10	21
PIR 3	6	3	3	0	12
Multiple	6	1	0	0	7
Component A	5	1	6	7	19
Component B	8	0	2	3	13
Both	1	8	0	0	9
Unlabeled	9	3	3	7	22
Total	23	12	11	17	63

Appendix 5: Project Indicators

Classification of Project Monitoring & Evaluation Indicators

The 48 indicators defined and operationalized by the Compete team can be classified along several dimensions: the project component, the value chain(s), the project intermediate results (PIR), and the broad categories of activities to which they are relevant.⁷⁷

The source of these categorizations varies by dimension: project components are based on the classification done by the Compete M&E team in the project management plan (PMP), value chains were devised by the evaluation team based on the description of the indicators provided in the PMP and performance monitoring and evaluation plan (PMEP), whereas PIRs are derived from the classification of indicators in the PMEP document provided by Compete . To summarize these classifications:

- *Project components:* Out of the 48 indicators, 35 are tied to Component A and four to Component B. Three are explicitly not tied to either component, and six are not present in the PMP and therefore are unclassified. The Compete M&E team assigned only a single project component to each indicator (disregarding the nine left out or explicitly not tied), so there is no combined category.⁷⁸
- *Value chains:* Out of the 48 indicators, 13 are tied to the agribusiness value chain, nine to the ICT value chain, six to the stone and marble value chain, and nine to the tourism value. The remainder are tied to more than a single value chain targeted by Compete: nine indicators are tied to all four value chains; one to both the ICT and tourism value chain; and one to the agribusiness, stone and marble, and tourism value chains.
- *PIRs:* Out of the 48 indicators, 13 are tied to the agribusiness value chain, nine to the ICT value chain, six to the stone and marble value chain, and nine to the tourism value. The remainder are tied to more than a single value chain targeted by Compete: one indicator is tied to both the ICT and tourism value chain; one to the agribusiness, stone and marble, and tourism value chains; and nine are tied to all four.

⁷⁷ Although it should be noted that in some cases, the Compete documentation did not allow for certain indicators to be associated with some of these dimensions, in which case, the corresponding cell is marked with “-“.

⁷⁸ A review of the classification done by the Compete M&E team suggests that the logic used by the Compete M&E team was that only indicators that solely and directly tie to Component B activities are labeled as such, whereas the rest, including those that may track the results of both components is typically associated with Component A. This is a reasonable and practical approach, but the evaluation team considers that many of these indicators are more accurately tied to a combination of both components. For example, indicator 4.2.2-C14—*Percentage increase of overnight stays in Palestinian hotels from key tourism source markets*—is expected to track, among other things, the result of direct assistance to tour operators in terms of marketing and promotion (e.g., their attendance at travel fairs is sponsored by Compete), but also the result of work done by business support organizations active in tourism that received capacity building under Component B, such as the Arab Hotel Association and the Holy Land Incoming Tour Operators Association.

The information about these indicators in the PMP includes the project component to which each indicator is associated and target values for several fiscal years from 2012 to 2016, thus covering the full duration of the project. The PMP provided by the Compete team was relatively recent and labeled “version 7,” suggesting that this document has been updated on a regular basis. This prompts a question about how the indicators and their target values have evolved over the duration of the project. To assess this, the evaluation team compared the indicators and associated information over time, since the Compete quarterly and annual reports include updated information about the project’s progress toward meeting the target value for these indicators, as well as listing each of them in a similar table and format as the one included in the PMP.

Tables Summarizing Interview Data by Indicator

Palestinian Exports and Revenues

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing its overall revenue?	Agribusiness	23	74%	9%	4.1
Has participation in Compete activities helped your organization in increasing its revenue associated with export?	Agribusiness	21	67%	10%	4
Has participation in Compete activities helped your organization in increasing its overall profit?	Agribusiness	23	52%	13%	3.7
Has participation in Compete activities helped your organization in increasing its profit associated with export?	Agribusiness	20	50%	15%	3.6

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing its overall revenue?	ICT	9	78%	22%	3.8
Has participation in Compete activities helped your organization in increasing its foreign sales or those to multinational companies?	ICT	8	75%	13%	3.9
Has participation in Compete activities helped your organization in increasing its overall profit?	ICT	9	56%	11%	3.8
Has participation in Compete activities helped your organization in increasing its profit on foreign sales and those to multinational companies?	ICT	8	50%	13%	3.6

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing the volume of incoming tourists?	Tourism	10	70%	10%	3.7

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing the revenue per incoming tourist?	Tourism	9	56%	11%	3.6
Has participation in Compete activities helped your organization in increasing the length of stay of incoming tourists?	Tourism	8	63%	13%	3.6

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing its overall revenue?	Stone and Marble	6	67%	33%	3.5
Has participation in Compete activities helped your organization in increasing revenue associated with export?	Stone and Marble	6	50%	50%	3
Has participation in Compete activities helped your organization in increasing its overall profit?	Stone and Marble	6	67%	33%	3.5

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing profit associated with export?	Stone and Marble	6	50%	50%	3

Employment

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing its number of employees?	Agribusiness	24	67%	25%	3.6
Has participation in Compete activities helped your organization in increasing its number of youth employees?	Agribusiness	24	54%	29%	3.3
Has participation in Compete activities helped your organization in increasing its number of female employees?	Agribusiness	24	50%	29%	3.3

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing its number of youth employees?	ICT	8	63%	25%	3.4
Has participation in Compete activities helped your organization in increasing its number of female employees?	ICT	8	50%	38%	2.9

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing its number of employees?	Tourism	9	56%	33%	3.3
Has participation in Compete activities helped your organization in increasing its number of youth employees?	Tourism	6	33%	50%	2.5
Has participation in Compete activities helped your organization in increasing its number of female employees?	Tourism	6	33%	50%	2.5

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in increasing its number of employees?	Stone and Marble	6	50%	33%	3.3
Has participation in Compete activities helped your organization in increasing its number of youth employees?	Stone and Marble	6	50%	33%	3.2
Has participation in Compete activities helped your organization in increasing its number of female employees?	Stone and Marble	6	0%	67%	2

Access to Local and Foreign Debt and Equity

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in improving access to bank loans?	Agribusiness	19	16%	68%	1.9
Has participation in Compete activities helped your organization in improving access to foreign investment?	Agribusiness	19	16%	58%	2.1

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in improving access to Palestinian investment?	Agribusiness	18	22%	61%	2

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in improving access to foreign investment?	ICT	7	14%	86%	1.6
Has participation in Compete activities helped your organization in improving access to Palestinian investment?	ICT	8	13%	50%	2.5

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in improving access to foreign investment?	Tourism	5	20%	80%	1.8

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in improving access to Palestinian investment?	Tourism	5	60%	20%	3.2

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in improving access to bank loans?	Stone and Marble	6	20%	20%	3
Has participation in Compete activities helped your organization in improving access to foreign investment?	Stone and Marble	6	20%	40%	2.8
Has participation in Compete activities helped your organization in improving access to Palestinian investment?	Stone and Marble	6	40%	20%	3.4

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in reducing operational and investment risks?	Agribusiness	24	46%	25%	3.3
Have Compete activities fostered greater confidence and lower perceived risk of starting a business?	Agribusiness	14	57%	29%	N/A
Have Compete activities enabled the creation of new businesses in the agribusiness sector?	Agribusiness	17	53%	35%	N/A
Have Compete activities changed the mindset, business practices, or growing practices in your organization?	Agribusiness	17	76%	18%	N/A

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in reducing operational and investment risks?	ICT	9	44%	22%	3.3
Have Compete activities enabled the creation of new businesses in the ICT sector?	ICT	13	15%	8%	N/A
Have Compete activities changed the mindset, business practices, or growing practices in your organization?	ICT	13	92%	8%	N/A

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in reducing operational and investment risks?	Tourism	7	14%	14%	2.9
Have Compete activities enabled the creation of new businesses in the tourism sector?	Tourism	8	75%	0%	N/A

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Have Compete activities fostered greater confidence and a lower perceived risk to starting a business?	Tourism	8	88%	0%	N/A
Have Compete activities changed the mindset, business practices, or growing practices in your organization?	Tourism	10	90%	10%	N/A

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in reducing operational and investment risks?	Stone and Marble	5	80%	20%	3.4
Have Compete activities enabled the creation of new businesses in the tourism sector?	Stone and Marble	3	100%	0%	N/A
Have Compete activities changed the mindset, business practices, or growing practices in your organization?	Stone and Marble	3	100%	0%	N/A

Innovation, New Products, and New Methods

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Did Compete participation help in developing new products/services not available in Palestine?	Agribusiness	22	64%	23%	3.6
Did Compete participation help in developing new products/services not available anywhere?	Agribusiness	13	46%	31%	3.2
Did Compete activities help in producing new types of crops?	Agribusiness	12	60%	40%	N/A
Did Compete activities help meet new quality standards for export?	Agribusiness	13	58%	42%	N/A
Did Compete activities help improve the packaging of products?	Agribusiness	11	30%	70%	N/A

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Did Compete participation help in developing new products/services not available anywhere?	ICT	9	44%	22%	3.3

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Did Compete participation help in developing new products/services not available anywhere?	Tourism	8	100%	0%	4.4

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Did Compete participation help in developing new products/services not available in Palestine?	Stone and Marble	5	60%	20%	3.5
Did Compete participation help in developing new products/services not available anywhere?	Stone and Marble	4	25%	50%	2.5

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Have Compete activities allowed your organization or its participant/suppliers to implement new technologies?	Agribusiness	24	70%	30%	N/A

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped you improve the processing, storing, and/or shipping of your crops to buyers?	Agribusiness	12	67%	33%	N/A
Has participation in Compete helped you in reducing crop losses associated with pests?	Agribusiness	8	57%	29%	3.1
Has participation in Compete helped you in increasing your crop yields?	Agribusiness	8	38%	38%	2.6
Has participation in Compete helped you in adopting new production technologies?	Agribusiness	9	56%	44%	3.1

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in accessing tools and know-how needed for your organization to grow?	ICT	9	78%	11%	3.9
Has participation in Compete allowed your organization to use new technologies or tools?	ICT	13	69%	15%	N/A

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Have Compete activities allowed your organization to use new technologies or tools?	Tourism	12	17%	83%	N/A

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Have Compete activities allowed your organization to use new technologies or tools?	Stone and Marble	5	20%	40%	N/A

Private-Sector Partnerships

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in establishing partnerships with other Palestinian firms and organizations?	Agribusiness	19	21%	58%	2.4
Has participation in Compete activities helped your organization in establishing partnerships with Israeli firms	Agribusiness	19	5%	68%	1.9

