



**USAID**  
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**WEST BANK/GAZA**

# USAID/COMPETE QUARTERLY REPORT

April 1, 2015 – June 30, 2015

**July 31, 2015**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government. It was prepared by DAI.

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

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## ACRONYMS AND ABBREVIATIONS

<b>AHA</b>	Arab Hotels Association
<b>B2B</b>	Business to Business
<b>CIBER</b>	Competitiveness Impact of Business Environment Reform
<b>COP</b>	Chief of Party
<b>DQA</b>	Data Quality Assessment
<b>EU</b>	European Union
<b>FY1</b>	Fiscal Year One of the USAID Compete Project
<b>FY2</b>	Fiscal Year Two of the USAID Compete Project
<b>Geo-MIS</b>	Geographical Management Information System
<b>GlobalGAP</b>	Global Good Agricultural Practice
<b>HLITOA</b>	Holy Land Incoming Tour Operators Association
<b>ICT</b>	Information and Communications Technology
<b>iOS</b>	Internet Operating System
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MoA</b>	Ministry of Agriculture
<b>MoTA</b>	Ministry of Tourism and Antiquities
<b>MoU</b>	Memorandum of Understanding
<b>NSFT</b>	National Association for Specialty Food Trade
<b>PCARD</b>	Palestinian Center for Agricultural Research & Development
<b>PITA</b>	Palestine Information Technology Association
<b>PMEP</b>	Performance Monitoring and Evaluation Plan
<b>PPIS</b>	Plant Protection Inspection Service
<b>PPSQ</b>	Plant Protection safety and Quality
<b>PSI</b>	Palestine Standards Institute
<b>FY3/Q2</b>	Second quarter of USAID Compete Project Fiscal Year 2014
<b>RFP</b>	Request For Proposal
<b>RFQ</b>	Request for Quotations
<b>SME's</b>	Small and Medium Enterprises
<b>SOW</b>	Scope of Work
<b>TAMIS</b>	Technical and Administrative Management Information System
<b>USAID</b>	United States Agency for International Development
<b>USDA</b>	United States Department for Agriculture

## **EXECUTIVE SUMMARY**

USAID's partnership with the Palestinian private sector through USAID/Compete interventions accomplished much during the three-year base period. Beginning in quarter one of fiscal year four, the project began a new approach to solidifying the core of competitiveness. It marks a transition period to increase Palestinian export and local market competitiveness by addressing systemic market failures to set the foundations of a more competitive and inclusive market system. The second quarter of the fourth year, demonstrated continued economic growth through increased exports and jobs, particularly targeting women and youth in the sectors. The third quarter, reported here, has continued to prove successful, but has additionally launched a new program: the firm level technical assistance program. This program provides targeted support to individual companies that have applied and committed to working in partnership with USAID/Compete to strengthen and develop their company.

### **AGRIBUSINESS**

Adopting International Standards

- USAID/Compete supported the National Carton Company, a Palestinian packaging manufacturer, during FY3 in achieving compliance with ISO 9001 certification schemes. In March, the National Carton Company passed the external audit and in June they became ISO 9001 certified.

### **TOURISM**

Developing new tourism services to attract visitors

- As the beginning of this year, Compete completed all activities related to the development of the Abraham Path, a long-distance walking trail stretching across the Middle East, as a tourist destination in the West Bank. Abraham Path continues to expand their operations; in April, they conducted two homestay hospitality and food catering trainings in Hebron and Jericho which 48 women attended.

### **ICT**

Conducting an export market assessment to identify and overcome gaps

- This quarter, a consultant gathered data for the assessment and conducted a workshop to promote successful business development practices, present the preliminary findings of the assessment to industry representatives, and open a discussion to further enhance their capabilities. The finalized export market assessment report and ten individual company assessments were completed in May. Overall, weaknesses were identified in mid-level management, international business knowledge, and commoditization. Compete is working on designing a program to develop these needs.

### **STONE & MARBLE**

Supporting creative new products designed by women

- At the Middle East Trade Show held in Dubai in May, two Palestinian companies out of 230 companies from 22 countries were recognized for their stone decorative and art work. Fonoun Arts of Carved Stone ranked second overall and Al-Omraniyeh Company ranked

eighth overall. This major international recognition marks a breakthrough for Palestinian companies in the market.

The project continues to provide technical assistance to Palestinian enterprises and Business Support Organizations with an economic and business rationale that prioritizes and targets project assistance and investments at the critical constraints to growth in the economy. This new phase is leveraging the successful initiatives, partnerships and achievements during the base period of the contract and previous USAID investments, and is embodying a rigorous market systems approach to address the issues that constrain competitiveness in the four key USAID/Compete sectors.

## PROJECT PURPOSE AND APPROACH

In this two-year option period, the USAID/Compete project is using a new approach to increasing Palestinian export and local market competitiveness by addressing systemic market failures to set the foundations of a more competitive and inclusive market system.

A market system (as defined by USAID through the Leveraging Economic Opportunities – LEO – Project) is a network of producers, buyers, and other actors that come together to trade in a given product or service. The application of this approach allows the project to support direct market players (buyers, producers and consumers), suppliers of supporting goods and services (such as finance, equipment and business support services) and entities that influence the business environment (primarily business associations) in an integrated and interrelated way. While critical solutions for many of the enabling environment challenges faced by Palestinian businesses are outside their control (or that of the project), USAID/Compete is using lessons gathered during the base period to address simple yet meaningful issues that would provide local actors with a sense of empowerment and achievement.

The project continues to provide technical assistance to Palestinian enterprises and Business Support Organizations but with an economic and business rationale that prioritizes and targets project assistance and investments at the critical constraints to growth in the economy. This new phase leverages the successful initiatives, partnerships and achievements during the base period of the contract and previous investments by USAID and introduces a rigorous market systems approach to address the issues that constrain competitiveness in four key sectors with high growth and employment potential, including agribusiness, tourism, information and communications technology, and stone and marble.

At the beginning of the option period, the team conducted a rigorous analysis of each sector using the market systems lens and identified five key market failures and strategies for each sector. These can achieve greater impact, higher value-added exports, product diversification, and reforms in the business enabling environment. The five strategies are as follows:

1. Enhance access to markets
2. Strengthen and support the production of high value-added products and services.
3. Foster a sector-wide strategy to improve the quality of human resources and service standards.
4. Improve access to finance and investment.
5. Support enablers and service providers to address sectoral and policy impediments.

This quarterly report provides updated advances regarding programs under each of these strategies, reflecting the progress made toward Palestinian business growth, visibility, and competitiveness.

## SUMMARY OF PROGRESS BY SECTOR

### AGRIBUSINESS

#### Enhancing Market Access

In May, Compete held a meeting with Hari Sastry, the U.S. Office of Foreign Assistance Resources Director, and local beneficiaries to demonstrate the assistance USAID has been providing in the West Bank and discuss continuing issues Palestinian farmers face. Canaan Fairtrade provided a tour of their USAID-assisted facilities to share the impacts on their business. Other leaders from different agriculture subsectors also presented their farm upgrades, new crops introduced, and other business improvements realized with USAID assistance, allowing them to become more competitive.

**Firm Level Technical Assistance** – USAID/Compete has begun a new initiative to provide technical assistance to exporting and non-exporting firms in the agribusiness sector to increase financial, management, and marketing capacity. Firms which previously received USAID/Compete support are automatically eligible to receive assistance under this initiative; all others must apply. All firms undergo an assessment and, if selected, receive targeted support under three components: technical assistance, provision of equipment and inputs, and workforce development.

The firm level technical assistance program was officially launched in May and June of this quarter. Between May 31<sup>st</sup> and June 9<sup>th</sup>, the agribusiness team held four workshops; one each with the North Hebron Chamber of Commerce, the Tubas Chamber of Commerce, the Qalqilyah Chamber of Commerce, and the Tubas Chamber of Commerce to spread the information about the program. Over 130 stakeholders collectively attended the workshops. As of June 30<sup>th</sup>, the following has been accomplished:

- 70 applications were received from agribusiness companies.
- 18 assessments were completed.
- Seven companies were presented for committee review.
- Five companies were approved to receive technical assistance: Agri Lemon and Lime, Al Forat, Qitaf Company, Daraghmeh Company, and Kufr Dan Company.
- Two were requested to provide revisions.

#### Al Forat Company

During the base period, Al Forat Company was assisted in establishing forward contracts with local and Jordanian companies to provide potatoes and carrots, resulting in a need for improved equipment to maintain supplies. With new cooling rooms and packing houses, high quality produce will be provided to their clients. Now, Al Forat is working to penetrate the Russian market with Compete's assistance in meeting the highly restricted regulations to obtain shipment certificates from the MoA and MoNE.

On May 17<sup>th</sup>, Compete held a meeting with Al Forat Company to discuss penetrating the Russian market. All documents and draft certificates needed for Russia shipment were finalized and approved by the customer; one container was scheduled to be shipped to Moscow on May 24<sup>th</sup>; however, this was delayed due to the small size of the carrots for the market. Al Forat plans to introduce a new variety to produce larger carrots for the Russian market next season.

#### *Impacts this Quarter Include:*

- Al Forat signed a contract to provide 1000 tons of potatoes to Al Ashqar in Jordan.

- Al Forat exported US \$400,000 in products to Israel; this is an increase of US \$190,000 compared to same quarter last year.
- One independent farmer, Raed Bisharat, began producing red potatoes as a result of Top Field and Al Forat's success.

**Agribusiness Trade Shows** – USAID supports the participation of Palestinian agribusiness companies at international trade shows to assist export ready firms in scaling-up their international presence. In the past, this has resulted in increased exports and opening new markets. Companies have participated in Foodex Saudi, SIAL, Fruit Logistica, Gulf Food, and Fancy Food during various years.

As a result of participation in Foodex last November, Naser Khalaf Company and Josour Company exported two trial shipments of dry herbs, Maftool, dates, and olive oil for distributors in Saudi Arabia. This marks expansion and penetration of the Saudi market by these companies, which indicates a possibility for additional future exports. Based on the results of these trial shipments, the companies will finalize contracts for next season.

#### Emirates Delights

Emirates Delights participated at Fruit Logistica 2013, Fruit Logistica 2014, Gulfood 2013, Gulfood 2014, and SIAL 2014 with USAID/Compete support. Company representatives reported the following impacts during the second quarter of FY2015 from participation in these tradeshow.

#### *Impacts this Quarter Include:*

- Emirates Delights exported US \$331,740 in products as a result of attending Fruit Logistica, US \$95,190 as a result of attending Fancy Food, US \$125,730 as a result of attending Gulfood, and US \$205,200 as a result of attending SIAL 2014.
- Emirates Delights exported around 31 tons of products with a value of US \$148,800 as a result of the Export Manager hire.

#### Canaan Fair Trade

Canaan Fair Trade participated at Fancy Food 2012, Fancy Food 2013, Fancy Food 2014, Gulfood 2013, and Gulfood 2014 with USAID/Compete support. Company representatives reported the following impacts during the second quarter of FY2015 from participation in these tradeshow.

#### *Impacts this Quarter Include:*

- Canaan Fair Trade exported US \$56,629 in products as a result of attending Gulfood 2014.

**Adopting International Standards** – USAID supports the implementation of practices and packaging based on international standards to improve ability for companies to penetrate global markets.

#### National Carton Company

USAID/Compete supported the National Carton Company, a Palestinian packaging manufacturer, during FY3 in achieving compliance with ISO 9001 certification schemes and became ISO 9001 certified last March. Such international standards improve a company's ability to penetrate global markets, enabling them to grow.

#### *Impacts this Quarter Include:*

- In March, the National Carton Company passed the external audit and in June they became ISO 9001 certified.

- National Carton Company sold US \$3083 of products meeting carton specifications complying with the food packaging and labeling norms of the Palestinian Standardization Institution (PSI.)