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
and organizations?					
Has participation in Compete activities helped your organization in establishing partnerships with international or multinational firms and organizations?	Agribusiness	21	33%	43%	2.8

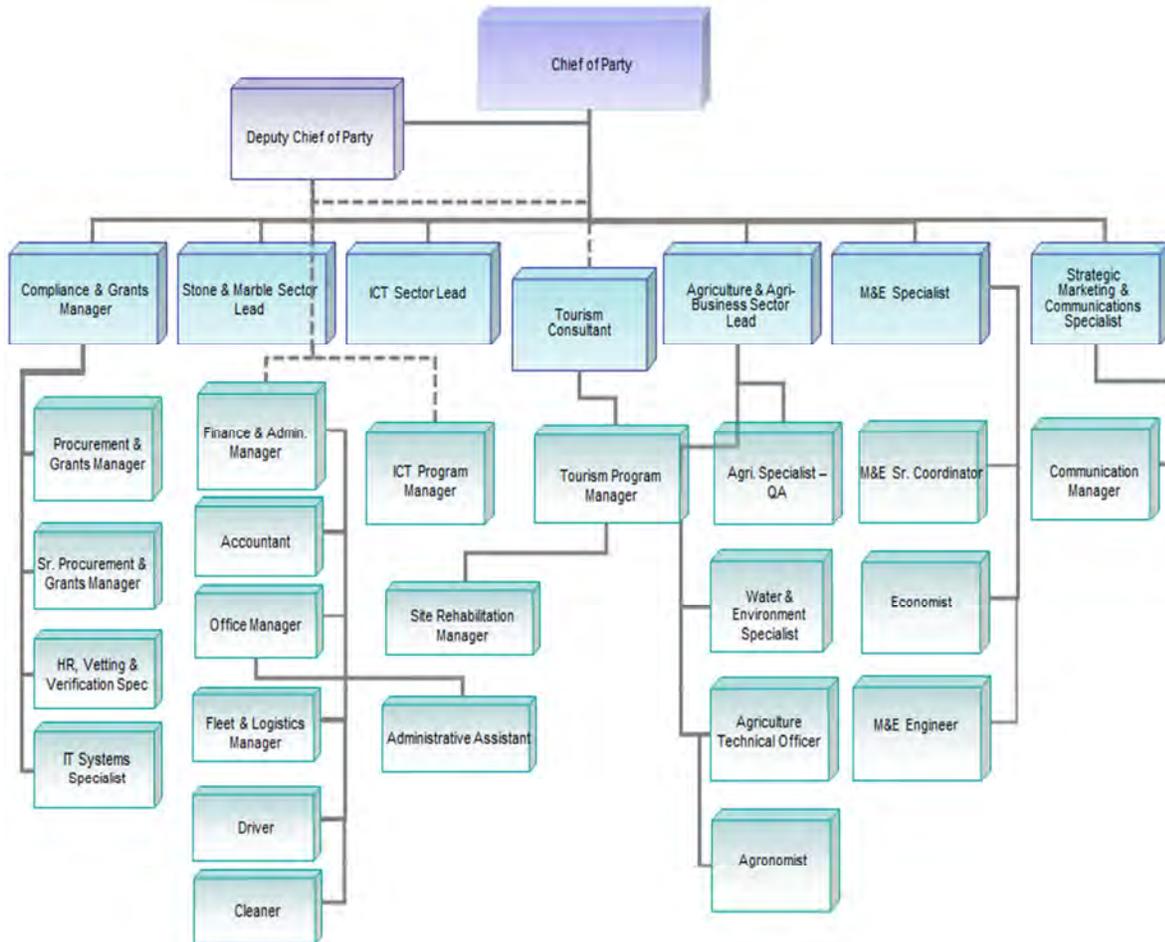
Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in establishing partnerships with other Palestinian firms and organizations?	ICT	9	22%	44%	2.3
Has participation in Compete activities helped your organization in establishing partnerships with Israeli firms and organizations?	ICT	8	13%	63%	1.9

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in establishing partnerships with international or multinational firms and organizations?	ICT	9	55%	22%	3.3

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in establishing partnerships with other Palestinian firms and organizations?	Tourism	7	71%	29%	3.6
Has participation in Compete activities helped your organization in establishing partnerships with Israeli firms and organizations?	Tourism	7	43%	29%	2.9
Has participation in Compete activities helped your organization in establishing partnerships with international or multinational firms and organizations?	Tourism	8	38%	25%	3

Interview question	Sector	Number of respondents	Percentage agreeing or strongly agreeing	Percentage disagreeing or strongly disagreeing	Score
Has participation in Compete activities helped your organization in establishing partnerships with other Palestinian firms and organizations?	Stone & Marble	6	80%	20%	3.6
Has participation in Compete activities helped your organization in establishing partnerships with Israeli firms and organizations?	Stone & Marble	5	50%	50%	3
Has participation in Compete activities helped your organization in establishing partnerships with international or multinational firms and organizations?	Stone & Marble	6	60%	40%	3.4

Appendix 6: Compete Organization Chart



Appendix 7: Reference List

Annual Reports

- “Compete Project Annual Report (December 29, 2011–September 30, 2012).” 2012.
- “Compete Project Annual Report (October 1, 2012–September 30, 2013).” 2013.

Monthly Reports

2012

- “Compete Project Monthly Report: September 1, 2012–September 30, 2012.”
- “Compete Project Monthly Report: October 1, 2012–October 31, 2012.”
- “Compete Project Monthly Report: November 1, 2012–November 30, 2012.”

2013

- “Compete Project Monthly Report: January 1, 2013–January 31, 2013.”
- “Compete Project Monthly Report: February 1, 2013–February 28, 2013.”
- “Compete Project Monthly Report: April 1, 2013–April 30, 2013.”
- “Compete Project Monthly Report: May 1, 2013–May 31, 2013.”
- “Compete Project Monthly Report: July 1, 2013–July 31, 2013.”
- “Compete Project Monthly Report: August 1, 2013–August 31, 2013.”
- “Compete Project Monthly Report: October 1, 2013–October 31, 2013.”
- “Compete Project Monthly Report: November 1, 2013–November 30, 2013.”

2014

- “Compete Project Monthly Report: January 1, 2014–January 31, 2014.”
- “Compete Project Monthly Report: February 1, 2014–February 28, 2014.”
- “Compete Project Monthly Report: April 1, 2014–April 30, 2014.”

Quarterly Reports

2012

- “1st Quarterly Report January–March 2012: Compete Project.”
- “2nd Quarterly Report April–June 2012: Compete Project.”
- “Compete Project Quarterly Report: October 1, 2012–December 31, 2012.”
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2013

- “Compete Project Quarterly Report: January 1, 2013–March 31, 2013.”
- “Compete Project Quarterly Report: April 1, 2013–June 30, 2013.”
- “Compete Project Quarterly Report: October 1, 2013–December 31, 2013.”

2014

- “Compete Project Quarterly Report: January 1, 2014–March 31, 2014”

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2012

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- “Compete Project Annual Workplan: October 1, 2012–September 31, 2013.” 2012.
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Contracts and Modifications

2003

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- “Identification of Principal Geographic Code Numbers.” 2003.

2010

- “Individual Subcontracting Plan for Utilization of: Small Business (SB), Small Disadvantaged Business (SDB), Women-Owned Small Business (WOSB), Hubzone Small Business (HUBZONE), Service Veteran-Owned Small Business (VOSB), Service Disabled Veteran-Owned Small Business (SDVOSB).” 2010.

2012

- “Award Cover Page Fully Executed.” 2012.
- “Award Document Jan. 3, 2012.” 2012.
- “Amendment of Solicitation/Modification of Contract.” 2012.
- “Amendment of Solicitation/Modification of Contract.” 2012.
- “Signed Memorandum of Understanding Between MoA & USAID.” 2012.
- “Supporting Documents for Irrigation Pipeline.” 2012.

2013

- “Amendment of Solicitation/Modification of Contract.” 2013.
- “Amendment of Solicitation/Modification of Contract.” 2013.

Participant Lists (number in parenthesis indicates the number of documents received)

Agribusiness (60)

Tourism (85)

ICTs (29)

Stone & Marble (7)

Vetting Tracking Sheets (5)

PMPs & PMEPs

- “Project Monitoring and Evaluation Plan “PMEP”: West Bank and Gaza Compete Project.” 2013.
- “Program PMP Indicators Report.” 2014.
- “Compete-Log Framework.” 2014.

Previous West Bank Interventions

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- “Expanded and Sustained Access to Financial Services (ESAF) Program: Final Report.” 2013.
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Data Quality Assessments

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Activity-specific Progress Reports

2012

- “Magnetized Water-4th Progress Report (September Fourth).” 2012.
- “P. Report November 2012 Saline.” 2012.

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- “Al-Mahareeq Investment Company Project-ISO22000 Progress Report No.2.” 2012.
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- “PCARD Progress Report 1.” 2012.
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2013

- “Annual Progress Report: Investment Climate Improvement Project Year Three (October 1, 2012 to September 30, 2013).” 2013.
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- “Monthly Progress Report-May.” 2013.
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- “Cleaning 2nd Report Final.” 2014.
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- “CLM-Sebastya-English-Final-Panel.”
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Appendix 8: Value Chain Instruments and Associated Modules

Agriculture Value Chain Core Interview Guide

Introductory questions

- When did your organization first become involved in the Compete project?
- How did your organization first become involved in the Compete program activities (e.g., invited to participate, required to participate, sought participation)?

[1] Relevance of activities

- [1.3] Which Compete project activities has your organization been involved in? What is your organization's role in these activities?
- [1.3] Are the Compete project activities in which your organization has been involved relevant to your organization's needs? What about your organization's participants or suppliers?

[3] Gaps and Challenges

- [3.1] Do you feel that the activities in which your organization was involved addressed gaps and challenges specific to the Palestinian business environment in which your organization and its participants operate? Why or why not?
- [3.2] What about gaps or challenges specific to the agricultural products that your organization and its participants sell? Why or why not?
- [3.1 & 3.2] Are there specific gaps or constraints associated with the Palestinian business environment or the specific agricultural products your organization is involved in that you would like to see Compete address in the future? If so, what are they?
- [3.3] Was your organization involved in any project activity aiming at increasing access to water and land for business use?
 - [F-YES] If so, do you feel Compete activities succeeded in that respect, and how?

[4] Youth and gender integration

- [4.1] Was your organization involved in one or several activities that focused on involving and assisting youth and female participants?
 - [F-YES] [4.1] If so, which one(s) and how did this focus translate into specific actions on the part of your organization?
 - [F-YES] [4.2] When did this emphasis on youth and female participants involvement and assistance first emerge as part of Compete activities?
 - [F-YES] [4.2] Was it suggested by your organization, its participants, or DAI?
 - [F-YES] [4.3] In your view, has this emphasis made the activities more effective in reaching the goals you had set? Why or why not?
 - [F-YES] [4.3] Have there been any particular challenges linked to this emphasis on youth and female participants? If so, what were they and how did your organization overcome them?

[5] Project contribution toward key outcomes

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1] In your experience, has participation in Compete activities helped your organization and its participants or suppliers in...:

Question	Likert Scale	Explanation and hard numbers!
... increasing their overall revenue?	1 2 3 4 5	
... increasing their overall profit?	1 2 3 4 5	
... increasing their revenue associated with export?	1 2 3 4 5	
... increasing their profit associated with export?	1 2 3 4 5	
... increasing their number of employees?	1 2 3 4 5	
... increasing their number of youth employees?	1 2 3 4 5	
... increasing their number of female employees?	1 2 3 4 5	
... improving their access to bank loans?	1 2 3 4 5	
... improving their access to foreign investment?	1 2 3 4 5	
... improving their access to Palestinian investment?	1 2 3 4 5	
... improving their access to other sources of funding (e.g., microfinance, government funding)?	1 2 3 4 5	
... reducing investment risk perceived by owner(s) and investor(s)?	1 2 3 4 5	
... creating new products or services not previously available in Palestine?	1 2 3 4 5	
... creating new products or services not previously available anywhere?	1 2 3 4 5	
... finding buyers and selling these new products or services in Palestine?	1 2 3 4 5	
... finding buyers and selling these new products or services in abroad?	1 2 3 4 5	
... establishing partnerships with other Palestinian firms and organizations?	1 2 3 4 5	
... establishing partnerships with Israeli firms and organizations?	1 2 3 4 5	
... establishing partnerships with multinational or international firms and organizations?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

- [5.1] In your experience, have Compete activities enabled the creation of new businesses in the agribusiness sector? If so, how?

- [5.1] In your experience, have Compete activities fostered greater confidence and lower perceived risk to starting a business among your participants or suppliers? If so, how?
- [5.2] In your experience, have Compete activities allowed your organization, its participants or suppliers to implement new technologies? If so, have these technologies delivered tangible benefits?

[6] Project contribution to change in mindset and practices

- [6.1] In your experience, have Compete activities changed the mindset about business in Palestine, business practices, or growing practices of your organization and/or its participants or suppliers? If so, can you provide an example?

[2] Opportunities for improvement

- [2.1] Were there any challenges or specific constraints that limited the potential of Compete activities in which your organization was involved? If so, what were they?
 - [F-YES] Were they addressed by your organization, DAI, or USAID during the course of Compete? If so, how? If no, why not?
- [2.1] In your view, what were the principal strengths and weaknesses of the Compete activities in which your organization was involved?
- [2.2] Did you know who to talk to at DAI when you needed guidance, wanted to voice concern, or report successes? If not, why not?
- [2.2] Do you feel that any concerns that emerged with regard to Compete activities in which your organization was involved were heard by DAI and addressed to your satisfaction?
- [2.3] Do you have any recommendation on how the Compete activities in which your organization participated could be improved? If so, what are they?

[7] Project sustainability

- [7.1 & 7.2] In your view, can your organization sustain the Compete activities in which it is involved, were there to be a reduction or cut in funding from USAID? Are there exceptions to your answer and why are these activities exceptions?
- [7.1] Has your organization explored approaches that would permit sustainability for current Compete activities? If so, please provide an example of such an approach.
- [7.3] What are key challenges to rendering Compete activities in which your organization is involved sustainable?
- [7.3] What are key elements of support (e.g., funds, in-kind support, promotion) that would be needed for your organization to continue Compete activities?
- [7.3] Do you know if there are sources of funding from the Palestinian Authority or other governmental bodies that could enable sustainability of Compete activities?
- [7.3] What about non-governmental sources of funding from within Palestine, the diaspora, or other countries in the region?

Closing question

- Are there any other comments you would like to make?

Thank you so much for your time, your input is invaluable. Should you have any additional comments or questions to share with us, please contact us via the contact information listed in the introduction letter.

Agriculture Value Chain Modular Interview Guide

The questions below are organized by module to complement the general interview guide by focusing on specific aspects of Compete participation and their expected results.

Fresh Herbs Sub-Sector

- [6.1] Has participation in Compete activities helped your organization and its participants or suppliers producing new types crops? If so, which ones?
- [3.2] Has participation in Compete activities helped your organization and its participants or suppliers in better processing, storing, and/or shipping your crops to buyers? If so, in what way(s)?
- [6.1] Has participation in Compete activities helped your organization and its participants or suppliers meet new quality standards necessary for export? If so, which one(s)?
- [6.1] Has Compete helped your organization and its participants or suppliers improve the packaging of their products? If so, how did this happen?
- [6.1] In your view, have the production technologies or techniques deployed under Compete (e.g., grafting, use of saline water or organic fertilizers) been adopted by organizations or farmers not participating in Compete activities? If so, which technologies or techniques?
 - [F-YES] Do you believe this is a result of these other organizations or farmers seeing or hearing about the benefits of these technologies from those involved in Compete?

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1 & 6.1] Has participation in Compete activities helped your organization and its participants or suppliers in...:

Question	Likert Scale	Explanation and hard numbers!
... improving their bargaining power with regard to sale price?	1 2 3 4 5	
... lowering the financial risk of producing and selling their crops?	1 2 3 4 5	
... producing higher-quality crops?	1 2 3 4 5	
... reducing crop losses associated with pests?	1 2 3 4 5	
... reducing crop losses associated with draughts?	1 2 3 4 5	
... increasing their crop yields?	1 2 3 4 5	
... adopting new production technologies (e.g., fertilizers, use of saline water, grafting)?	1 2 3 4 5	
... reducing costs of production?	1 2 3 4 5	
... obtaining support services (e.g., crop testing, grafting) at reduced costs?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

Olive Oil Sub-Sector

- [3.2] Has participation in Compete activities helped your organization and its participants or suppliers in better processing, storing, and/or shipping your product to buyers? If so, in what way(s)?
- [6.1] Has participation in Compete activities helped your organization and its participants or suppliers meet new quality standards necessary for export? If so, which one(s)?
- [6.1] Has Compete helped your organization and its participants or suppliers improve the packaging of their products? If so, how did this happen?
- [6.1] In your view, have the production technologies or techniques deployed under Compete (e.g., irrigation, use of treated waste water or organic fertilizers) been adopted by organizations or farmers not participating in Compete activities? If so, which technologies or techniques?
 - [F-YES] Do you believe this is a result of these other organizations or farmers seeing or hearing about the benefits of these technologies from those involved in Compete?

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1 & 6.1] Has participation in Compete activities helped your organization and its participants or suppliers in...:

Question	Likert Scale	Explanation and hard numbers!
... improving their bargaining power with regard to sale price?	1 2 3 4 5	
... lowering the financial risk of producing and selling their crops?	1 2 3 4 5	
... producing higher-quality products?	1 2 3 4 5	
... reducing crop losses associated with draughts?	1 2 3 4 5	
... increasing your crop yields?	1 2 3 4 5	
... adopting new production technologies (e.g., irrigation, fertilizers)?	1 2 3 4 5	
... reducing costs of production?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

Date Sub-Sector

- [3.2] Has participation in Compete activities helped your organization and its participants or suppliers in better processing, storing, and/or shipping your product to buyers? If so, in what way(s)?

- [6.1] Has participation in Compete activities helped your organization and its participants or suppliers meet new quality standards necessary for export? If so, which one(s)?
- [6.1] Has Compete helped your organization and its participants or suppliers improve the packaging of products? If so, how did this happen?
- [6.1] In your view, have the production technologies or techniques deployed under Compete (e.g., pollination, use of saline water, organic fertilizers, treated waste water) been adopted by organizations or farmers not participating in Compete activities? If so, which technologies or techniques?
 - [F-YES] Do you believe this is a result of these other organizations or farmers seeing or hearing about the benefits of these technologies from those involved in Compete?

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1 & 6.1] Has participation in Compete activities helped your organization and its participants or suppliers in...:

Question	Likert Scale	Explanation and hard numbers!
... improving their bargaining power with regard to sale price?	1 2 3 4 5	
... lowering the financial risk of producing and selling their crops?	1 2 3 4 5	
... producing higher-quality crops?	1 2 3 4 5	
... reducing crop losses associated with pests?	1 2 3 4 5	
... reducing crop losses associated with draughts?	1 2 3 4 5	
... increasing their crop yields?	1 2 3 4 5	
... adopting new production technologies (e.g., pollination, fertilizers)?	1 2 3 4 5	
... reducing costs of production?	1 2 3 4 5	
... obtaining support services (e.g., crop testing) at reduced costs?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

Meat and Dairy Sub-Sector

- [3.2] Has participation in Compete activities helped your organization and its participants or suppliers in better processing, storing, and/or shipping your product to buyers? If so, in what way(s)?
- [6.1] Has participation in Compete activities helped your organization and its participants or suppliers meet new quality standards necessary for export? If so, which one(s)?
- [6.1] Has Compete helped your organization and its participants or suppliers improve the packaging of products? If so, how did this happen?
- [6.1] In your view, have the production technologies or techniques deployed under Compete (e.g., food safety testing, cold storage) been adopted by organizations or farmers not participating in Compete activities? If so, which technologies or techniques?

- [F-YES] Do you believe this is a result of these other organizations or farmers seeing or hearing about the benefits of these technologies from those involved in Compete?

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1 & 6.1] Has participation in Compete activities helped your organization and its participants or suppliers in...:

Question	Likert Scale	Explanation and hard numbers!
... improving your bargaining power with regard to sale price?	1 2 3 4 5	
... lowering the financial risk of producing and selling your products?	1 2 3 4 5	
... producing higher-quality products?	1 2 3 4 5	
... adopting new production technologies (e.g., cold storage, food safety testing)?	1 2 3 4 5	
... reducing costs of production?	1 2 3 4 5	
... obtaining support services (e.g., safety testing) at reduced costs?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

Other Sub-Sectors (Guava, Grape)

- [6.1] Has participation in Compete activities helped your organization and its participants or suppliers producing new types crops? If so, which ones?
- [3.2] Has participation in Compete activities helped your organization and its participants or suppliers in better processing, storing, and/or shipping your crops to buyers? If so, in what way(s)?
- [6.1] Has participation in Compete activities helped your organization and its participants or suppliers meet new quality standards necessary for export? If so, which one(s)?
- [6.1] Has Compete helped your organization and its participants or suppliers improve the packaging of products? If so, how did this happen?
- [6.1] In your view, have the production technologies or techniques deployed under Compete (e.g., grafting, use of saline or treated waste water, or organic fertilizers) been adopted by organizations or farmers not participating in Compete activities? If so, which technologies or techniques?
 - [F-YES] Do you believe this is a result of these other organizations or farmers seeing or hearing about the benefits of these technologies from those involved in Compete?