**Supporting Facility and Service Upgrades** – USAID/Compete is strengthening targeted export ready and non-export ready subsectors by assisting with resource upgrades on a cost-share basis that would otherwise limit the sector’s ability to grow.

#### Scientific Lab Nablus

In 2012, USAID/Compete conducted a gap analysis for Scientific Lab Nablus regarding lab accreditations, microbiology analysis, and pesticide residue analysis according to ISO 17025 standards. Based on the results, USAID/Compete is assisting the lab on a cost-share basis in acquiring the necessary equipment, which will qualify it to achieve the ISO accreditations in the future. The procurement for the equipment is expected to conclude in the following quarter.

On April 15<sup>th</sup>, USAID/Compete delivered, calibrated, and handed over three machines which can perform about 250 new tests for pesticide residues, heavy metals, and microbiology. This concludes the provision of equipment to Scientific Lab under this initiative. The lab technicians are preparing to conduct a workshop in mid-August to inform the targeted subsectors about these new services.

#### *Impacts this Quarter Include:*

- With the gas chromatography application, the lab received seven soil samples from Palestine Gardens for pesticide residue analysis; the test results will be available in the upcoming quarter.

#### Canaan Fair Trade

USAID/Compete has facilitated Canaan with developing a feasibility study for new products, identifying market linkages, and drafting of forward contracts.

On April 26<sup>th</sup>, USAID/Compete completed the installation and handover of machinery to assist with almond oil production, which has been in use since mid-May.

#### *Impacts this Quarter Include:*

- Canaan Fair Trade exported US \$1,951,568 in products to the US; this is an increase of US \$951,754 compared to same quarter last year.
- Canaan Fair Trade introduced one new product.
- Canaan Fair Trade hired two workers.



**Machinery for producing almond oil at Canaan Fair Trade.**

#### Al Hithnawi

Al Hithnawi General Trade Company, a seed and spice packing company, is upgrading their production facilities to stimulate the local market by providing new products: herb and seed oils. As a result, over 100 local suppliers will benefit from Al Hithnawi’s need for large quantities of local produce for raw materials.

In May, the equipment was delivered to the Al Hithnawi facility. In June, Compete completed the installation and handover of the equipment for the packing and distillation lines for fresh herbs and seeds; the resulting oil products will target local and export markets.

#### Grape Farmers

Before USAID's involvement with Palestinian grape farmers, only 60 hectares of grapes without seeds were grown in open fields. In 2014, USAID/Compete assisted 34 seedless grape farmers in the Jordan Valley with installing simple net covers for around 52 hectares, which represent 73% of the seedless grape farms in the West Bank. The nets improved the quality of the produce, enabling farmers to harvest the crop earlier.

On May 20<sup>th</sup>, USAID/Compete, including Mission Director Dave Harden, held a field visit and meeting with the grape farmers to discuss the progress and impact of this intervention.

#### *Impacts this Quarter Include:*

- Grape farmers increased their local sales by over US \$400,000 compared to last season.

#### Holy Tree Cooperative

USAID/Compete supported the purchase of an olive oil tank for the Holy Tree Cooperative during quarter one of FY2015 to increase their productivity. The cooperative is based in Tubas in the northern West Bank and has 59 members, 16 of which are women.

#### *Impacts this Quarter Include:*

- Holy Tree increased exports by US \$12,200.

#### Tubas Packing and Marketing Company

In 2014, USAID/Compete supported Tubas Packing and Marketing Company (TUPAK), an aggregator made up of 10 farmers and companies, in establishing a packing house and four cooling rooms. Through this aggregator, farmers are able to use the equipment and facilities at low costs, allowing them to overcome the additional logistical issues that negatively impact quality, price, and competitive capacity, enabling them to meet the market demands in Jordan and the Gulf.

#### *Impacts this Quarter Include:*

- Tubas Packing and Marketing Company increased local sales of carrots and potatoes washing by US \$210,062.
- Tubas packing and Marketing Company hired three new workers.

#### Vegetable Nurseries

During FY2014, USAID/Compete supported two nurseries, Atta Abu Rub and Juneidi, in upgrading nursery facilities, including seeder machinery, shading net, and a washing machine, according to GLOBALGAP standards. These upgrades enabled one nursery to donate an old seedling machine to Thinabah Nursery, further strengthening the sector. USAID/Compete provided machine training to the staff at Thinabah to ensure sustainability.

On May 25<sup>th</sup>, Compete conducted a site visit to Atta Abu Rub Nursery to supervise the internal GLOBALGAP audit and assist the nursery in finding solutions to any issues. The nursery complies with GLOBALGAP requirements overall; however, some parts of the documentation system are not implemented. Compete gave the nursery instructions for all necessary updates to comply with GLOBALGAP and will conduct an external audit in August to verify the updates.

*Impacts this Quarter Include:*

- Juneidi Nursery hired two new workers.

### **Strengthening High Value-Added Products, Services, & Technologies**

**Launching Pilot Projects** – USAID/Compete is assisting high value-added subsectors in launching pilot programs with new technology and/or new crops to increase productivity and meet market demands.

#### Strawberry Subsector

In 2014, strawberry farmers worked on a cost-share basis to upgrade irrigation infrastructure and install hanging systems. The new technology enabled increased production rates, improved quality, and early harvests, which sold at double the seasonal average. USAID/Compete continues to provide technical assistance as necessary through a consultant. Assistance includes plant maintenance, including irrigation and fertilization, and production of in-house seedlings. In addition, a business plan was developed to guide the expansion or initiation of strawberry farms in the future.

*Impacts this Quarter Include:*

- Five strawberry farmers increased local sales by a total of US \$278,778.

**Enhancing Packaging & Labeling** – USAID/Compete assists Palestinian companies to upgrade the design, packaging, labeling, and marketing of goods to increase competitiveness and compliance, allowing beneficiaries to penetrate new markets.

#### Al Hijaz

In previous years, USAID/Compete assisted Palestinian food producers in improving their production, packaging and labeling systems in compliance with the international standards and market demands. Under this grant, Al Hijaz improved the packaging for their ChocoMadjoul product for international distribution.

*Impacts this Quarter Include:*

- Al Hijaz Company exported a trial shipment valued at US \$3,194 to the UK as a result of the new packaging.

### **Supporting Enablers and Service Providers to Address Impediments**

**Tapping Unused Water Resources** – USAID/Compete is beginning to work sector-wide with stakeholders, local authorities, and key actors to help them access and maximize the use of current water resources. This will increase irrigation to improve both the quality and quantity of agricultural products, transforming the Palestinian agribusiness sector into a globally competitive industry. The project will identify underutilized wells and transfer excess water to nearby areas including Area C.

A Compete agriculture sector staff member assisted in authoring a scientific article that was recently published. It is entitled “Effect of Using Magnetic Brackish Water on Irrigated Bell Pepper Crop (*Capsicum annuum* L.) Characteristics in Lower Jordan Valley/West Bank”. It can be found at <http://goo.gl/5XEmVk>.

#### Tammoun Water Design

Compete is preparing to offer support for the Tammoun Water Design project, which will provide water from wells located at Ras Al Far'a and An Nassariya to the Al Buqea Plains. Compete is currently supporting the assessment phase and if the outcome is favorable, will support the

preliminary and detailed designs, obtaining necessary approvals, and developing the tender documents. The design will provide water for around 4500 dunums.

On May 10<sup>th</sup>, Compete conducted meeting with eight well owner representatives from the Al Fraaa and Al Nasaria area, Aqua Company (the project implementer), and the Tubas Governor to discuss the Tammoun water design project. The well owners confirmed their willingness to participate in the project and provide the information needed.

**Introducing New Water Sources** – USAID is pursuing treated waste water (TWW), a previously untapped resource in the West Bank, as a solution to the largest impediment for agricultural production: water shortages. Reuse of TWW is one of the few feasible means of increasing water resources and offers significant opportunity to introduce new crops for export.

#### Greening Jalameh

After rehabilitation and reconstruction of the Jenin WWTP, USAID/Compete aims to establish a 100 dunum demonstration site to introduce and adapt the practices of wastewater reuse for irrigated agriculture. Using wastewater from the Jenin treatment plant, the project will work closely with farmers and community leaders in the northern West Bank to demonstrate how treated wastewater can be reused safely in agricultural production.

On April 26<sup>th</sup>, USAID/Compete signed grants with seven farmers from Jenin and Marj Ebn Amer association. Compete will assist the farmers with establishing an irrigation system, procuring seedlings, installing fencing, and other technical assistance as necessary through PCARD and NEF, who are supervising the implementation and capacity building. Attendees included representatives from the Jenin MoA office, PCARD, NEF, the farmers, and the Compete Grants and Agribusiness teams.



**Meeting with farmers for the Greening Jalameh initiative.**

On May 19<sup>th</sup> and 28<sup>th</sup>, Compete conducted site visits to supervise the field activities and agree on the environmental assessment monitoring plan, responsibilities, and reporting period. As of June 30<sup>th</sup>, fencing was completed on four farms and three more farms will be ready to install fencing by August. All seven farms need land preparations before installing the irrigation systems.

#### Deir Sharaf TWW

USAID/Compete is supporting the design and expansion of the Deir Sharaf TWW plant in Nablus to provide an alternative water source for farmers in the area.

In May, the consultant, the Community Development Group, completed the assessment of multiple water distribution options from the TWW plant. The result of the assessment revealed four options to distribute the water from the plant to farmers; two include storage pools for reserve water and the other two include direct distribution only. All four are feasible, although the two with storage pools are much more expensive.

## Facilitating Access to Finance

**Developing Insurance Products** – USAID/Compete is seeking to provide actuarial studies for MoA to provide to private insurance companies. This would initiate the development of insurance products for the agribusiness sector.

On May 5<sup>th</sup>, Compete held a meeting with the MoA to discuss moving forward with this initiative. Compete developed a SOW for a consultant to perform an assessment of the agribusiness status to provide a benchmark for the insurance program. Dr. Naser Jaghoub, international relations general manager for the MoA, will modify and submit the SOW.

## Lessons Learned

USAID/Compete often assists agribusiness beneficiaries with procurement of equipment and other material upgrades to improve their services, which requires land to hold these assets. Therefore, proof of land ownership from the Land Authority is necessary prior to providing assistance. If proof of ownership is not available, ample time must be allowed for the beneficiary to acquire the necessary documents from the Land Authority prior to implementation.

Beneficiaries from different initiatives reported several useful lessons to inform future interventions:

- The best export market for carrots is Jordan.
- Potatoes grown for industry (such as for potato chips) need to be produced at a high yield. Cultivating potatoes on land which has been farmed for many years reduces yield, therefore should not be targeted for industry potatoes.
- The Russian export market prefers larger potatoes and carrots; local farmers seeking to export to Russia should allow these crops to grow larger before harvesting and exporting to Russia. This is opposite of the local market, which prefers smaller potatoes.

Prior to engaging with design companies to perform comprehensive assessments for water projects in Area C, research should be performed regarding the supply and demand of the resource. Although preliminary supply and demand assessments were conducted in house for the three area C projects, they were not sufficient to indicate actual supply and demand status. Therefore, a design company should be contracted to conduct the assessment prior to carrying out a full assessment.

## Planned Programs for the Following Quarter

- Publish the strawberry business plan.
- Scale up the strawberry value chain program.
- Begin agronomist capacity building program.

## TOURISM

### Enhancing Market Access

**Firm Level Technical Assistance** – USAID/Compete has begun a new initiative to provide technical assistance to exporting and non-exporting firms in the tourism sector to increase financial, management, and marketing capacity. Firms which previously received Compete support are automatically eligible to receive assistance under this initiative; all others must apply. All firms then undergo an assessment and, if selected, receive targeted support under three components: technical assistance, provision of equipment and inputs, and workforce development.