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1 & 6.1] In your experience, has participation in Compete activities helped your organization and its participants or suppliers in...:

Question	Likert Scale	Explanation and hard numbers!
... improving their bargaining power with regard to sale price?	1 2 3 4 5	
... lowering the financial risk of producing and selling their crops?	1 2 3 4 5	
... producing higher-quality crops?	1 2 3 4 5	
... reducing crop losses associated with pests?	1 2 3 4 5	
... reducing crop losses associated with draughts?	1 2 3 4 5	
... increasing their crop yields?	1 2 3 4 5	
... adopting new production technologies (e.g., fertilizers, use of saline water, grafting)?	1 2 3 4 5	
... reducing costs of production?	1 2 3 4 5	
... obtaining support services (e.g., crop testing, grafting) at reduced costs?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

Tourism Value Chain Core Interview Guide

Introductory questions

- When did your organization first become involved in the Compete project?
- How did you become involved in the Compete program activities (e.g., invited to participate, required to participate, sought participation)?

[1] Relevance of activities

- [1.3] Which Compete activities were your organization involved in, and what is your organization's role in these activities?
- [1.3] Are the Compete project activities in which your organization has been involved relevant to your organization's needs? What about your organization's participants/stakeholders?

[3] Gaps and Challenges

- [3.1] Do you feel that the activities in which your organization was involved addressed gaps and challenges specific to the Palestinian business environment that affects your organization (and/or its participants/stakeholders)? Why or why not?
- [3.2] What about gaps or challenges specific to the type of activity in the hospitality sector that your organization (and its participants/stakeholders) is involved in? Why or why not?
- [3.1 & 3.2] Are there specific gaps or constraints associated to the Palestinian business environment, the hospitality sector in general, or the specific hospitality activity your organization is involved in that you would like to see Compete address in the future? If so, what are they?

- [3.3] Was your organization involved in any activity aiming to increase access to water and land for business use/development?
 - [F-YES] If so, do you feel Compete activities succeeded in that respect, and how?

[4] Youth and gender integration

- [4.1] Was your organization involved in one or several activities that focused on involving and assisting youth and female participants?
 - [F-YES] [4.1] If so, which one(s) and how did this focus translate into specific actions on the part of your organization?
 - [F-YES] [4.2] When did this emphasis on youth and female participants involvement and assistance first emerge as part of Compete activities?
 - [F-YES] [4.2] Was it suggested by your organization, (its participants,) or DAI?
 - [F-YES] [4.3] In your view, has the inclusion of this emphasis made the activities more effective in reaching the goals you had set? Why or why not?
 - [F-YES] [4.3] Have there been any particular challenges linked to this emphasis on youth and female participants? If so, what were they and how did you overcome them?

[5] Project contribution towards key outcomes

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1] In your experience, has participation in Compete activities helped your organization (and its participants/stakeholders) in...:

Question	Likert Scale	Explanation and hard numbers!
... increasing the volume of incoming tourists?	1 2 3 4 5	
... increasing the revenue per incoming tourist?	1 2 3 4 5	
... increasing the length of stay of incoming tourists?	1 2 3 4 5	
... increasing their number of employees?	1 2 3 4 5	
... increasing their number of youth employees?	1 2 3 4 5	
... increasing their number of female employees?	1 2 3 4 5	
... improving their access to foreign investment?	1 2 3 4 5	
... improving their access to Palestinian investment?	1 2 3 4 5	
... reducing investment and operations risk?	1 2 3 4 5	
... creating new products or services?	1 2 3 4 5	
... finding and targeting clients for these new products or services?	1 2 3 4 5	
... identifying new international markets?	1 2 3 4 5	
... identifying new market segments?	1 2 3 4 5	

Question	Likert Scale	Explanation and hard numbers!
... catering and delivering value to new market segments?	1 2 3 4 5	
...increasing client satisfaction with services provided?	1 2 3 4 5	
... increasing awareness of Palestinian tourism destinations abroad?	1 2 3 4 5	
... establishing partnerships with other Palestinian firms and organizations?	1 2 3 4 5	
... establishing partnerships with Israeli firms and organizations?	1 2 3 4 5	
... establishing partnerships with multinational or international firms and organizations?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

- [5.1] In your experience, have Compete activities enabled the creation of new businesses in the hospitality sector? If so, how?
- [5.1] In your experience, have Compete activities fostered greater confidence and a lower perceived risk to starting a business among your organization’s participants or stakeholders? If so, how?
- [5.2] In your experience, have Compete activities allowed your organization (and/or its participants or stakeholders) to implement new technologies? If so, have these technologies delivered tangible benefits?

[6] Project contribution to change in mindset and practices

- [6.1] In your experience, have Compete activities changed the mindset about doing business in Palestine and/or business practices of your organization (and/or its participants or stakeholders)? If so, can you provide an example?

[2] Opportunities for improvement

- [2.1] Were there any challenges or specific constraints that limited the potential of Compete activities in which your organization was involved? If so, what were they?
 - [F-YES] Were they addressed by your organization, DAI, or USAID during the course of Compete? If so, how? If no, why not?
- [2.1] In your view, what were the principal strengths and weaknesses of the Compete activities in which your organization was involved?
- [2.2] Generally, did you know who to talk to at DAI when you needed guidance, wanted to voice concern, or report successes? If not, why not?
- [2.2] Do you feel that any concerns that emerged with regard to Compete activities in which your organization was involved were heard by DAI and addressed to your satisfaction?

- [2.3] Do you have any recommendation on how the Compete activities in which your organization participated could be improved? If so, what are they?

[7] Project sustainability

- [7.1 & 7.2] In your view, can your organization sustain the Compete activities in which it is involved, was there to be a reduction or cut in funding from USAID? Are there exceptions to your answer and why are these activities exceptions?
- [7.1] Has your organization explored approaches that would permit sustainability for current Compete activities? If so, please provide an example of such an approach.
- [7.3] What are key challenges to rendering Compete activities in which your organization is involved sustainable?
- [7.3] What are key elements of support (e.g., funds, in-kind support, promotion) that would be needed for your organization to continue Compete activities?
- [7.3] Do you know if there are sources of funding from the Palestinian Authority or other governmental bodies that could enable sustainability of Compete activities?
- [7.3] What about non-governmental sources of funding from within Palestine, the diaspora, or other countries in the region?

Closing question

- Are there any other comments you would like to make?

Thank you so much for your time, your input is invaluable. Should you have any additional comments or questions to share with us, please contact us via the contact information listed in the introduction letter.

Tourism Value Chain Modular Interview Guide

The questions below are organized by module to complement the general interview guide by focusing on specific aspects of Compete participation and their expected results.

Training (e.g., Digital Marketing, Soft Skills, TRAC, CHS)

- [3.1] Describe broadly the content of the training you have received under the Compete project?
- [3.1] Did this training include a practical component where you practiced what you learned and received feedback from the instructor?
- [3.1] Did you complete the training program? If so, did you receive a certification or another form of formal recognition for completing the training?
- [3.1] How satisfied are you with the quality, coverage, and structure of the training provided?

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [3.1] The training provided to you under the Compete project was...:

Question	Likert Scale	Explanation
... appropriate to your needs?	1 2 3 4 5	
... covered the topic in a complete way given training duration?	1 2 3 4 5	
... clear, understandable, and well-structured?	1 2 3 4 5	
... provided by an expert or somebody with extensive knowledge of the subject?	1 2 3 4 5	
...provided in a manner and location convenient for you?	1 2 3 4 5	
... a good opportunity to network?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

- [5.1 & 6.1] Has participation in the training helped you in...:

Question	Likert Scale	Explanation
... performing your job/course of study at the time?	1 2 3 4 5	
... obtaining a new job, a better job, or a promotion?	1 2 3 4 5	
... being more useful and/or respected within your team?	1 2 3 4 5	
... understanding where you fit in the organization and the importance of your job?	1 2 3 4 5	
... leading your team?	1 2 3 4 5	
... gaining the confidence to start your own business?	1 2 3 4 5	
...increasing customer satisfaction?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

ICT Value Chain Core Interview Guide

Introductory questions

- When did your organization first become involved in the Compete project?
- How did your organization become involved in the Compete program activities (e.g., invited to participate, required to participate, sought participation)?

[1] Relevance of activities

- [1.3] In which Compete activities was your organization involved, and what is your organization's role in these activities?
- [1.3] Are Compete project activities in which your organization has been involved relevant to your needs? [If applicable: What about for your organization's employees?]

[3] Gaps and Challenges

- [3.1] Do you feel that the activities in which your organization was involved addressed gaps and challenges specific to the Palestinian business environment? Why or why not?
- [3.2] What about the gaps or challenges specific to the type of activity within the broader ICT sector that your organization is involved in? Why or why not?
- [3.1 & 3.2] Are there specific gaps or constraints associated to the Palestinian business environment, the ICT sector in general, or the specific activity within the ICT sector your organization is involved in that you would like to see Compete address in the future? If so, what are they?

[4] Youth and gender integration

- [4.1] Was your organization involved in one or several Compete activities that focused on involving and assisting youth and female participants?
 - [F-YES] [4.1] If so, which one(s) and how did this focus translate into specific actions on your part?
 - [F-YES] [4.2] When did this emphasis on youth and female participants involvement and assistance first emerge as part of Compete activities your organization has been involved in?
 - [F-YES] [4.2] Was this emphasis suggested by your organization or DAI?
 - [F-YES] [4.3] In your view, has this emphasis made the Compete activities your organization has been involved in more effective? Why or why not?
 - [F-YES] [4.3] Has there been any particular challenge linked to this emphasis on youth and female participants? If so, what were they and how did your organization overcome them?

[5] Project contribution toward key outcomes

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1] In your experience, has participation in Compete activities helped your organization in...:

Question	Likert Scale	Explanation and hard numbers!
... increasing its overall revenue?	1 2 3 4 5	
... increasing its overall profit?	1 2 3 4 5	
... increasing its foreign sales or those to multinational companies?	1 2 3 4 5	
... increasing its profit on foreign sales or those to multinational companies?	1 2 3 4 5	
... increasing its number of youth employees?	1 2 3 4 5	
... increasing its number of female employees?	1 2 3 4 5	
... improving its access to foreign investment?	1 2 3 4 5	
... improving its access to Palestinian investment?	1 2 3 4 5	

Question	Likert Scale	Explanation and hard numbers!
... reducing its operational and investment risks?	1 2 3 4 5	
... identifying new clients for existing products or services?	1 2 3 4 5	
... creating new products or services?	1 2 3 4 5	
... identifying clients for these new products or services?	1 2 3 4 5	
... becoming more aware of market trends?	1 2 3 4 5	
... accessing tools and know-how needed for your organization to grow?	1 2 3 4 5	
... establishing partnerships with other Palestinian firms and organizations?	1 2 3 4 5	
... establishing partnerships with Israeli firms and organizations?	1 2 3 4 5	
... establishing partnerships with multinational or international firms and organizations?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

- [5.1] In your experience, have Compete activities enabled the creation of new businesses in the ICT sector? If so, can you provide an example?
 - [F-YES] [5.1] If so, how have these businesses performed so far?
- [5.1] In your experience, have Compete activities connected your company to new clients within the Palestinian economy (e.g., tourism, agriculture, logistics)? If so, can you provide an example?
- [5.2] In your experience, have Compete activities allowed your organization to use new technologies or tools? If so, have these technologies delivered tangible benefits?
- [5.2] Was your company involved in the development or use of the Payment Gateway supported by Compete? If so, what has been your experience with this system?

[6] Project contribution to change in mindset and practices

- [6.1] In your experience, have Compete activities had an effect on the mindset and/or business practices of your organization (and its employees)? If so, can you provide an example?

[2] Opportunities for improvement

- [2.1] Were there any challenges or specific constraints that limited the potential of Compete activities in which your organization was involved? If so, what were they?
 - [F-YES] Were they addressed by your organization, DAI, or USAID during the course of Compete? If so, how? If no, why not?
- [2.1] In your view, what were the principal strengths and weaknesses of the Compete activities in which your organization was involved?

- [2.2] Generally, did you know who to talk to at DAI when you needed guidance, wanted to voice concern, or report successes? If not, why not?
- [2.2] Do you feel that any concerns that emerged with regard to Compete activities in which your organization was involved were heard by DAI and addressed to your satisfaction?
- [2.3] Do you have any recommendation on how the Compete activities in which your organization participated could be improved? If so, what are they?
- [2.3] Do you have any recommendation for new Compete activities that would benefit the ICT sector? If so, what are they?

[7] Project sustainability

- [7.1 & 7.2] In your view, can your organization sustain the activities supported by Compete in which it is involved, were there to be a reduction or cut in funding from USAID? Are there exceptions to your answer and why are these activities exceptions?
- [7.1] Has your organization explored approaches that would permit sustainability for current Compete activities in which it is involved? If so, please provide an example of such an approach.
- [7.3] What are key challenges to rendering Compete activities in which your organization is involved sustainable?
- [7.3] What are key elements of support (e.g., funds, in-kind support, promotion) that would be needed for your organization to continue Compete activities in which it is involved?
- [7.3] Do you know if there are sources of funding from the Palestinian Authority or other governmental bodies that could enable sustainability of Compete activities?
- [7.3] What about non-governmental sources of funding from within Palestine, the diaspora, or other countries in the region?

Closing question

- Is there any other comments you would like to make?

Thank you so much for your time, your input is invaluable. Should you have any additional comments or questions to share with us, please contact us via the contact information listed in the introduction letter.

ICT Value Chain Core Interview Guide

The questions below are organized by module to complement the general interview guide by focusing on specific aspects of Compete participation and their expected results.

Participation in Incubator and/or Seed Funding

- [3.1] Describe the type of business support and assistance (e.g., business plan development, marketing counseling, networking support, product showcasing) that has been provided to your start-up through participation in the incubator or seed fund?
- [3.1] Describe the type of programming or product development support (e.g., development tools workshop, counseling to resolve product issues or develop new features, connection

with experts) that has been provided to your start-up through participation in the incubator or seed fund?

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [3.1] Has the support provided as part of the incubator or seed fund been...:

Question	Likert Scale	Explanation
... appropriate to your start-up's needs?	1 2 3 4 5	
... responsive to the evolving challenges of your start-up?	1 2 3 4 5	
... provided in a personal and convenient manner?	1 2 3 4 5	
... to your satisfaction?	1 2 3 4 5	
... able to strengthen the relationships within your team?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

- [5.1 & 6.1] Has participation in the incubator or seed fund helped your start-up in...:

Question	Likert Scale	Explanation
... strengthening the relationships within your team?	1 2 3 4 5	
... overcoming specific technological challenges?	1 2 3 4 5	
... overcoming specific business challenges?	1 2 3 4 5	
... connecting with needed outside expertise and guidance?	1 2 3 4 5	
... reducing your product's overall development time?	1 2 3 4 5	
... identifying the talent needed to move to market and/or grow?	1 2 3 4 5	
... being more comfortable with risk-taking and the possibility of failure?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

Training (e.g., Mini-MBA, Oracle, Microsoft PalDev Camp)

- [3.1] Describe broadly the content of the training you have received under the Compete project?
- [3.1] How satisfied are you with the quality, coverage, and structure of the training provided?

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [3.1] The training provided to you under the Compete project was...:

Question	Likert Scale	Explanation
... appropriate to your needs?	1 2 3 4 5	
... covered the topic in a complete way given training duration?	1 2 3 4 5	
... clear, understandable, and well-structured?	1 2 3 4 5	
... provided by an expert or somebody with extensive knowledge of the subject?	1 2 3 4 5	
... a good opportunity to network?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

- [5.1 & 6.1] Has participation in the training helped you in...:

Question	Likert Scale	Explanation
... performing your job/course of study at the time?	1 2 3 4 5	
... obtaining a new job, a better job, or a promotion?	1 2 3 4 5	
... being more useful and/or respected within your team?	1 2 3 4 5	
... understanding where you and fit in the overall ICT sector?	1 2 3 4 5	
... leading your team or company?	1 2 3 4 5	
... gaining the confidence to start your own business?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

Participation in Hi-Tech Hub events

- [6.1] Has participation in the Hi-Tech Hub event(s) helped you in gaining exposure for your idea or product? If so, tell us what happened as a result of participation.
- [3.2] Has participation in the Hi-Tech Hub helped you in better understanding what market(s) to target, where your idea could be most useful? If so, in what way(s)?
- [6.1] Has participation in the Hi-Tech Hub helped you in refining your idea or product so it is closer to commercialization or better? If so, which one(s)?

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1 & 6.1] Has participation in the Hi-Tech Hub helped you in...:

Question	Likert Scale	Explanation
... overcoming specific technological challenges?	1 2 3 4 5	
... identifying innovative ideas to make your product or idea better?	1 2 3 4 5	

Question	Likert Scale	Explanation
... connecting with needed outside expertise and guidance?	1 2 3 4 5	
... reducing your product's overall development time?	1 2 3 4 5	
... identifying the talent needed to move to market with your idea or product?	1 2 3 4 5	
... being more comfortable with risk-taking and the possibility of failure?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

Stone and Marble Value Chain Core Interview Guide

This guide covers all core questions for stone and marble companies. Compete activities in this value chain were more focused, meaning that no module was developed nor needed.

Introductory questions

- When did your organization first become involved in the Compete project?
- How did your organization first become involved in the Compete program activities (e.g., invited to participate, required to participate, sought participation)?

[1] Relevance of activities

- [1.3] Which Compete project activities has your organization been involved in? What is your organization's role in these activities?
- [1.3] Are the Compete project activities in which your organization has been involved relevant to your organization's needs?
- [1.3] In your view, did Compete provide sufficient counseling and technical assistance in areas relevant to your organization, such as marketing (e.g., market research, product presentation), and tooling upgrade? Why or why not?

[3] Gaps and Challenges

- [3.1] Do you feel that the activities in which your organization was involved addressed gaps and challenges specific to the Palestinian business environment? Why or why not?
- [3.2] What about gaps or challenges specific to the stone and marble value chain in which your organization operate? Why or why not?
- [3.1 & 3.2] Are there specific gaps or constraints associated with the Palestinian business environment or the stone and marble sector that you would like to see Compete address in the future? If so, what are they?
- [3.3] Was your organization involved in any project activity aiming at increasing access to water and land for business use?
 - [F-YES] If so, do you feel Compete activities succeeded in that respect, and how?

[4] Youth and gender integration

- [4.1] Was your organization involved in one or several activities that focused on involving and assisting youth and female participants?
 - [F-YES] [4.1] If so, which one(s) and how did this focus translate into specific actions on the part of your organization?
 - [F-YES] [4.2] When did this emphasis on youth and female participants involvement and assistance first emerge as part of Compete activities?
 - [F-YES] [4.2] Was it suggested by your organization or DAI?
 - [F-YES] [4.3] In your view, has this emphasis made the activities more effective in reaching the goals you had set? Why or why not?
 - [F-YES] [4.3] Have there been any particular challenges linked to this emphasis on youth and female participants? If so, what were they and how did your organization overcome them?

[5] Project contribution toward key outcomes

Interviewer: 1) Ask for explanation and exact or estimated figures, 2) Quickly go over Likert Scale options (strong disagree, disagree, neither agree nor disagree, agree, strongly agree).

- [5.1] In your experience, has participation in Compete activities helped your organization in...:

Question	Likert Scale	Explanation and hard numbers!
... increasing its overall revenue?	1 2 3 4 5	
... increasing its overall profit?	1 2 3 4 5	
... increasing revenue associated with export?	1 2 3 4 5	
... increasing profit associated with export?	1 2 3 4 5	
... increasing its number of employees?	1 2 3 4 5	
... increasing its number of youth employees?	1 2 3 4 5	
... increasing its number of female employees?	1 2 3 4 5	
... improving its access to bank loans?	1 2 3 4 5	
... improving its access to foreign investment?	1 2 3 4 5	
... improving its access to Palestinian investment?	1 2 3 4 5	
... reducing its operational and investment risks?	1 2 3 4 5	
... developing new products or services not previously available in Palestine?	1 2 3 4 5	
... developing new products or services not previously available anywhere (e.g., based on trade shows)?	1 2 3 4 5	
... finding buyers and selling these new products or services in Palestine?	1 2 3 4 5	
... finding buyers and selling these new	1 2 3 4 5	

Question	Likert Scale	Explanation and hard numbers!
products or services abroad?		
... establishing partnerships with other Palestinian firms and organizations?	1 2 3 4 5	
... establishing partnerships with Israeli firms and organizations?	1 2 3 4 5	
... establishing partnerships with multinational or international firms and organizations?	1 2 3 4 5	
... becoming more aware of market trends?	1 2 3 4 5	
... accessing tools and know-how needed for your organization to grow?	1 2 3 4 5	
... decreasing the environmental impact of producing stone and marble?	1 2 3 4 5	

Likert scale key: 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree

- [5.1] In your experience, have Compete activities enabled the creation of new businesses in the stone and marble sector? If so, how?
- [5.1] Have Compete activities enabled your company to produce and sell dry sludge products? If so, have you found buyers, and is it a profitable line of business?
- [5.2] In your experience, have Compete activities allowed your organization to implement new technologies? If so, have these technologies delivered tangible benefits?