The firm level technical assistance program was officially launched in May and June of this quarter. On May 28<sup>th</sup> and June 2<sup>nd</sup>, the tourism team held two workshops; one with HLITOA and one with AHA to spread the information about the program. 13 tour operators, including experiential tourism service providers Abraham's Path and Masar Ibrahim, and 24 representatives from 13 hotels attended the workshops. As of June 30<sup>th</sup>, the following has been accomplished:

- 18 applications were received from tourism companies.
- 9 assessments were completed.
- Five companies were presented for committee review.
- Three companies were approved to receive technical assistance; Wadi Climbing, Grand Hotel, and Bethlehem Hotel.
- Two were requested to provide revisions.

#### Component B: AHA

The Arab Hotel Association (AHA), the official representative of Palestinian hotels, provides a variety of services to develop the Palestinian tourism sector. USAID/Compete supports AHA to improve and increase Palestinian tourism products and services that offer the highest potential contributions to increasing tourism numbers, length of stay, and average visitor expenditure.

On April 1<sup>st</sup>, Compete conducted an internal assessment of the organization. The findings of the assessment revealed some internal staff and management weaknesses, leading to weak internal policies. Compete recommends signing an MOU to assist AHA in overcoming these issues and developing new policies.

#### Component B: HLITOA

The Holy Land Incoming Tour Operators Association (HLITOA) is one of the main stakeholders in the Palestinian tourism industry with a membership of 46 Palestinian tour operators. USAID/Compete is assisting HLITOA in gaining capacity to better serve their members, provide tailored solutions, and help tour operators and hotels attract more tourists.

**Destination Marketing and Branding** – USAID/Compete supports the marketing, branding, and promotion of key sites and services in the West Bank to attract visitors and support sales at individual businesses. Both the private and public sectors are engaged to build the image of Palestinian destinations and recognition among consumers.

This quarter, USAID/Compete collaborated with the Minister of Tourism and Antiquities to prepare for the UNWTO conference, which took place on June 15<sup>th</sup>-16<sup>th</sup>. Compete hired Fadi Qattan, a tourism advisor, to manage organization of the conference and the MoTA's efforts to ensure that the Ministry's commitments to the UNWTO were met. The conference provided an opportunity to develop the image and attract focus on the diversity of tourism in Palestinian areas. It was organized into three parts: the UNWTO Conference, familiarization trips for participants and media, and an exhibition. More than 1000 people representing 40 countries attended the opening ceremony, six familiarization trips were organized, and 100 media agencies provided coverage of the two-day conference.

**Hotel Classification Standards** – USAID/Compete supported the implementation of classification standards and related training in 2014 to ensure high quality service is a hallmark of the Palestinian tourism sector. In 2014, AHA was supported under this initiative to assist hotels in achieving the hotel classification. Since, they have continued to promote this service without USAID

support; however, hotels will be supported to achieve classification under the firm level technical assistance program in the future.

On April 20th, Compete met with the Arab Hotel Association (AHA) board members and MoTA officials to further discuss the new proposed management structure of the classification system to ensure sustainability without donor support in the future. It is anticipated that in July the new structure will be approved by the ministry and the implementation of the classification project will begin with the launch of the firm level assistance program.

**Developing a Tourist Information System** – USAID/Compete supports the growth of commercially viable, privately run, comprehensive visitor information systems in the West Bank. Palestinian information systems are a critical component to attracting adventure tourists and cultural travelers and were previously primarily dependent on public or donor funding to operate. As a result, service is frequently interrupted due to funding cuts and information is rapidly outdated given the meagre operational budgets.

#### Visit Palestine

Visit Palestine, an online destination travel guide, was selected to be developed as a commercially viable resource to guide foreign and local visitors in Bethlehem and the Holy Land. Visit Palestine is expanding their resources for tourists by establishing a tourist information office (TIO) in the heart of the Bethlehem with staff speaking nine languages, redeveloping their website ([www.VisitPalestine.ps](http://www.VisitPalestine.ps) in English, Arabic, Spanish, and Italian), and developing a mobile application to help visitors with special features such as planning, booking, maps, and city guides. The company is supported under a grant that will run through August 2015.

Visit Palestine submitted several updates this quarter. The company hired a part time accountant, completed the English and Arabic audio guide content for several cities in the West Bank, and continued to see growth in the information center network. They also reported near completion of the back end of the website and 80% completion of the site itself, which is expected to launch by end of July. An additional five suppliers were added to the gift shop, which mostly focus on educational children's toys. An agreement was signed with the guide union to list 60 guides on the visit Palestine website. Visit Palestine also helped to promote three events: the Artas Lettuce Festival (April 25), the Palestine Photo Marathon (May 2), and the book re-launch for Walking Palestine (May 16.) Looking forward, they are currently in discussions with Yabus to promote the Jerusalem festival in July and the Taybeh beer festival later this year.

#### **Strengthening High Value-Added Products, Services, & Technologies**

**Rehabilitating Urban Sites** – USAID/Compete is working with the Center of Cultural Heritage Preservation (CCHP) on urban rehabilitation efforts in and around Bethlehem, Bethany, and Burqin. The interventions are improving urban planning, zoning, and beautification to introduce new and improved Palestinian products and services for an enhanced tourist experience. The CCHP contract is scheduled to end on August 31<sup>st</sup>, 2015.

On May 7<sup>th</sup>, USAID/Compete conducted site visits with CCHP to locations under construction. The purpose was to evaluate the status of ongoing and planned activities and discuss overcoming obstacles to accelerate works. All sites were on track for completion.

#### Shepherd's Field, Beit Sahour

Shepherd's Field is considered one of the most important tourist sites in Bethlehem after the nativity church. The project intends to beautify the area by upgrading the street leading to the area, organizing flow of tourist buses by providing pick and drop off areas, sidewalk construction for visitors, greening and landscaping, in addition to street furnishing.

On April 23<sup>rd</sup>, CCHP signed a contract with Shrem Company for Contracting to implement the rehabilitation works at Shepherd's Field in Beit Sahour, which are expected to be completed in mid-August.

On June 1<sup>st</sup>, CCHP signed a contract with Al-Milad Contracting and Investment to construct the Shepherd's Field Tourist Bus Parking, which are expected to be completed in mid-August.

#### Historic Center, Battir

The renovations of Battir Village, designated a World Heritage Site by UNESCO in 2014, aims to improve visitors experience by enhancing walking trails in the old core of Battir. Works will include urban rehabilitation and beautification works; civil works, sidewalk construction, landscaping, lighting fixtures, and street furniture. Rehabilitations include a restaurant located in a public park in bad physical conditions under a public-private partnership framework. This rehabilitation will provide tourists with a public space (to be leased to the private sector) for rest and food and improve the roadway leading to the park.

On May 28<sup>th</sup>, CCHP signed the contract with Al Aziz Company for Contracting to begin the renovation works. The works are expected to be completed in early August.

#### Qattan Square, Bethlehem

The rehabilitation of Qattan Square aims to provide local and international tourists with rest areas in the middle of the historic town, adjacent to Star Street.

In early June, rehabilitations works were completed and an initial handover took place in the presence of Compete and the CCHP team.

**Upgrading Commercial Tourism Infrastructure –** USAID/Compete is aiding in the expansion and improvement of tourist infrastructure at key sites throughout the West Bank. Buildings are selected based on accessibility and physical charisma, as to provide unique visitor experiences combined with improved tourist resources. The project will also work more closely with the private sector to commercialize tourist infrastructure, attracting private investments that could bring priority destinations to the next level.

#### Bethlehem Gallery

The renovation of Bethlehem Gallery aims to rehabilitate and furnish the Arab Women Union building to operate as a gift shop, gallery, and restaurant. The project aims to provide tourists with attractions and services in Bethlehem in addition to visiting the Nativity Church, extending their length of stay and expenditures.

On April 9<sup>th</sup>, a site visit was held at Bethlehem Gallery to assess the remaining works and final delivery of the restaurant outdoor furniture. It was attended by MicroTech for Import & Marketing (contracted to deliver the furniture), National Group Company for General Contracting (contracted to complete the civil works), and The Holy Land Christian Ecumenical Foundation (contracted to provide site supervision.) All remaining civil works were completed and the restaurant outdoor

furniture was delivered and approved. HCEF will also develop an updated operation plan for the whole building, including the restaurant, gift shop and gallery. On June 25<sup>th</sup>, the final report and proposed operations plan were submitted.

Impacts this Quarter Include:

- Bethlehem Gallery hired six new workers, three of which are women.

#### Bethany Museum

The project aims to develop and furnish a museum for the Ministry of Tourism & Antiquities (MoTA) in the old town of Bethany, in order to provide the thousands of visitors with more attractions when visiting Eleazar tomb.

On April 15<sup>th</sup>, CCHP signed a contract with Palestine Carpentry to furnish the museum.

#### Hisham's Palace

In 2014, USAID/Compete supported the rehabilitation of Hisham's Palace to provide visitors with an informative and enjoyable visit. The project included improvements to the existing museum at the site, including replacing showcases, improving descriptions, and remodeling the museum room itself. The exterior renovations included landscaping, beautification, and updating of the exterior interpretation panels.

Impacts this Quarter Include:

- Hisham's Palace hired three new workers.

**Developing Innovative Interpretation** – USAID/Compete is supporting the development of products to improve tourist mobility in the West Bank. Interpretation panels and civic maps enhance tourist experiences by highlighting important historical and cultural information or guidance at key sites.

On May 20<sup>th</sup>, Compete held a meeting with the MoTA to finalize technical issues related to installing tourist map panels in Jenin, Burqin, Nablus, Sabastiya, Taybeh, and Bethany. MoTA will provide technical specifications for the tourist map panels to determine any needed requirements or standards. Meetings will be set with the municipalities in the next quarter to determine the final locations for the panels and finalize any approvals from local municipalities.

**PPP Frameworks via Urban Rehabilitation** – USAID/Compete is beginning to support the development of Public-Private Partnership (PPP) frameworks to create investment opportunities for private companies while supporting the development of services and products. This initiative specifically focuses on site renovation and rehabilitation interventions targeting the domestic and Arab Israeli markets.

#### Battir Park Restaurant

Battir Park restaurant is located in a public park and is in bad physical conditions. The aim is to renovate the site, which will be leased to the private sector upon completion, to provide local and international tourists with a public space for resting and enjoying traditional food.

On April 27<sup>th</sup>, USAID/Compete signed a contract with Azza Company for Contracting to implement the renovation works. The works are expected to be completed in July.

**Developing New Products and Services** – USAID/Compete is focusing on priority destinations and a need to develop additional activities and services to attract visitors. Pilot

programs are being implemented to explore the market potential and institutional feasibility of strengthening products and services for the adventure, cultural and experiential tourism markets.

#### Abraham Path

Compete completed all activities related to the development of the Abraham Path, a long-distance walking trail stretching across the Middle East, as a tourist destination in the West Bank. A final field visit with partners Rozana and the Abraham Path Initiative (API) took place in November to commend the work achieved and meet with the beneficiaries of the project: the village council of Ta'aneq, the Mardawi family homestay, and guide Mohammad Atari, who also received training through the project. Due to this initiative, the communities will benefit from the increased tourism and visitors will now receive unique insights into the plants, wildlife, local history, and culture of the region. The work done in developing Abraham Path allowed it to place as the National Geographic cover story for the April 2014 issue.

#### *Impacts this Quarter Include:*

- In April, Abraham Path and Rozana conducted two homestay hospitality and food catering trainings in Hebron and Jericho; 48 women attended in total.
- Six hikes took place; Jenin – Nablus, Sabastiya – Nablus, Deir Ghassaneh, Beitillo village, Al Nabi Saleh, and Battir.

#### **Fostering Strategies to Improve Human Resources and Services**

**Supporting a Hospitality School** – In conjunction with the curriculum developed for Bethlehem University in December, USAID/Compete is developing plans for a Hospitality School modeled after the Amon Hotel School in Amman, Jordan. Plans for the school incorporate key findings from previous assessments, including geographic demand. The school will increase industry standards and the attractiveness of careers in the hospitality sector to Palestinians. In April, Compete received a draft business plan from Chris Faisandier, a consultant hired to develop the plan for the construction and operation of the hospitality training school and restaurant at Bethlehem University's Mount David site.

In April, Compete received a draft business plan from Chris Faisandier, a consultant hired to develop the plan for the construction and operation of the hospitality training school and restaurant at Bethlehem University's Mount David site. Compete is revising the draft plan and will provide feedback.

On May 12<sup>th</sup>, Compete held a meeting with Bethlehem University for the first presentation of the conceptual design of the Hospitality School called the "Institute of Tourism Training." Graham Ormsby, the consulting engineer, presented the initial designs and renovation works to transform the building into a hotel and hospitality school. The Compete team highlighted the necessary safety and environmental measures, including structural and seismic analysis for the existing building. Bethlehem University committed submitting the final business plan for comments and approval in June 2015 before proceeding in detailed designs.

On June 9<sup>th</sup>, Compete received a revised advanced draft of the Bethlehem hospitality school business plan and held a meeting to discuss feedback and changes that will be incorporated into the final version. The plan includes a market analysis of the Palestinian tourism industry, a managerial and organizational plan, a design overview, and a financial plan. Bethlehem University is expected to present the final version of the business plan by the end of July, incorporating all feedback previously discussed.

## Lessons Learned

Regarding site renovation activities located in Area C, USAID/Compete learned that the permitting differs from other projects. Minor activities (such as beautification works) need only permits from local authorities (municipalities and village councils); however, infrastructure projects need Israeli construction permits before implementation, despite both projects being in the same geographical location. For future projects, it is important to differentiate between permits and prepare all documentation in advance.

## Planned Programs for the Following Quarter

- Assessment of the capacity of Palestinian tour operators in international markets by a specialist.

## ICT

### Enhancing Market Access

**Firm Level Technical Assistance** – USAID/Compete has begun a new initiative to provide technical assistance to exporting and non-exporting firms in the ICT sector to increase financial, management, and marketing capacity. Firms which previously received Compete support are automatically eligible to receive assistance under this initiative; all others must apply. All firms then undergo an assessment and, if selected, receive targeted support under three components: technical assistance, provision of equipment and inputs, and workforce development.

The firm level technical assistance program was officially launched in May and June of this quarter. During the last week of May, the program was announced over social media, newspapers, and mailing lists. As of June 30<sup>th</sup>, the following has been accomplished:

- 66 applications were received from ICT companies.
- 17 assessments were completed.
- Six companies were presented for committee review.
- Four companies were approved to receive technical assistance; Integrated Solutions, IPC, Smart Modern Systems, and PinchPoint.
- One was requested to provide revisions.

On April 19<sup>th</sup>, Compete held a meeting with several startups to discuss a specific identified gap in the industry: whether lawyers in the market have the ability to handle startup requests. The meeting was attended by Compete staff, stakeholders from incubators/accelerators, and representatives from two major law offices from Ramallah. Startups shared their perception of the persistent gaps including registration issues, language issues, shareholder agreement issues, etc. The lawyers expressed that they have the capability to increase their skills to close these gaps either internally or through support from international partners. They also emphasized the need for an orientation for the entrepreneurs who are often lost on these topics; the entrepreneurs agreed this would be helpful.

### SAP Market Development Initiative

SAP Software Technology (SAP), headquartered in Germany with regional offices in 130 countries, is a multinational software corporation that makes enterprise software to manage business operations and customer relations. The company is hurting from shortage of certified engineers who can provide services for their global and regional customers, opening a window of opportunity for Palestinian software firms to fill the gap. This new initiative involves qualifying software companies to

provide SAP solutions, training fresh graduates on SAP technologies, and facilitating international projects for Palestinian companies.

On May 19<sup>th</sup>, Compete held a follow up meeting with SAP to discuss the rollout of the new initiative. Attendees also discussed the potential for another initiative to involve SAP in startup boot camps geared toward youth.

**Export Market Assessment** – USAID is supporting ICT companies to scale up their current exporting activities by assessing ten companies and providing them with export market development plans. The assessment, completed in April, identifies current gaps in exporting companies which hinder export development and create an export management structure to ease the exporting process for ICT companies.

At the beginning of April, David Ross, the consultant, interviewed companies to gather data for the assessment. On April 9<sup>th</sup>, Compete held a workshop for the assessed companies to promote successful business development practices, present the preliminary findings of the assessment to industry representatives, and open a discussion to further enhance their capabilities. In support of collaboration with other USAID projects, Compete also invited a representative from the International Youth Foundation to present the Ta3amal portal, which assists youth in finding jobs and training programs. The portal, developed with Microsoft and Silatech, was received with enthusiasm; several outsourcing companies asked about possibilities of connecting with resources outside Palestinian areas.



**Consultant David Ross conducts an interview with a USAID/Compete beneficiary.**

In May, the consultant finalized the export market assessment report and ten individual company assessments. Overall, weaknesses were identified in mid-level management, international business knowledge, and commoditization. Compete is working on designing a program based on the assessment results.

**Promoting Multinational Partnerships** – USAID/Compete supports the establishment of multinational partnerships with Palestinian companies to increase exports and market access. In addition, this initiative promotes professional trained human resources.

#### H+W Mena

With USAID/Compete assistance, H+W Mena began development of a HIS healthcare System for Gulf countries. To support the development of the system, the company selected 20 interns and 5 professional developers to begin specialized training and initiate development of the Medical Practice Management Software System, which will manage hospital-wide operations for the Gulf countries' market.

At the beginning of June, H+W Mena concluded their internship program. 40 participants benefited from the program and 10 have been hired with long term contracts to date. The HIS software development is underway.

As of June, H+W raised US \$1 million to complete the implementation of the hospital information system.

*Impacts this Quarter Include:*

- H+W Mena hired five employees; three are female.

Proginer

From August 2014 through February 2015, USAID/Compete provided technical assistance to Proginer, a Palestinian software solutions company, to develop and expand their resources. In February, Proginer, after hiring two employees for the pilot, began implementing projects for an Israeli subsidiary through Thompson Reuters on a long term contract basis. The company is gaining more experience in delivering high caliber projects; however, lack of qualified local resources in the natural language processing (NLP) field is a challenge the company is trying to solve with training. This presents another opportunity to create talented resources demanded by international markets.

*Impacts this Quarter Include:*

- Proginer generated US \$67,548 in sales.

Al-Tariq Systems

In 2013, USAID/Compete supported Al-Tariq Systems to develop tailored software systems for clients in Gulf countries, allowing them to increase their international presence. In March, Compete signed a grant with Al-Tariq Systems to further facilitate market penetration to two new markets: Poland and Norway. Al-Tariq will build new software packages to be sold in these markets and is using a partnership model with local software solution companies in these countries. The grant is scheduled to run through October 2015.

*Impacts this Quarter Include:*

- Al-Tariq exported US \$72,000 in sales.
- Al Tariq signed two contracts.
- 1 new job was created.

EXALT Technologies

Earlier this year, EXALT concluded two projects with Cisco Video Systems (formally NDS) and Headbox (an Israeli Startup). EXALT provided software development services in in the field of software development and quality assurance to build their Android Mobile Application. Headbox provides an integrated identity for user's streams and social presence. These business relationships with the global reaching companies has introduced EXALT to new clients and possible business opportunities, increased EXALT's exposure to international clients, and increased their capacity in software development.

*Impacts this Quarter Include:*

- Exalt Technologies generated export sales with a value of US \$42,460.

**Introducing Export Managers** – USAID/Compete supports the hiring of export managers to assist and enhance companies' abilities in reaching international markets.

Al-Andalus Software and Information Technology

During fiscal year three, USAID/Compete supported Al-Andalus Software and Information Technology firm (ASD) to hire an export manager for the Saudi Arabian market to increase ASD's regional export sales and develop into a regional software development company.

*Impacts this Quarter Include:*

- ASD generated sales with a value of US \$24,064.
- Three new jobs were created; all youth.

## **Fostering Strategies to Improve Human Resources and Services**

**Developing New Sector Services** – USAID/Compete is developing new value chains in the market capacity to introduce services and tap the highly-skilled ICT workforce within the Palestinian software sector.

### Gaming and Animation

Gaming and animation, a US \$170 billion global industry with an annual projected growth rate of 10%, offers strong potential for Palestinian professionals to enter in the previously untapped industry.

On April 15<sup>th</sup>, Compete held a follow-up meeting with the animation task force to discuss ways to increase the capacity of local talent in the market. The task force will provide a full proposal and draft budget for the Animation Lab program. Compete will also arrange meeting with PMDP-DFID to determine possible cooperation under this initiative.

### eGovernment to Improve Business Services

USAID/Compete seeks to improve “eGov” services to reduce the burden of operational necessities, such as registrations, for Palestinian companies. Currently, the government relies largely on separate IT systems and manual operations, lagging behind most of the world using quicker technology-based systems. In partnership with the Palestinian IT Association (PITA), Compete seeks to develop e-services and encourage policy changes to improve these resources for Palestinian companies and citizens, leaving more time to focus on growth. An assessment and business analysis was completed for ten e-services to determine the best business model.

On April 8<sup>th</sup>, the Ministry of Telecommunications and IT held a workshop to give a brief on the eGov initiative and its status. It was attended by the Minister and Deputy Minister of Telecommunications and IT, IT department heads of other Ministries, the PITA chairman and executive, private sector companies, the World Bank, and a Quartet representative. The government expressed huge interest in advancing eGov services and a decision was made to find support to continue working on the initiative.

Consultants held meetings with stakeholders from the private sector and the government throughout April. Based on the information collected during the meetings, the consultants prepared the financial analysis and the first draft of the position paper.

On May 7<sup>th</sup>, USAID/Compete conducted a meeting with PITA members to discuss the findings from the private sector eGov assessment. The purpose was to validate the findings and gather any additional comments from the companies, which will be incorporated in the eGov report and be considered for any potential project implementation. The report and position paper are complete as of June 30<sup>th</sup> and Compete is awaiting feedback from PITA and OQR.

### Component B – PITA

PITA is a Palestinian-based organization that represents the ICT industry in the West Bank and Gaza. The association has around 150 members and provides export promotion, capacity building, and advocacy services for the sector. USAID/Compete supports PITA by providing technical assistance to improve their services to their members.

## Infinite Tiers

Last October, Compete signed a grant with Infinite Tiers Software Development to create new jobs and the largest internship program in the West Bank. As a result of USAID's support, the US-based company is relocating their offshore development program from China to Nablus to centralize their international operational requirements. The grant also supports the first phase of internships, where 40 interns will be integrated within several software development racks within Infinite Tiers and at least 50% of the 40 interns will be hired with long term contracts. Another two rounds of internships will be subsequently held, supporting another 40 interns during each. The initiative is an important step in strengthening Nablus as a northern software development hub and provides an opportunity for the students of three nearby West Bank universities, the Arab American University in Jenin (AAUJ), An-Najah National University in Nablus, and the Palestine Technical College-Kadoorie in Tulkarem, to obtain essential skills and work experience.

### *Impacts this Quarter Include:*

- Infinite Tiers hired nine employees; six are female.
- Infinite Tiers signed two contracts.

**Acceleration Activities** – USAID is promoting access to finance in the ICT sector by supporting acceleration activities for startup companies in the West Bank.

In May, Compete held a meeting with Cisco Systems Israel to discuss potential cooperation on increasing the pipeline of startups through boot camps. The Cisco representative confirmed this potential partnership, especially with Cisco innovation centers opening around the globe. Cisco later followed up with Compete proposing an event to take place in December 2015.

## eZone

In 2014, USAID/Compete supported the development of a new accelerator, eZone, by providing mentorship, consultancies, and short term employment for startups. USAID's support of eZone has enabled an environment to attract foreign companies to open offices in West Bank.

### *Impacts this Quarter Include:*

- Three new jobs were created at a startup called Fadfid.