[6] Project contribution to change in mindset and practices

- [6.1] In your experience, have Compete activities changed the mindset or business practices of your organization? If so, can you provide an example?
- [6.1] Have Compete activities helped you better understand the environmental impact of the stone and marble industry? If so, what steps has your organization taken to limit its environmental impact?

[2] Opportunities for improvement

- [2.1] Were there any challenges or specific constraints that limited the potential of Compete activities in which your organization was involved? If so, what were they?
 - [F-YES] Were they addressed by your organization, DAI, or USAID during the course of Compete? If so, how? If no, why not?
- [2.1] In your view, what were the principal strengths and weaknesses of the Compete activities in which your organization was involved?
- [2.2] Did you know who to talk to at DAI when you needed guidance, wanted to voice concern, or report successes? If not, why not?
- [2.2] Do you feel that any concerns that emerged with regard to Compete activities in which your organization was involved were heard by DAI and addressed to your satisfaction?
- [2.3] Do you have any recommendation on how the Compete activities in which your organization participated could be improved? If so, what are they?

- [2.3] Overall, are you satisfied with the service providers that Compete has selected to work with your organization (e.g., PalTrade, filter press consulting firms, group marketing organizations, the Stone and Marble Union)? If not, please explain why?

[7] Project sustainability

- [7.1 & 7.2] In your view, can your organization sustain the Compete activities in which it is involved (e.g., trade show participation, maintenance and upgrade of filter press), was there to be a reduction or cut in funding from USAID? Are there exceptions to your answer and why are these activities exceptions?
- [7.1] Has your organization explored approaches that would permit sustainability for current Compete activities? If so, please provide an example of such an approach.
- [7.3] What are key challenges to rendering Compete activities in which your organization is involved sustainable?
- [7.3] What are key elements of support (e.g., funds, in-kind support, promotion) that would be needed for your organization to continue Compete activities?
- [7.3] Do you know if there are sources of funding from the Palestinian Authority or other governmental bodies that could enable sustainability of Compete activities?
- [7.3] What about non-governmental sources of funding from within Palestine, the diaspora, or other countries in the region?

Closing question

- Are there any other comments you would like to make?

Thank you so much for your time, your input is invaluable. Should you have any additional comments or questions to share with us, please contact us via the contact information listed in the introduction letter.

Appendix 9: Compete Consent Forms and Instruments

Letter of Introduction to Stakeholders

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

Dear Sir/Madam,

Optimal Solutions Group, LLC USA (Optimal) is conducting a Mid-Term Evaluation of the *Enterprise Development for Global Competitiveness Project (Compete)* on behalf of the United States Agency for International Development (USAID). The Compete project aims to strengthen the competitiveness and export potential of the Palestinian agribusiness, tourism, stone and marble, and information and communication technology sectors. To accomplish this, the project assists Palestinian small and medium enterprises to become better integrated in the global economy and better prepared to embrace the technical and market challenges of their global industries. Optimal is serving as an independent evaluator to assess this initiative's performance to date and provide recommendations to improve the project moving forward.

Given your affiliation or participation in this initiative, the evaluation team requests your involvement in an individual interview which will aid in evaluating various aspects of the initiative.

Please note that the evaluation team understands the sensitivities that could exist within this program and therefore will ensure confidentiality of your personal identifying information during and after the interview. A consent form will be provided prior to the interview and you are welcome to provide information "off-the-record" or to end the interview at any time.

The interview is estimated to last 1 hour. Please let us know if you have any questions/comments. Should you have questions concerning the larger study, please contact us at Compete@optimalsolutionsgroup.com or +1-301-306-1170.

Thank you in advance for your cooperation with this important study.

Sincerely,

Dr. Mark Turner, Chief of Party

Compete Informed Consent Form

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

Thank you for taking time out of your busy schedule to meet with us today. Optimal Solutions Group, LLC USA (Optimal) has been contracted by the United States Agency for International Development (USAID) to evaluate the *Enterprise Development for Global Competitiveness Project (Compete)*, a program to strengthen the competitiveness and export potential of the agribusiness, tourism, stone and marble, and information and communication technology sectors. As part of the *Compete* evaluation, our research team will be conducting interviews with program stakeholders.

You have been selected to participate in an interview that includes questions on your understanding of the initiative, involvement in program activities, and opinion on the effects of the initiative. The interview includes questions about the program, and about your individual or company/organization's participation in the initiative. The interview is expected to last about 60 minutes and your participation is entirely voluntary; your decision will not affect your ability to participate in future project activities.

Confidentiality and Usage

If you agree to participate, you can choose to stop at any time or to skip any question you do not want to answer. During the interview, our evaluation team will be taking written notes of the conversation. The primary purpose of carefully documenting your and other interviews is to ensure the accuracy and validity of our evaluation findings. Respondent's organizational affiliation or role may be referenced in the report, however, respondents' names will not be referenced directly. In the case where comments are made "off-the-record," your answers will be completely confidential and will not be disclosed in the report or to the program implementer, DAL.

Storage and Access

The interview notes will be stored in a password-protected file on a secure server, which is accessible only to the evaluation team. The interview notes will not be provided to USAID or other United States government agencies.

Do you have any questions about the interview or the information provided so far? If in the future you have any questions, concerns, or comments regarding this interview, please email Mark Turner, Chief of Party, Optimal Solutions Group, LLC, at Compete@optimalsolutionsgroup.com. We will leave one copy of this form with you for your records.

Signature

Date

Printed Name

Consent form approved by [OPTIMAL PERSONEL] on [DATE]. Contact: E-mail: [EMAIL ADDRESS]

Your signature on this form grants the evaluation team permission to conduct the interview as described above for our study. Do you consent to be interviewed and to participate in the full study?

Yes No Name: _____

Signature: _____

I, _____, the interviewer for the above mentioned interview, on _____, 2014, certify that I have read the above statement to the respondent and based on the above signature, they have consented to participate

Letter of Introduction to the Ministry of Agriculture

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

Dear Sir/Madam,

Optimal Solutions Group, LLC USA (Optimal) is conducting a Mid-Term Evaluation of the *Enterprise Development for Global Competitiveness Project (Compete)* on behalf of the United States Agency for International Development—West Bank & Gaza (USAID/WBG). The Compete project aims to strengthen the competitiveness and export potential of the Palestinian agribusiness, tourism, stone and marble, and information and communication technology sectors. To accomplish this, the project assists Palestinian small and medium enterprises to become better integrated in the global economy and better prepared to embrace the technical and market challenges of their global industries. Optimal is serving as an independent evaluator to assess this initiative's performance to date and provide recommendations to improve the project moving forward.

The Palestinian Ministry of Agriculture was and remains involved in various aspects of the Compete project, including the deployment of saline water technology in the Jordan Valley and the development of wastewater reuse in Palestine. Consequently, USAID/WBG requests that Optimal hold a brief in-person interview (no more than 45 minutes) with the Minister of Agriculture, Shawqi Al-Aissa. The goal of this meeting will be to discuss interactions between the Ministry and the project, perception of the project by the Ministry, and alignment between Compete activities and the Ministry's strategic plans and programs.

Thank you in advance for your cooperation with this important study. Please feel free to confirm this request with Amal Tannous, Program Manager of the Private Enterprise Office at USAID/WBG and to include any point(s) of contact at the Ministry of Agriculture who may have been directly involved with the Compete project, if applicable.

Letter of Introduction to the Ministry of Tourism and Antiquities

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

Dear Sir/Madam,

Optimal Solutions Group, LLC USA (Optimal) is conducting a Mid-Term Evaluation of the *Enterprise Development for Global Competitiveness Project (Compete)* on behalf of the United States Agency for International Development—West Bank & Gaza (USAID/WBG). The Compete project aims to strengthen the competitiveness and export potential of the Palestinian agribusiness, tourism, stone and marble, and information and communication technology sectors. To accomplish this, the project assists Palestinian small and medium enterprises to become better integrated in the global economy and better prepared to embrace the technical and market challenges of their global industries. Optimal is serving as an independent evaluator to assess this initiative's performance to date and provide recommendations to improve the project moving forward.

The Palestinian Ministry of Tourism and Antiquities was and remains involved in various aspects of the Compete project, including the hotel classification system and improvements to historical sites, including Hisham's Palace and the Burquin Church. Consequently, USAID/WBG requests that Optimal hold a brief in-person interview (no more than 45 minutes) with the Minister of Tourism and Antiquities, Rula Ma'ay'a. The goal of this meeting will be to discuss interactions between the Ministry and the project, perception of the project by the Ministry, and alignment between Compete activities and the Ministry's strategic plans and programs.

Thank you in advance for your cooperation with this important study. Please feel free to confirm this request with Amal Tannous, Program Manager of the Private Enterprise Office at USAID/WBG, and to include any point(s) of contact at the Ministry of Tourism and Antiquities who may have been directly involved with the Compete project, if applicable.

Compete Team Agribusiness Interview Guide

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

Contracts:

- Does Compete play any direct or monitoring role in the price setting taking place between small producers and larger ones, given that bargaining power for small producers is typically weak?
- On what basis are the forward prices introduced by Compete calculated? Is there an impartial broker of information that is used?
 - Does Compete play a role in setting forward prices or monitoring that they are reasonable based on some benchmark?

- How did Compete decide which sub-sectors of the agribusiness value chain should be the focus for forward pricing?

Cost Share:

- Typically, how does Compete decide on the cost-share percentage and requirements for its various activities?
 - Are there cases where they changed over time for a given company once an initial understanding was reached? If so, why?
- Does Compete believe that cost-sharing requirements are reasonable for medium-sized producers wanting to attend trade shows?
- Does Compete help small producers with access to agricultural inputs such as machinery?
 - If so, are the cost-share terms different since they don't have means and typically reported not trusting banks?

Targeting:

- Is there a particular reason why Compete isn't working in a systematic manner with local farm associations and cooperatives?
- How does Compete assess whether a company or individual seeking assistance to enter a new market or crop is really ready?
 - Does Compete conduct a needs assessment or an assessment of firms' backstory/previous effort and use this information to tailor its approach and that of its service providers?
- Compete helped a significant number of larger firms with various quality certifications. Doesn't the project feel that there is a need to extend this assistance, in particular related training, to smaller farmers who supply these firms? Why or why not?
- Many companies that received Compete's assistance are relatively large, if not very large. Does Compete have a plan to directly target smaller firms and producers? If not, why not?

Project Processes:

- When Compete suggests a new product or crop, what is the typical process that is implemented with the target company or companies?
- Does Compete have a mechanism in place to communicate when new service providers or services are offered? If so, what is it?
- Does Compete have a mechanism in place to facilitate the spread of information about which crops are in short supply, what crops prices are today, etc.? If so, what is it?
- How does Compete measure the level of satisfaction with its service providers and the experience the firms had with them?
- What are the most common reasons for which Compete denies requests for assistance by vetted project participants?
- In your opinion, is Compete's process for farmers and other agribusiness organizations to propose projects or request assistance sufficiently approachable?
 - Does Compete contract service providers or directly provides proposal-writing assistance to less sophisticated farmers and firms? If not, why not?

- A significant number of project participants reported important delays or complete lack of delivery of Compete’s assistance with packaging improvements, and in-kind or financial help for tools and machinery. What are some of the most common reasons why this occurred?
- Was Compete’s sponsoring of the 2014 Fancy Food trade show canceled? If so, why?
- What was the process put in place by Compete to decide on the best approach to setting up the Dubai trade hub?
- How confident is Compete that most companies are aware of and understand how export managers are supported by the project?

Trade Shows:

- Is the assistance provided by Compete and its service providers for agribusiness trade shows any different in type or delivery from what is provided to the stone and marble sector?
 - [F-YES] Does Compete or its service providers typically schedule one-on-one meetings or other targeted matchmaking events with specific clients on behalf of agribusiness companies?
 - [F-YES] If so, what criteria is used to decide who to contact?
 - [F-YES] What is the typical preparation provided to trade show participants before the event?
 - In your experience, is this preparation sufficient to maximize how participants capitalize on trade shows?
 - Are attendees receptive to training? Would they be open to additional training in your opinion?
 - [F-YES] What is the typical process in place to assist trade show attendees after they return?
- How does Compete and its service providers decide the size of booths for a given agribusiness company at trade shows?

General:

- Does Compete look to implement group marketing in any way in the agribusiness value chain? Why or why not?
- How does Compete prevent larger firms from simply pursuing a vertical integration strategy instead of increasing the involvement of small- and medium-size players in the value chain?
- Why doesn’t Compete, through its service providers, deliver sustained, in-depth training on marketing, exporting, agricultural practices, etc.?
- Does Compete believe that West Bank agribusiness firms can compete internationally with Israeli firms, which receive subsidies, leverage cheap labor and superior technologies, and don’t face logistical issues that increase the price of Palestinian producers/exporters?
- Did Compete manage to facilitate access to new land or water resources for the agribusiness sector since the project’s inception? If so, can you provide a few examples?
- The LEAP team heard that one of the two nurseries that received help with grafting techniques has stopped using them since. Is that correct? If so, does Compete know why?
- Multiple interviewees reported seeking help with solar panels but were turned down by Compete, is there an underlying reason for this?
- Are farmers and companies involved in agribusiness in Palestine typically making use of insurance to cover potential losses due to weather, conflict, etc

Compete Team Tourism Interview Guide

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

AH&LA Training:

- How were the AH&LA training opportunities provided under Compete promoted and advertised?
- What is the typical training provided by Palestinian hotels not part of an international company to their staff?
 - How does this training compare with what is provided by hotels which are franchises or owned by international companies?
- Can you explain what elements of the AH&LA material were translated to Arabic as part of the various staff, supervisor, and management training offered under Compete?
- What was the typical duration and intensity of the AH&LA training (e.g., CHHE, CFBE, CHA) provided under Compete?
 - Does the duration and intensity align with the typical format provided in the United States for these same trainings?
 - Do you think that the training format was suitable and realistic to making sure that participants learned, practiced, and retained the information?
- Does Compete have the passing rates for the various training programs setup under Compete? If so, can they share those with the LEAP team?
- Did the AH&LA training (e.g., CHHE, CFBE, CHA) typically include hands-on teaching and practice of concepts learned in the books and CDs/DVDs?

Hotel Classification:

- What is the typical procedure used to classify hotels in Palestine?
 - Are audits performed at a random time, without prior notice to the hotel?
- Does Compete or one of its partners monitor how hotels are assessed, whether the procedures are being followed by assessors?
- Does Compete keep track of the attrition rate among trained assessors? If so, what is this rate, approximately?
- Has there been any negative spillovers resulting from the implementation of the classification system? If so, which one(s)?
- Are assessors paid for their work? If so, who decides how much and where do the funds come from?

Hospitality School:

- Why did Compete decide to implement the school in Jericho?
- Do Palestinian universities offer hospitality degrees and training?
 - [F-YES] What are the advantages of the hospitality school over such programs?
 - [F-YES] Why did Compete decide to support the development of a new school instead of reinforcing the programs already available?

Festivals and Other Activities:

- Does Compete have a checklist of what organizations and entities are typically involved in the organizing and implementation of festivals?
 - [F-YES] If so, what are the key groups typically involved?
- How does Compete assess the success of festivals organized?
- What approach did Compete use to promote the e-commerce and social media training?

General:

- Overall, did you find a strong and effective partner in the Ministry of Tourism
- Does Compete offer assistance, either in-kind or financial, for hospitality stakeholders to revamp their websites?
 - [F-YES] Does this assistance rely on participants of the ICT value chain with which Compete is working?
- Given past experiences with inconsistent or delayed USAID funding, how does Compete communicate its commitment to fund recipients?
- Did Compete identify relevant areas of cross-sector support between tourism and ICT? If so, what are examples?
- Are there any other comments you would like to make?

Compete Team Stone & Marble Interview Guide

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

Trade Shows:

- Typically, how does Compete decide which trade shows to sponsor? [Note: why not China for example, where companies have met significant success?]
- Documents from Compete suggest that companies selected to attend trade shows have to be “export ready and with a reputable, proven experience in exporting stone.” How does Compete decide whether there two criteria are met?
- How does Compete decide the size of booth space to be booked for each company? Is it done by Compete, PalTrade, the USM, or the companies? Was it always done this way?
- Does Compete typically schedule one-on-one meetings or other targeted matchmaking events with specific clients on behalf of stone and marble companies?
 - [F-YES] If so, what criteria does Compete use to decide who to contact?
- What is the typical preparation provided to trade show participants before the event?
 - In your experience, is this preparation sufficient to maximize how participants capitalize on trade shows?
 - Are attendees receptive to training? Would they be open to additional training in your opinion?

- What is the typical process in place to assist trade show attendees after they return?

Group Marketing:

- How does Compete assess second-tier representation, another criteria for trade show selection?
- Does Compete have a process in place to assess whether companies reporting involvement in group marketing are acting accordingly, both during trade shows and in general? If so, can you outline its key elements?
- What are the key differences between the vision of group marketing that Compete is promoting and that advocated by the Union of Stone and Marble?
 - [F] Do you think their vision of a consortium composed of medium-sized firms with its own staff and branding is feasible? Would it be compatible with Compete's approach? Why or why not?

Filter Press:

- Has there been concrete progress in using dry sludge for some useful, commercially viable purpose so far? What was the role of Expo Works Plus in this process?
 - [F] If so, what is Compete's role in increasing the adoption of this method?
 - [F] Do you believe that stone and marble companies fully understand the potential for these solutions? How would you describe the level of interest they expressed toward adopting these solutions?
- Please discuss briefly the issues that Compete encountered with regard to deploying new filter presses?
 - [F] Is there any indication that these issues will be resolved in the near future?
- Why have stone and marble companies been so hesitant to adopt filter presses when our understanding is that they pay for themselves in a short period of time through much lower water use and easier disposal of waste product?
- Were filter presses meant to be deployed in Hebron as a priority, and if so, why?

Relationships with Service Providers:

- What are the responsibilities of the Union of Stone and Marble as it relates to trade shows?
- How would you characterize Compete's relationship with the Union of Stone and Marble?
 - [F] Has the relationship improved over time, and if so, can this be traced to something specific?
- What is the role and involvement of PalTrade at it relates to trade shows today?
- How would you characterize Compete's relationship with PalTrade?
 - [F] Has the relationship of PalTrade in stone and marble evolved over time, and if so, how?
 - [F] Has the role of PalTrade in stone and marble evolved over time, and if so, how?
 - [F] In your opinion, has PalTrade been a reliable and satisfactory partner to Compete as it relates to stone and marble? Why or why not?

Closing:

- Did Compete manage to facilitate access to new quarries or other land resources to the stone and marble sector?
- As far as you are aware, are there other international donors providing assistance on a similar scale at Compete to the Palestinian stone and marble sector?
 - [F-YES] What type of intervention are these donors supporting?
 - [F-YES] What mechanism (formal or informal) does Compete have in place to coordinate with these other organizations, if any?
- Does Compete provide any direct training and capacity-building assistance to medium-sized firms in stone and marble? If so, what does this training consist of?
- What upcoming stone and marble activities or projects does Compete plan to implement in the coming year?
 - Trade hub in Italy?
- Are there any other comments you would like to make?

Compete Team ICT Interview Guide

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

Hi-Tech Hubs:

- What are the typical backgrounds of the people that make up the jury of the Hi-Tech Hubs?
- Who is the typical audience of the Hi-Tech Hubs, aside from the jury?
- How are start-ups selected to present at the Hi-Tech Hubs? How many are typically presenting at each event?
- What is the time limit for a start-up to present and what happens after the presentation portion of the event is over?
 - Is there a one-on-one, matchmaking, or showcasing session for winners?
- Has there been cases where the same start-up presented at more than one Hi-Tech Hub? If so, do you have examples and how frequently did this happen?
 - [F-YES] Are repeat presenters allowed to present the latest version of the same product or idea they presented in the past or only a new concept or product?
- How many of the start-ups that presented at the Hi-Tech Hubs were offered funding so far?
- Is there any training or coaching provided to Hi-Tech Hub participants prior to the event to enable them to maximize this opportunity?

Mini-MBA and Other Training:

- How were participants to the Mini-MBA program identified and recruited?
- What is the underlying reason for holding the Mini-MBA classes in Israel?
- In your opinion, is the Mini-MBA program involved enough to meet the needs of the top managers at established ICT firms?

- While Compete provided many opportunities for technical training (Oracle, Microsoft, Salesforce), do you believe that there is enough opportunity for training on project management, a key element of software design?
- Are the technical trainings offered under Compete (Oracle, Microsoft, Salesforce) involved enough to permit the taking of the associated certification exams without additional training?
 - Is the certification fee the cost share portion of the activity?
- Most of the technical training provided under Compete (except for Ruby on Rails) focused on for-profit software. Is there any reason that open source software wasn't a major focus, given its advantages?
- Aside from supporting Leaders and Arabreneur, does Compete provide more accessible and less competitive training to start-ups in the area of marketing and public relations (e.g., social media outreach)?
- Did Compete or its partners offer training to promote quality assurance and best practices in software development to companies and start-ups?