## **Supporting Enablers and Service Providers to Address Impediments**

**Creating a Technical Transfer Company** – USAID is bridging a gap between academia and the private ICT sector through the establishment of a new tech transfer company. Despite the natural connection between industry's demand for solutions and academia's ability to provide R&D support, Palestinian universities and the private sector do not have a collaborative dynamic. Both universities and the private sector use R&D to generate new solutions to market problems, increase industry performance, and add value to the market through supporting the introduction of new products.

### **Component B – Ibdaa**

Ibdaa is a technical transfer company (TTC) which facilitates projects between the private sector and academia through joint teams made up of students, university professors, and private sector individuals. These teams work on market problems to develop solutions that can be commercialized. The anticipated result is the creation of startups, as well as the far more intangible potential result that the quality of graduates will increase, solving a major impediment for ICT sector scale up.

On April 9<sup>th</sup>, an introductory meeting was held with Microsoft Jordan to introduce Compete activities, including IbdAA. IbdAA's ability to advance training new resources on different technologies and platforms was presented and attendees discussed possible synergies with the MIG initiative, which is still under planning with another department in Microsoft. Microsoft also agreed to the possible creation of new partnership with Palestinian private sector to advance the needed skills and asked Compete to be introduced to two Palestinian IT companies, Infinite Tiers and iConnect, as potential partners. Microsoft introduced its Dynamic Academic Alliance as a possible venue for cooperation and possible synergies with the project.

On June 16<sup>th</sup>, Compete signed a grant with IbdAA to launch the program. The grant will expire in June 2016. It supports IbdAA to hold fundraising, awareness, and capacity building events, and provides resources to run the incubation program.

### **Lessons Learned**

USAID/Compete is discussing ways to increase the pipeline of startups in the West Bank and Gaza with stakeholders and the entrepreneurial community. The USAID/Compete ICT team supports a themed boot-camp type of event, which would include involvement of large tech companies, such as Microsoft, SAP, and Cisco, to provide focus areas and mentorship. This proposed style is receiving positive feedback; therefore, USAID/Compete has begun talks with vendors to secure participation and sponsorship.

Access to market development for companies is always a dilemma, as companies and markets vary. USAID/Compete is designing a tailored capacity building program to be combined with an export sales activity; this is the best way to assist companies in expanding into the international market. Capacity building will include sales training, market research, and product/company niche determination. As for sales force, USAID/Compete is considering reaching out to sales experts around and MBA students at American universities in the USA and UAE to work as short term sales consultants in their markets.

When providing sales and marketing training to ICT companies, more practical types of training prove more effective than regular classroom training. In particular, business simulation has a better impact on learners, leading to immediate effects on the business.

### **Planned Programs for the Following Quarter**

- Conduct a Business Marketing and Sales training for SME companies.
- Hire a consultant to conduct niche market determination for ICT software companies.

## **STONE AND MARBLE**

### **Enhancing Market Access**

**Firm Level Technical Assistance** – USAID/Compete is designing a new initiative to provide technical assistance to exporting and non-exporting firms in the stone and marble sector to increase financial, management, and marketing capacity. Firms which previously received Compete support are automatically eligible to receive assistance under this initiative; all others must apply. All firms then undergo an assessment and once selected, will receive targeted support under three components: technical assistance, provision of equipment and inputs, and workforce development.

The firm level technical assistance program was officially launched in May and June of this quarter. On May 26<sup>th</sup> and June 10<sup>th</sup>, the stone & marble team held two workshops with the Union of Stone

and Marble (USM) to spread the information about the program. Over 50 companies attended the workshops. As of June 30<sup>th</sup>, the following has been accomplished:

- 18 applications were received from Stone and Marble companies.
- Four assessments were completed.
- Four companies were presented for committee review.
- Three companies were approved to receive technical assistance: Abu Kamil, Yaboos, and Saba' Investment Company.
- One was requested to provide revisions.

In addition to the larger program launch workshops, several individual site visits were conducted to existing and previous beneficiaries to perform pre-assessments and introduce the program.

Throughout the quarter, meetings were held with the following companies: Al Omraniyeh Group Company for Jerusalem Stone, Al Waleed for Cutting Stone & Marble Company, Saba Company for Industrial Investment, Verona Marble and Industrial Investments Company, Al Anan Stone & Marble Company, Yousef Hasan Mahmoud Al Saheb Factory, Al Wataniyeh for Artificial Stone, H.L Jerusalem Stone & Marble Company, and Sharabati Modern Company for Marble & Stone.

On May 12<sup>th</sup>, Compete held a meeting with Institute for Community Partnership at Bethlehem University to discuss a potential partnership to provide skills development and capacity building. As a community-service extension unit of Bethlehem University, the institute offers diplomas and certifications in many areas including fair trade, entrepreneurship and innovation, administrative activities, and project management; however they currently have no programs to address market failures. The institute has a sustainable business model and a pool of highly qualified trainers and professors who could develop tailored curriculums to address specific needs. A potential program could address the need in the Stone and Marble sector for trained marketing, sales, and development officers.

On June 3<sup>rd</sup>, Compete attended the Solar Energy Conference and Exhibition in Al Bireh to learn about the solar energy sector and meet industry professionals to determine possible cooperation with stone companies who may seek related assistance.

#### Component B – USM

The Union of Stone and Marble (USM), the national industry representative, offers services related to trade, exports, standards, capacity building and education for members. In particular, USM is creating a marketing department to implement activities that will heighten international awareness of Palestinian stone companies and provide tailored services to build marketing capacity at the factory level, enabling companies to reach global markets. USAID contributes technical assistance and periodic funding to help expand their spectrum of services, empowering them to better assist beneficiaries and tackle industry issues.

Going forward, Compete will further engage USM to develop a new program through local education centers and service providers to create a marketing, sales, and development program targeting recent graduates in the sector. This initiative will address one of the many gaps in the stone producer and will focus on women.

**Stone & Marble Trade Shows** – USAID supports the Palestinian stone & marble sector's participation in international trade shows as exhibitors to showcase the range of unique products the West Bank has to offer and as walkers to learn about industry demands.

Middle East Trade Show

Compete worked with Paltrade and the Union of Stone and Marble to assist eight companies with unique value-added products to participate in the first annual Middle East Trade Show, which took place from May 18<sup>th</sup> to 21<sup>st</sup>. It was the first show specifically focused on stone and marble products to be held in Dubai. The show also had an interior design hall, allowing Palestinian companies to expand and target the niche market.

Two Palestinian companies out of 230 companies from 22 countries were recognized for their stone decorative and art work at the trade show. Fonoun Arts of Carved Stone ranked second overall and Al-Omraniyeh Company ranked eighth overall. Leading up to the show, USAID/Compete held several meetings and workshops to support participants in developing booth designs, improving stone samples, and provide technical assistance.

#### Component B – Paltrade

USAID/Compete supports Paltrade, the official Palestinian export agency, in expanding the export horizons for stone and marble businesses. In particular, Paltrade assists with coordinating trade show participation and providing market information useful to the industry.



The Middle East Trade Show workshop.

Compete is engaging Paltrade through the firm level program to connect beneficiaries with new information needed to develop marketing plans and export potential.

#### Verona Marble and Industrial Investments Company

Verona participated at Marmomacc 2012, Victoria 2013, Marmomacc 2013, Big 5 2013, Coverings 2014, and Marmomacc 2014 with USAID/Compete support. Verona also attended the Dubai Big 5 show in 2014 without USAID support. Company representatives reported the following impacts during the second quarter of FY2015 from participation in these tradeshow.

#### *Impacts this Quarter Include:*

- Verona Company exported US \$539,294 from connections made at all Marmomacc shows, Victoria 2013, and the Big 5 shows.
- Verona Company hired three new workers, all youth.

#### Al Waleed for Cutting Stone and Marble Company

Al Waleed participated at Marmomacc 2012 and Big 5 2013 with USAID/Compete support. Al Waleed also attended the Dubai Big 5 show in 2014 without USAID support. Company representatives reported the following impacts during the second quarter of FY2015 from participation in these tradeshow.

#### *Impacts this Quarter Include:*

- Al Waleed exported US \$73,906 from connections made at the Big 5 shows.

#### Al Omraniyeh Group Company

Al Omraniyeh exhibited products at Marmomacc 2013, Big 5 2013, and Coverings 2014 with USAID/Compete support.

*Impacts this Quarter Include:*

- Al Omraniyeh exported US \$31,587 from connections made at the Big 5 and Coverings shows.
- Al Omraniyeh hired four new workers.

*Al Sharabati Company*

Al Sharabati exhibited products at Big 5 and Middle East Tradeshows with USAID/Compete support.

*Impacts this Quarter Include:*

- Al Sharabati exported US \$222,880 from connections made at the Big 5 tradeshow.

**Promoting Value-Added Products** – USAID is targeting firms in the stone and decorative/handicrafts subsectors to develop new value-added products. This new initiative seeks to develop desirable products to increase the visibility of the subsectors both locally and internationally.

*Fonoun Company for Carved Stone and Marble*

USAID/Compete is assisting the development of new value-added products by assimilating skilled women with an exceptional eye for design into the sector. Under this initiative, Compete supports Fonoun Company for Carved Stone and Marble, the first company in the Palestinian territories and the MENA region to break with tradition and create managerial positions for women, with a cost-share grant to hire female staff and develop new and creative stone products. The grant runs through August 2015.

Due to Compete's support for women in the industry, Mr. Hanna Rabah, the Compete Stone & marble Sector Lead, was chosen to participate in January on a panel to select local companies to attend the Bahrain Competition for Women Businesses and Producers. Compete received the official notification from the Ministry of Women's Affairs that a major award was granted to a Palestinian company from Gaza. 15 Palestinian companies applied for the award.

*Assisting Stone & Handicrafts Producers*

Under this initiative, Compete is seeking a consultant specializing in design to cultivate two sectors: the decorative stone sector, including stone sculptures, cladding, mosaics, etc., and the decorative handicraft sector, focusing on traditional ceramics, clay, and olive wood carvings.

In May and June, the SOW for the potential design consultant was developed and submitted to USAID for comments. The consultant requested modification of her SOW, Compete prepared the modifications and is awaiting final comments. The Compete team intends to research and engage with other potential consultants as a backup to complete this task.

### **Strengthening High Value-Added Products, Services, & Technologies**

**Sludge New Products and Facilities** – USAID is encouraging creative solutions to environmental issues in the West Bank by generating uses for sludge waste in the stone and marble sector. Three investors, Al-Aqsa Company, Creative Business Solutions (CBS), and Abu Kamil Automatic Block, are developing feasibility studies and business plans for new sludge products with USAID/Compete cost-sharing and technical support.

On April 8<sup>th</sup>, Compete met with Al-Aqsa Company for Marble, Al Waleed for Cutting Stone & Marble CO, and Saba Company for Industrial Investment to discuss the progress of the Sludge Business Plans. The draft business plans were submitted for final review and discussions; Compete

provided feedback to enhance the content. These companies are eligible to apply and implement these plans under the firm level technical assistance program in the future.

On April 14<sup>th</sup>, Compete held a meeting with Creative Business Solutions (CBS) to follow up on progress of the new business plan, development of new product prototypes, and discuss preparations for the associated presentation. CBS submitted the draft final report and financial model; Compete responded with comments in May. CBS and their consultant will prepare the final draft for submission by end of July and potentially apply for the firm level program. CBS will conduct a presentation within two weeks of the final submission to showcase results and discuss potential engagements to support this investment. CBS has also further invested in prototypes, which will be showcased with the presentation.

On April 28<sup>th</sup>, Abu Kamil presented their New Sludge Products business plan findings to Compete staff, which was followed by a discussion of the type of intervention needed to move the project forward. Compete intends to continue providing technical assistance and supporting Abu Kamil in acquiring the necessary equipment through the firm level technical assistance program. This will enable Abu Kamil to produce prototypes for testing and pursue research and development in the field. On June 2<sup>nd</sup>, Compete conducted a site visit to Abu Kamil Modern Automatic Brick Factory to follow up on their progress for sludge new products and their application for the Firm Level program. They are ready to move forward with their plans to produce prototypes (light weight blocks) from sludge and will obtain a technical data sheet for the equipment needed to produce and test the prototypes.