General:

- Did Compete and other donors supporting Leaders ever meet to try and coordinate their reporting requirements?
- What are the most significant hurdles to attracting international ICT companies to Palestine that Compete helped clear?
- In your experience, are Palestinian universities producing qualified, innovative, and ready-to-work computer scientists and engineers that meet international market needs?
 - How do they compare with those coming out of schools in the United States or Europe?
 - What are some of the key weaknesses of Palestinian CS and engineering programs?
- In your opinion, have the efforts to encourage start-ups and develop the associated ecosystem made a difference in how entrepreneurs think of risk and failure?
- Did Compete support companies to attend software and technology trade shows in the MENA region (e.g., Dubai GITEX Tech Week) or elsewhere?
- Does Compete actively promote the systematic matching of new graduates with possible positions at leading Palestinian ICT firms or start-ups? If so, how?
- What is the underlying rationale for the subsidy of a portion of the labor cost of local engineers involved in outsourced activities?
 - Are you not worried that this will artificially lower the expected price for future services?
- Given the nature of the ICT market, do you think the export manager support provided by Compete is as relevant in this value chain as it is in agribusiness or stone?
- In what ways did Compete leverage the Palestinian diaspora in the US, the Gulf, and Europe to enhance its support to the ICT sector?
 - How successful was this effort and what were the most significant hurdles encountered?
- Did Compete undertake any specific effort to promote the Palestinian ICT sector as a whole abroad? If so, what was done?

- While Compete is focused on export development, has it worked to foster teaming among Palestinian ICT firms so they can take on more daring and complex projects by combining their skills and experiences?
- Given that several other government and non-profit donors are active in the ICT field, does Compete have any mechanism in place to coordinate with them to avoid duplications and create programmatic synergies?
- Are there any other comments you would like to make?

Appendix 10: Ministries and Other Donors' Instruments

PA Tourism Ministry Interview Guide

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

1. What does the Ministry of Tourism consider the top three challenges facing Palestinian tourism industry today?
2. [1.3] In your view, are the Compete project activities relevant to mitigating these challenges? If so, how?
3. [6.1] Is the Ministry of Tourism satisfied with the work done by Compete on road signage and improvements to historical sites? Why or why not?
 - o Has the Ministry of Tourism recorded any change in the number of visit to the sites that benefited from Compete assistance?
4. [2.2] In general, how would you characterize the relations between the Ministry of Tourism and Compete?
5. [7.x & 2.3] What is the role and involvement of the Ministry of Tourism in the hotel classification system?
6. [7.x] Does the Ministry of Tourism have any interest and ability to sustain some or all Compete activities if and when USAID funding ceases? If so, which one(s)? If not, why not?
7. [2.3 & 1.3] In your view, is the approach implemented by Compete suitable to assist and develop all levels of the tourism value chain, including small and large hotels, historical sites, tour operators, etc.? If not, why not?
8. [2.1 & 2.3] How would you describe the level of alignment between Compete's tourism activities and goals and the strategic goals and overall approach of the Ministry of Tourism?
 - o Do you have any suggestion for the Compete project on how to improve this alignment?
9. [2.3] Do you have any recommendation on how to improve the effectiveness of Compete's tourism activities? If so, what are they?
10. Are there any other comments you would like to make?

PA Agriculture Ministry Interview Guide

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

1. What does the Ministry of Agriculture consider the top three challenges facing Palestinian farmers and agribusiness firms today?
2. [1.3] In your view, are the agricultural sub-sectors targeted under Compete and associated project activities relevant to mitigating these challenges? Why or why not?
3. [3.2 & 1.3] Compete is focused on boosting export and creating new export opportunities. Given the heavy reliance on imported food in Palestine (FAO estimated 80–90 percent for most staple commodities in 2011), do you think this focus is appropriate?
4. [2.2] In general, how would you characterize the relations between the Ministry of Agriculture and Compete?
5. [7.x] Does the Ministry of Agriculture have any interest and ability to sustain some or all Compete activities if and when USAID funding ceases? If so, which one(s)? If not, why not?
6. [2.3 & 1.3] In your view, is the approach implemented by Compete suitable to assist and develop all levels of the targeted agriculture sub-sectors, including small-scale farmers, exporters, food processors, etc.? If not, why not?
7. [2.1 & 2.3] How would you describe the level of alignment between Compete's agribusiness activities and goals and the strategic goals and overall approach of the Ministry of Agriculture?
 - o Do you have any suggestion for the Compete project on how to improve this alignment?
8. [2.3] Do you have any recommendation on how to improve the effectiveness of Compete's agribusiness activities? If so, what are they?
9. Are there any other comments you would like to make?

PA National Economy Ministry Interview Guide

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

1. What does the Ministry of National Economy consider to be the top three challenges facing Palestinian firms looking to (or already involved in) export today?
2. [1.3] In your view, are the Compete project activities across the four value chains relevant to mitigating these challenges? Why or why not?
3. [2.1] In your view, are the four value chains targeted under Compete (agriculture, stone & marble, ICTs, and tourism) the most suitable to strengthen Palestinian exports?
4. [7.x] Does the Ministry of National Economy have any interest and ability to sustain some or all Compete activities if and when USAID funding ceases? If so, which one(s)? If not, why not?
5. [2.2] In general, how would you characterize the relations between the Ministry of National Economy and Compete?
6. [2.3 & 1.3] In your view, is the approach implemented by Compete suitable to assist and develop all levels of the four value chains, from start-ups and small farmers to medium and large size companies? If not, why not?
7. [2.1 & 2.3] How would you describe the level of alignment between Compete's export promotion and sectorial capacity building activities and goals and the strategic goals and overall approach of the Ministry of National Economy?
 - a. Do you have any suggestion for the Compete project on how to improve this alignment?
8. [2.3] Do you have any recommendation on how to improve the effectiveness of Compete's activities? If so, what are they?
9. Is there any other comments you would like to make?

Peer Donor Organizations Interview Guide

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

1. When did your organization first made contact with Compete project and in what circumstance? (e.g., you heard of Compete because you were in touch/collaborating with the Korana project, Compete contacted you for a joint activity, you contacted them to discuss possible collaborations, etc.)
2. What are DFID's relationships with the Compete project, if any?
 - a. Do you have any formal collaboration with the Compete project, or do you co-fund certain activities? If so, which one(s)?
3. As far as you know, is your organization supporting some of the same value chains within the Palestinian economy as those Compete supports? Is so, can you provide an example?
4. As far as you know, are some DFID activities within these sectors that overlap with or mutually support those of Compete? Is so, can you provide an example?
5. Given the large number of donors active in Palestine, have there been joint mechanisms developed to ensure coordination and foster collaboration? If so, what are they?
6. Does your organization and Compete have a mechanism (formal or informal) in place to avoid duplication of activities and/or to coordinate similar activities within the same target value chain(s)?
7. How would you rate the degree and effectiveness of inter-donor collaboration in Palestine as opposed to that of other countries in which DFID is active?
8. In your opinion, are the sectors targeted and activities provided under Compete relevant to the Palestinian private sector's needs?
9. Do you feel that the activities implemented by Compete address gaps and challenges specific to the value chains that the project targets? Why or why not?
10. Does your organization emphasize youth and female participation in its business support activities?
 - a. [F-YES] If so, which one(s) and how did this focus translate into specific program design decisions, strategy, or tactics on the part of your organization?
 - b. [F-YES] If so, would you say these activities have been successful overall?
 - c. [F-YES] If so, do you believe the inclusion of this emphasis made these activities more effective in reaching their goals? Why or why not?
 - d. [F-YES] Have there been any particular challenges linked to this emphasis on youth and female participants? If so, what were they and how did DFID overcome them?
11. In your opinion, what are the greatest challenges to exporting for Palestinian firms? Do these challenges vary greatly across value chains?
12. At a high level, what has been DFID's approach to mitigating these challenges?
13. In your opinion, have Compete activities in the ICT, stone and marble, tourism and agri-business sectors enabled:
 - a. an increase in export in all/some of these sectors?
 - b. increased recognition of all/some of these sectors abroad?
 - c. increased involvement of female participants?

- d. greater coordination and collaboration around business opportunities across all/some of these sectors?
 - e. the creation of new businesses?
 - f. the adoption and implementation of new technologies?
14. In your opinion, have Compete activities been effective in changing their participants' mindset on doing business in Palestine and/or business practices? Why or why not?
 15. Generally, do you know who to talk to at DAI/Compete when you are looking to coordinate, collaborate, or need information? If not, why not?
 16. Do you have any recommendation on how Compete activities can be improved in the upcoming two years? If so, what are they?
 17. Do you have any recommendation on how Compete activities can better align with similar activities at DFID in the future?
 18. Are there any other comments you would like to make?

DAI Informed Consent Form

Mid-Term Evaluation of the Enterprise Development for Global Competitiveness Project (Compete)

Optimal Solutions Group, LLC USA (Optimal) has been contracted by the United States Agency for International Development (USAID) to conduct a mid-term evaluation of the *Enterprise Development for Global Competitiveness Project (Compete)*, a program to strengthen the competitiveness and export potential of the agribusiness, tourism, stone and marble, and information and communication technology sectors. As part of the *Compete* evaluation, our research team will be conducting interviews with various program stakeholders.

As the implementer of *Compete*, we request your collaboration with a series of interviews that focus on filling information gaps left after the document review, and on assessing the value of certain comments noted during interviews with project participants and beneficiaries. Optimal plans to hold four interviews with DAI to cover topics in each of the four value chains targeted by the project. Each interview is expected to last approximately 90 minutes.

Confidentiality and Usage

The interviews will be recorded and our evaluation team will be taking written notes of the conversation. The primary purpose of carefully documenting your and other interviews is to ensure the accuracy and validity of our evaluation findings. The information gathered will be used during data analysis and reporting to describe the project, its strengths and limitations, and to identify relevant recommendations to enhance the project's future activities.

Storage and Access

The interview notes will be stored in a password-protected file on a secure server, which is accessible only to the evaluation team. The raw interview notes will not be provided to USAID or other United States Government agencies.

If you have any questions, concerns or comments regarding these interviews, please email Mark Turner, Chief of Party, Optimal Solutions Group, LLC, at Compete@optimalsolutionsgroup.com.

Signature

Date

Printed Name

Consent form approved by [OPTIMAL PERSONEL] on [DATE]. Contact: E-mail: [EMAIL ADDRESS]

Your signature on this form grants the evaluation team permission to conduct the interview as described above for our study. Do you consent to be interviewed and to participate in the full study?

Yes No Name: _____ Signature: _____

Thank you very much for your collaboration with this important study!