On May 26<sup>th</sup>, Compete held a meeting with the Ministry of Environment, JICA and RICARDO to discuss environmental interventions to support sector firms, including sludge new products. Attendees discussed ongoing interventions and potential new types of support that can be provided to address environmental concerns, with the intention of collaborating with other projects and initiatives through the Firm Level Assistance program. RICARDO / MEA will submit a draft report of their most recent stone sector firm diagnosis for review, which will assist Compete staff in understanding what approach and options are available to address environmental concerns.

### **Lessons Learned**

The results of Abu Kamil's New Sludge Products business plan revealed that new sludge products are feasible and that it is necessary to procure equipment to support research and development prior to developing an entire production line. This allows for the creation of prototypes for contractors to test in the field and provide feedback on for companies to develop improved products. USAID/Compete intends to support Abu Kamil in acquiring the necessary R&D equipment through the firm level technical assistance program and further develop this promising initiative.

Results from the Middle East Trade Show proved to identify niche buyers specifically supporting the stone & marble sector. The companies achieved great success in networking; therefore, USAID/Compete should identify and target stone specific international trade shows in the future, if available.

During the launch of the firm level technical assistance program, Stone & Marble sector companies expressed diverse needs and positive feedback. This reaffirms the need for the program, which will provide tailored interventions based on firm needs.

Assessments for the new firm level assistance program are reaffirming the need for improved administrative skills, proper marketing, and market access for stone companies. This indicates a need

to focus on identifying methods to overcome gaps by providing individual and/or cluster assistance as needed.

### **Planned Programs for the Following Quarter**

- Begin developing a tailored Marketing and Development Officers skills training program targeting women.

### **ALL SECTORS**

**Private Sector Investment Leveraged** – Since the beginning of the Compete Project, the M&E team has captured the value of capital investments from our partners leveraged as a cost share from project activities. In the first quarter of the fourth year of the project, the private sector has invested US \$2,691,557 with the following sector contributions:

**Agriculture:** US \$837,044

**Tourism:** US \$630,000

**ICT:** US \$753,600

**Stone & Marble:** US \$470,913

It is worth mentioning that in the case of service companies, and in particular outsourcing companies, these companies invest in talent and skills in order to make each employee a "production unit" or a revenue generating unit. The value of these companies stem from the overall knowledge and experience the company gains from developing these resources. Intangible assets are hard to estimate; the private sector investment leveraged under the ICT sector includes employees in mergers and acquisitions as well as employee value added per company. The formula in this regard is to multiply new jobs created under the ICT sector by US \$40,000.

### **GENDER & YOUTH**

USAID/Compete works across the Agribusiness, Tourism, ICT, and Stone & Marble sectors to find opportunities to encourage gender equality and support youth innovation<sup>1</sup>. The following section highlights project activities this month with a youth and gender impact.

In April, the Agribusiness sector held one training and one workshop:

- On April 15<sup>th</sup>, 2015, the Dubai Hub Business Plan workshop was attended by four people. One was female and none were youth.
- On April 26<sup>th</sup>, 2015, an almond mill production training was attended by four people. One was female and a youth.

In April, the ICT sector held one workshop:

- On April 9<sup>th</sup>, 2015, a business growth workshop was attended by 27 people. Five were female and seven were youth; two of the youth were female.

In April, the Stone & Marble sector held two workshops:

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<sup>1</sup> Defined by USAID as aged 14 to 29

- On April 7<sup>th</sup>, 2015, an investor discussion workshop was attended by four people. None were female and none were youth.
- On April 7<sup>th</sup>, 2015, the Middle East Trade Show workshop was attended by six people. Two were female and one was a youth; the only youth was female.

In May, the Agribusiness sector held two trainings and one workshop:

- On May 17<sup>th</sup> and 24<sup>th</sup>, 2015, the branding training and the business training on fair trade principles (two separate trainings) were attended by nine people. Six were female, three of which were youth.
- On May 20<sup>th</sup>, 2015, a firm level assistance program launch workshop was attended by five people. Four were female, two of which were youth.

In May, the Tourism sector held one workshop:

- On May 28<sup>th</sup>, 2015, a firm level assistance program launch workshop was attended by 16 people. Four were female and six were youth; one youth was female.

In May, the Stone & Marble sector held one workshop:

- On May 26<sup>th</sup>, 2015, a firm level assistance program launch workshop was attended by 25 people. None were female and none were youth.

In June, the Agribusiness sector held one training and four workshops:

- On June 2<sup>nd</sup>, 2015, a firm level technical assistance program workshop held in Tubas was attended by 29 people. One was female and none were youth.
- On June 3<sup>rd</sup>, 2015, a firm level technical assistance program workshop held in Jenin was attended by 38 people. Three were female and eight were youth; one of the youth was female.
- On June 8<sup>th</sup>, 2015, a firm level technical assistance program workshop held in Qalqaliya was attended by 29 people. Three were female and none were youth.
- On June 11<sup>th</sup>, 2015, a firm level technical assistance program workshop held in Tulkarem was attended by 64 people. Nine were female and seven were youth; two of the youth were female.
- On June 21<sup>st</sup>, 2015, a training on equipment at Al Hithnawi was attended by 11 people. Four were female and six were youth; three of the youth were female.

In June, the Tourism sector held one workshop:

- On June 2<sup>nd</sup>, 2015, a firm level assistance program workshop held at AHA was attended by 24 people. Three were female and two were youth; none of the youth were female.

In June, the ICT sector held one workshop:

- On June 1<sup>st</sup>, 2015, a firm level assistance program workshop held at PITA was attended by 18 people. Two were female and none were youth.

In June, the Stone & Marble sector held three workshops:

- On June 4<sup>th</sup>, 2015, a Middle East Trade Show Workshop was attended by 11 people. Three were female and all three females were youth.
- On June 10<sup>th</sup>, 2015, a firm level technical assistance program workshop held in Bethlehem was attended by 25 people. Two were female and one of the youth was female.
- On June 14<sup>th</sup>, 2015, a firm level technical assistance program workshop held in Nablus/Jenin was attended by 20 people. None were female and one was a youth.

## **GENDER STRATEGY IMPLEMENTATION**

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

- Pillar #1: Promote the success of women in business in the Palestinian Territories, especially those operating within USAID/Compete sectors.
- Pillar #2: Identify new entry points for women within the Project's four value chains.
- Pillar #3: Encourage private sector support for the economic participation of women through financial and technical cost share models and incentives.
- Pillar #4: Expand efforts to increase the full participation of women in training and capacity building programs.

This section describes the gender strategy activities within these pillars that took place throughout the month.

Upholding pillars 1 and 2, Mr. Hanna Rabah, Compete Stone & Marble Sector Lead, was chosen to participate in January on a panel to select local companies to attend the Bahrain Competition for Women Businesses and Producers. The information showcased at the event reaffirmed the need for Compete's support of women in the Stone & Marble sector. This month, Compete received the official notification from the Ministry of Women's Affairs that a major award was granted to a Palestinian company from Gaza. 15 Palestinian companies applied for the award.

Upholding pillars 1, 2, and 3, Fonoun Arts of Carved stone was ranked second overall for their decorative stone work out of 230 companies at the Middle East Trade Show in Dubai. USAID/Compete supports Fonoun, the first company in the Palestinian territories and the MENA region to break with tradition and create managerial positions for women, with a cost-share grant to hire female staff and develop new and creative stone products.

## **MONITORING AND EVALUATION**

Monitoring progress and evaluating results are key management functions that enable the team to capture performance data that plays a critical role in planning and management decisions. M&E is an on-going process that allows managers to determine whether or not an activity is making progress towards its intended results.

## **METHODOLOGY**

The USAID Compete Project's M&E team conducted a series of field visits and interviews across the West Bank to collect systematic and timely performance information to quantify results for FY4/Q3. The technical teams supported these visits in lending their first-hand knowledge of sector-specific activities and resulting impacts. This ensures data is collected from the most appropriate and

knowledgeable people at the targeted companies, farms, etc. M&E also employs the use of online surveys for events, trade shows, etc., to get feedback directly from participants.

## **KEY ACCOMPLISHMENTS**

The following are selected accomplishments for the M&E team this quarter.

- Conducted a series of field visits and interviews across the West Bank to collect, capture, and verify data, as well as ensure quality of data to achieve quantifiable targets.
- Continued opening and updating activities and interventions in the West Bank on Geo-MIS, TraiNet, and TAMIS.
- Worked closely with component leads and the technical staff to make sure that USAID regulations have been met.
- Worked with the communications team to submit project progress reports.
- Captured ongoing data on Private Sector Investment Leverage.

The M&E Engineer continues to:

- Provide engineering technical support to the project teams in assessing, reviewing, monitoring, and evaluating of the project activities, particularly under the Stone & Marble sector's New Sludge Product intervention.
- Provide support to the Stone & Marble team when conducting assessments for new products and interventions.
- Review designs, specifications, plans, and drawings vis-a-vis the environmental analysis and make recommendations to ensure they meet and abide by the mitigation requirements.
- Verify Scopes of Work for environmental assessments, environmental reviews, or other environmental studies.
- Serve as the Compete representative to monitor and enforce environmental analysis recommendations, mitigation measures, DAI and USAID construction requirements, and capture results.

The M&E Economist continues to:

- Communicate with beneficiaries to verify the data for economic analysis verification.
- Follow up with beneficiaries on site periodically as a part of monitoring and evaluation team.
- Conduct economic analysis and financial feasibility studies to support Compete technical teams in economic assessments.
- Provide specialist advice in making wise decisions.

## **LESSONS LEARNED**

The M&E team has been heavily involved in the firm level program since the early stages of design. The team significantly contributed to the initial framework, template, and content development, and now serves on the review committees and panels for presented business cases. A key lesson is to become more aware and involved throughout the entire assessment and review process, as it adds greater value to the implementation phase. It also ensures that USAID regulations have been fully respected and met.

In addition, there is an obvious and noticeable gap between Stone & Marble sector companies of different sizes and managerial structures. This implies that tailored interventions may be more

effective in providing support; the proposed firm level assistance program will address such impediments and provide technical assistance for these based on their individual needs.

## **COMMUNICATIONS AND OUTREACH**

During this quarter, the communications team highlighted major initiatives implemented by USAID/Compete's four sectors. A number of press releases were published by Compete and others.

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

- Newspapers: Al-Ayyam Newspaper and Al-Hayyat Al Jadideh Newspaper.
- News agencies: Wafa News agency, Maan News agency, PNN News Agency, Al Watan Voice, Amad.ps, Al Akhbar, Hebron FM, Jenin Gate, and Nas FM.

## **EVENTS**

This quarter there were two main events that the communications team worked with the technical teams to design, organize and implement:

- Workshops to launch the new Firm Level Technical Assistance Program
- Foonon for Arts and Carved Stone Celebration for placing second out of 230 exhibitors from 22 countries in the "Best Product Stone Design and Art Work" category at the Middle East Trade Show.

## **WEBSITE**

This quarter recorded a notable increase in traffic on the USAID/Compete website. Several of the most dynamic sections were updated and upgrades made to make the website more interactive. Due to the launch of the Firm Level Technical Assistance Program and the availability of online applications, the website was considered this quarter as a reference for to determine the number of job seekers, investors, and beneficiaries.

## **REPORTING**

As a key vehicle to communicate project progress, impact and evaluation, the Communications team works closely with the M&E and technical teams to produce meaningful weekly, monthly, quarterly and annual reporting. During this quarter, the team produced ten weekly reports (which are to be henceforth discontinued), two monthly reports and a quarterly report. No success stories were approved this quarter.

## **FINANCE AND OPERATIONS**

### **SUBCONTRACTS AND GRANTS**

During the third quarter of the fourth year of the project (April 1, 2015 – June 30, 2015), the Compliance and Grants team continued to work closely with the technical staff to ensure an agile and streamlined implementation of technical activities performed in a manner compliant with USAID regulations and the special requirements of the Mission.

### **Achievements during Q2 of FY4**

The procurement team continues to work closely with the Technical teams to implement the project Work Plan.

Twelve grants (12) totaling US \$690,569 were executed during the quarter with several others in design and negotiation phase.

During this quarter, 35 new requests for vetting were submitted to USAID for individuals and organizations. Eligibility/Ineligibility Notices for 30 outstanding requests were received.

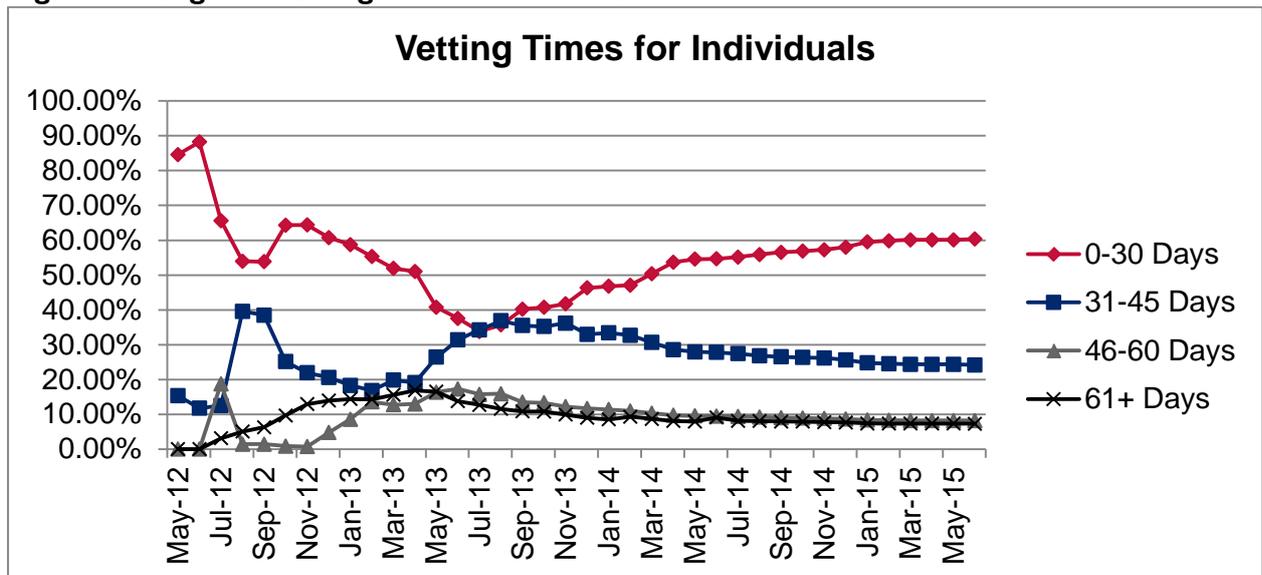
**Goals and Future Activities**

The Compliance and Grants team has recently undergone a reorganization which will strengthen accountability and clarify separation of duties. This new structure will allow the grants team to spend more time in the field working with grantees, create dedicated resources for the Procurement team, and provide additional support to the HR, Vetting, and Finance functions.

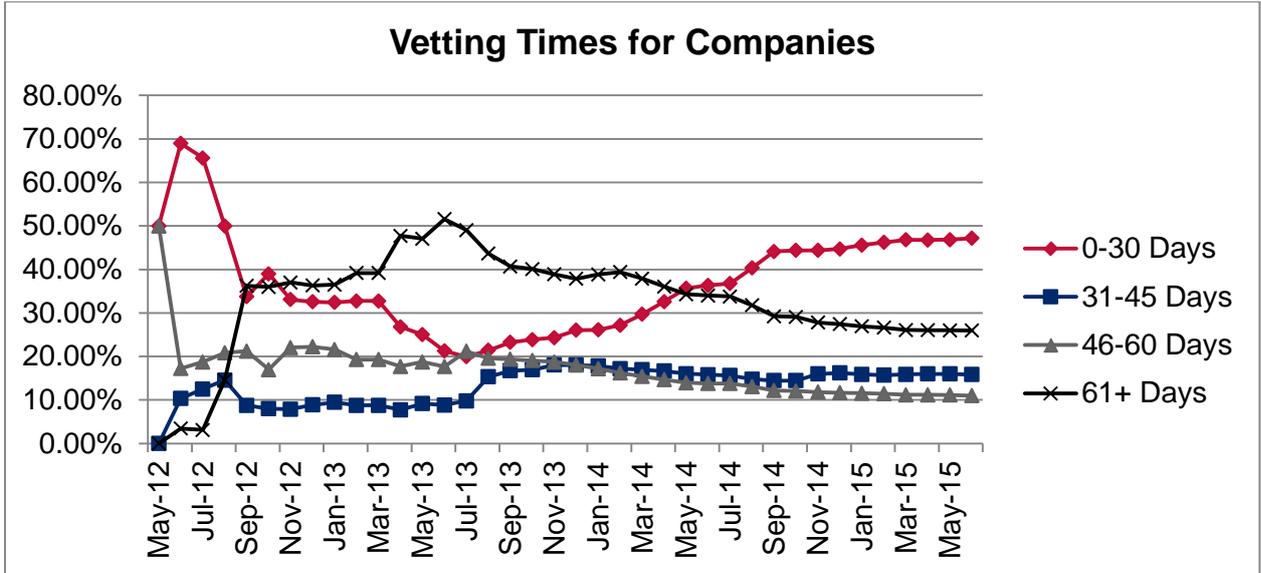
**VETTING**

The commitment to adhere to Mission Order 21 in a timely, business-like manner is essential to the success of USAID’s partnerships with Palestinian companies. Since mid-2013, there has been steady decline in all vetting applications processed in more than 61 days. In the third quarter of FY2015, vetting applications for individuals overall improved, with applications taking less than 30 days increasing by 0.24% and all other vetting times (those over 45 days) declining. For companies, the number of applications vetted in less than 30 days increased by 0.36% and all vetting times taking over 30 declining.

**Figure I. Length of vetting time for individuals.**



**Figure 2. Length of vetting time for companies.**



## FINANCIAL SUMMARY

The financial summary for Quarter 3, FY4 of the USAID West Bank and Gaza Compete Project is provided in the table below.

**Table 1. Obligation Summary.**

Current Obligation	Obligation Spent	Obligation Remaining	Per Cent Obligation Spent	Per Cent Obligation Remaining
\$44,663,000.00	\$33,558,380.75	\$11,104,619.25	75.1%	24.9%

**LEVEL OF EFFORT**

**Table 3. Level of Effort in Person Months.**

Item	Contract Budget		Inception to Date (June 2014)		Contract Budget by Year				
	Labor Category	Number of Individuals	Total Person Months	Number of Individuals	Total Person Months	Year I	Year II	Year III	Year IV ITD
All	14	1172	14	722.55	106	233	251	132.55	449.45

## ANNEX A: SUMMARY OF PROGRESS TOWARD INDICATORS

The following table is a report of all indicators specified in the PMP for the period of April 1, 2015 to June 30, 2015.

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY4	Actual Value for FY4/Q1	Actual Value for FY4/Q2	Actual Value for FY4/Q3
4.5.2	Agricultural Sector Productivity	4.5.2-36	OP Indicator	Agribusiness	Value of exports of targeted agricultural commodities as a result of USG assistance	Decimal	\$35,926,562	FY12	\$23,300,000	\$6,774,983	\$5,201,369	\$4,932,986
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C08	OP Indicator	ICT	Number of assisted Information and Communication Technology (ICT) start-ups that have developed products or signed contracts	Integer	0	FY12	30	1	-	2
4.2.2	Trade and Investment Capacity	4.2.2-C11	OP Indicator	Tourism	Number of new or improved assisted tourism sites and tourism trails	Integer	0	FY12	7	1	2	2
4.6.2	Private Sector Capacity	4.6.2-C02	OP Indicator	Tourism	Percent of hotels adopting nationally-adopted, USAID-introduced hotel classification	Percentage	54	FY12	70%	59%	65%	65% <sup>3</sup>
4.2.2	Trade and Investment Capacity	4.2.2-C12	OP Indicator	Stone & Marble	Value of exports through group and specialized Palestinian stone and marble marketing companies and consortia	Integer	0	FY12	\$6,500,000	\$3,118,499	\$1,031,762	\$935,691

<sup>2</sup> Compete Project Anticipates this number to go up from the activities with Leaders/IBDAA and other bootcamps to be planned for Q4

<sup>3</sup> 35 hotels have been fully classified.

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY4	Actual Value for FY4/Q1	Actual Value for FY4/Q2	Actual Value for FY4/Q3
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C05	OP Indicator	Agribusiness	Number of hectares under improved technologies or management practices as a result of USG assistance	Integer	0	FY12	150	46.5	39.5	32
4.5.2	Agricultural Sector Productivity	4.5.2-C02	OP Indicator	Agribusiness	Number of new or improved Palestinian products produced by assisted Palestinian agribusiness firms	Integer	0	FY12	60	10	15	4
4.5.2	Agricultural Sector Productivity	4.5.2-7	OP Indicator	Agribusiness	Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	Integer	N/A	FY13	300	34	70	23
GNDR-2			OP Indicator	All Sectors	Proportion of female participants in USG-assisted program designed to increase access to productive economic resources (assets, credit, income or employment)	Percentage	N/A	FY13	46%	23%	29%	29.8%
4.2.2	Trade and Investment Capacity	4.2.2-C02	Management Indicator	Agribusiness	Percent increase in exports of assisted Palestinian agribusiness firms	Percentage	35,926,562	FY12	65%	17%	12%	10%

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY4	Actual Value for FY4/Q1	Actual Value for FY4/Q2	Actual Value for FY4/Q3
4.2.2	Trade and Investment Capacity	4.2.2-C03	Management Indicator	Tourism	Percent increase in exports of assisted Palestinian tourism firms	Percentage	56,674,923	FY12	5%	1%	-	-4
4.2.2	Trade and Investment Capacity	4.2.2-C04	Management Indicator	ICT	Percent increase in exports of assisted Palestinian Information and Communication Technology (ICT) firms	Percentage	5,075,600	FY12	10%	14%	8%	6%
4.2.2	Trade and Investment Capacity	4.2.2-C05	Management Indicator	Stone & Marble	Percent increase in exports of assisted Palestinian stone and marble firms	Percentage	20,573,475	FY12	32%	15%	5%	5%
4.2.2	Trade and Investment Capacity	4.2.2-C06	Management Indicator	ICT	Percent increase in sales of assisted Palestinian Information and Communication Technology (ICT) firms	Percentage	8,308,269	FY12	10%	8%	5%	3%
4.2.2	Trade and Investment Capacity	4.2.2-C07	Management Indicator	Stone & Marble	Percent increase in sales of assisted Palestinian stone and marble firms	Percentage	30,046,475	FY12	22%	10%	3%	3%
4.2.2	Trade and Investment Capacity	4.2.2-C08	Management Indicator	Agribusiness	Number of new markets accessed by assisted Palestinian agribusiness firms	Integer	7.00	FY12	5	2	4	-

<sup>4</sup> MoTA statistics shows a decrease of bed nights in this quarter (306,098 this quarter compared to 399,290 of the same quarter last year); Compete has no significant control on the flow of tourists to the Holy Land as well as on bed nights due to fluctuating of the political situation in the region. A Tour Operator stated: "The tourism industry was extremely hit and the Spring Season (March/April/May) witnessed a great number of cancellations of groups as well as individuals. Suspected reasons are weak economy in Europe / ISIS threat throughout the Middle East / continued effect of Gaza War (of July 2014) / various political incidents locally".

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY4	Actual Value for FY4/Q1	Actual Value for FY4/Q2	Actual Value for FY4/Q3
4.2.2	Trade and Investment Capacity	4.2.2-C09	Management Indicator	ICT	Number of new markets accessed by assisted Palestinian Information and Communication Technology (ICT) firms	Integer	2.00	FY12	5	1	2	-
4.2.2	Trade and Investment Capacity	4.2.2-C10	Management Indicator	Stone & Marble	Number of new markets accessed by assisted Palestinian stone and marble firms.	Integer	6.00	FY12	6	5	1	-
4.2.2	Trade and Investment Capacity	4.2.2-C13	Management Indicator	ICT	Number of new Information and Communication Technology (ICT) contracts executed with international buyers/firms for Palestinian products or services	Integer	0	FY12	16	3	2	4 <sup>5</sup>
4.2.2	Trade and Investment Capacity	4.2.2-C14	Management Indicator	Tourism	Percentage increase of overnight stays in Palestinian hotels from key tourism source markets	Percentage	60,630	FY12	10%	13.7%	-	- <sup>6</sup>

<sup>5</sup> Under the Firm level technical assistance program, we expect more contracts in Quarter 4.

<sup>6</sup> MoTA statistics shows a decrease of bed nights in this quarter (306,098 this quarter compared to 399,290 of the same quarter last year); Compete has no significant control on the flow of tourists to the Holy Land as well as on bed nights due to fluctuating of the political situation in the region. A Tour Operator stated: "The tourism industry was extremely hit and the Spring Season (March/April/May) witnessed a great number of cancellations of groups as well as individuals. Suspected reasons are weak economy in Europe / ISIS threat throughout the Middle East / continued effect of Gaza War (of July 2014) / various political incidents locally". The seasonality of the key tourism source markets (i.e. Brazil and Mexico) and the fact that Brazil is going through a deep economic crisis.

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY4	Actual Value for FY4/Q1	Actual Value for FY4/Q2	Actual Value for FY4/Q3
4.5.2	Agricultural Sector Productivity	4.5.2-C01	Management Indicator	Agribusiness	Percent increase in sales of assisted Palestinian agribusiness firms	Percentage	103,000,000	FY12	33%	7%	5%	5%
4.5.2	Agricultural Sector Productivity	4.5.2-C03	Management Indicator	Agribusiness	Percentage increase in area under cultivation for export crops (hectares)	Percentage	360	FY12	20%	18%	7%	9%
4.5.2	Agricultural Sector Productivity	4.5.2-C06	Management Indicator	Agribusiness	Number of new agribusiness contracts executed with international buyers/firms for Palestinian products or services	Integer	0	FY12	20	5	10	3
4.6.2	Private Sector Capacity	4.6.2-C01	Management Indicator	Tourism	Percent increase in number of bed nights in Palestinian hotels	Percentage	863,947	FY12	9%	-	-	- <sup>7</sup>
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C01	Management Indicator	Agribusiness	Percent increase in employment of assisted Palestinian agribusiness firms	Percentage	1,690.00	FY12	10%	3%	4%	1%

<sup>7</sup> MoTA statistics shows a decrease of bed nights in this quarter (306,098 this quarter compared to 399,290 of the same quarter last year); Compete has no significant control on the flow of tourists to the Holy Land as well as on bed nights due to fluctuating of the political situation in the region. A Tour Operator stated: "The tourism industry was extremely hit and the Spring Season (March/April/May) witnessed a great number of cancellations of groups as well as individuals. Suspected reasons are weak economy in Europe / ISIS threat throughout the Middle East / continued effect of Gaza War (of July 2014) / various political incidents locally".

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY4	Actual Value for FY4/Q1	Actual Value for FY4/Q2	Actual Value for FY4/Q3
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C02	Management Indicator	Tourism	Percent increase in employment of assisted Palestinian tourism firms	Percentage	2,251	FY12	2%	-	0.36%	0.80%
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C03	Management Indicator	ICT	Percent increase in employment of assisted Palestinian Information and Communication Technology (ICT) firms	Percentage	339	FY12	37%	3%	18%	6%
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C04	Management Indicator	Stone & Marble	Percent increase in employment of assisted Palestinian stone and marble firms	Percentage	471	FY12	10%	3%	2%	1%
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C06	Management Indicator	Tourism	Number of training courses developed and delivered through the USAID - established hospitality school	Integer	0	FY12	5	5	-	-
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C09	Management Indicator	ICT	Number of new Information and Communication Technology (ICT) start-up companies established	Integer	0	FY12	14	-	-	<sup>8</sup>

<sup>8</sup> New startups are anticipated in the next rounds of Leaders/e -Zone and IBDA.

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY4	Actual Value for FY4/Q1	Actual Value for FY4/Q2	Actual Value for FY4/Q3
4.6.2	Private Sector Capacity	4.6.2-C03	Management Indicator	All Sectors	Number of assisted private sector organizations and private sector service providers receiving USG assistance	Integer	N/A	FY13	10	1	-	3
4.6.2	Private Sector Capacity	4.6.2-C04	Management Indicator	All Sectors	Number of new services provided by targeted business service providers and business service organizations to targeted sectors by the Compete Project	Integer	N/A	FY13	6	2	3	5
4.7.3	Strengthen Micro-Enterprise Productivity	4.7.3-C11	Management Indicator	All Sectors	Percentage increase in number of firms that received services from business service organizations and business service providers as a result of USG assistance	Percentage	1756	FY13	10%	3%	-	4%
4.2.2	Trade and Investment Capacity	4.2.2-C15	Management Indicator	All Sectors	Percentage increase in revenues of business service organizations from new services delivered to their members as a result of USG assistance	Percentage	\$2,394,236	FY13	30%	6%	-	0.86%

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY4	Actual Value for FY4/Q1	Actual Value for FY4/Q2	Actual Value for FY4/Q3
MEP0040	Strengthen Micro-Enterprise Productivity	MEP0040	Management Indicator	ICT	Number of business started by youth with USG assistance, disaggregated by sex of founder.	Integer	-	FY14	10	-	-	_9
MEP0041	Strengthen Micro-Enterprise Productivity	MEP0041	Management Indicator	ICT	Total number of start-up capital raised by youth	Integer	-	FY14	\$240,000	\$26,000	-	_10
MEP0042	Strengthen Micro-Enterprise Productivity	MEP0042	Management Indicator	All Sectors	Number of youth gaining employment or better employment as a result of participation in USG-funded program	Integer	-	FY14	226	49	100	41
MRP0039	Strengthen Micro-Enterprise Productivity	MRP0039	Management Indicator	ICT	Number of businesses started by youth with USG assistance that are still in operation one year later, disaggregated by sex of founder	Integer	-	FY14	8	-	1	1 <sup>11</sup>
6.3.1	Gender	6.3.1 C	Management Indicator	All Sectors	Increase in exports and/or sales by women-owned businesses and cooperatives as a result of U.S. Government assistance in the Agribusiness, Stone and	Percentage	-	FY14	0	-	\$52,229	\$7117

<sup>9</sup> Facts on the ground entails this change for two reasons: 1. USAID definition of Youth being < 29 years is forcing limitations as most of the businesses are established by older ages 2. The usual preference of the youth to delay official registration of their businesses to avoid tax hurdles and costly registration fees.

<sup>10</sup> With new startups anticipated, we expect this figure to increase towards September 2015.

<sup>11</sup> Facts on the ground entails this change for two reasons: 1. USAID definition of Youth being < 29 years is forcing limitations as most of the businesses are established by older ages 2. The usual preference of the youth to delay official registration of their businesses to avoid tax hurdles and costly registration fees

PE Code	PE Name	Indicator Code	Indicator Type	Sector	Indicator Name	Indicator Format	Baseline Value	Starting Fiscal Year	Planned Value for FY4	Actual Value for FY4/Q1	Actual Value for FY4/Q2	Actual Value for FY4/Q3
					Marble, and Tourism sectors.							
6.3.I	Gender	6.3.I D	Management Indicator	ICT and Tourism	Number of women participants in training and capacity building courses that improve skills in the ICT and Tourism sectors.	Integer	-	FY14	0	354	-	5

## ANNEX B: MEDIA MONITORING REPORT

USAID Compete activities gained press coverage from local outlets and at times in regional specialized media outlets this quarter. The following report details media coverage press releases and feature stories that were produced in the 3<sup>rd</sup> quarter of FY4.

**Event/initiative:** Kick off workshop for the design of a water project to transform water from Faraa and Al Nasariya wells to Al Baqea'ah Plain Ras Al

Sector: Agriculture

Date: 11/05/2015

Media Coverage:

<https://www.maannnews.net/Content.aspx?id=777029>

<http://www.alwatanvoice.com/arabic/news/2015/05/12/713036.html>

<http://www.al-ayyam.ps/pdfs/2015/05/13/p25.pdf>

**Event/initiative:** Palestinian participation in the Middle East Stone E

Sector: Stone and Marble

Date: May 2015

Media Coverage:

<http://arabic.pnn.ps/index.php/economy/126792-%D9%85%D8%B4%D8%A7%D8%B1%D9%83%D8%A9-%D9%81%D9%84%D8%B3%D8%B7%D9%8A%D9%86%D9%8A%D8%A9-%D9%81%D9%8A-%D9%85%D8%B9%D8%B1%D8%B6-%D8%AD%D8%AC%D8%B1-%D8%A7%D9%84%D8%B4%D8%B1%D9%82-%D8%A7%D9%84%D8%A7%D9%88%D8%B3%D8%B7-middle-east-stone-2015>

<http://www.wattan.tv/ar/news/133543.html>

<http://www.amad.ps/ar/?Action=Details&ID=73850>

<http://www.alakhbar.ps/posts/176678>

<http://www.al-ayyam.ps/pdfs/2015/05/18/p21.pdf>

**Event/initiative:** A meeting with the stakeholders of the Stone and Marble sector to announce the launch of the new Firm Level Assistance Program (Published by Partners)

Sector: Stone and Marble

Date: May 2015

Media Coverage:

<https://www.maannnews.net/Content.aspx?id=779716>

<http://www.alwatanvoice.com/arabic/news/2015/05/28/721158.html>

**Event/initiative:** Jenin Chamber of Commerce and USAID Compete project organize an introductory meeting to announce the “Firm Level Assistance Program” (published by partners)

Date: June 2015

Media Coverage:

<http://www.al-ayyam.ps/pdfs/2015/06/04/p21.pdf>

<http://www.alwatanvoice.com/arabic/news/2015/06/03/723871.html>

[http://www.al-ayyam.ps/ar\\_page.php?id=f5a9c03y257596419Yf5a9c03](http://www.al-ayyam.ps/ar_page.php?id=f5a9c03y257596419Yf5a9c03)

<http://hebronfm.ps/index.php?news=24477>

<http://www.jeningate.com/ar/showart.php?id=20676>

<http://www.alhayat-j.com/newsite/details.php?opt=7&id=263747&cid=3673>

<http://nasfm.ps/%D8%AA%D8%AC%D8%A7%D8%B1%D8%A9-%D8%AC%D9%86%D9%8A%D9%86-%D9%88%D8%A7%D9%84%D9%88%D9%83%D8%A7%D9%84%D8%A9-%D8%A7%D9%84%D8%A3%D9%85%D8%B1%D9%8A%D9%83%D9%8A%D8%A9-%D9%84%D9%84%D8%AA%D9%86%D9%85%D9%8A/>

**Event/initiative:** Fonoon for Arts of Carved Stone received the second place for “**Best Product Stone Design and Art Work**”, out of 230 exhibitors representing 22 countries in the Middle East Stone Exhibition

Sector: Stone and Marble

Date: June 2015

Media Coverage:

<http://pnn.ps/2015/06/18/pnn->

[%D8%A8%D8%A7%D9%84%D9%81%D9%8A%D8%AF%D9%8A%D9%88-](http://pnn.ps/2015/06/18/pnn-%D8%A8%D8%A7%D9%84%D9%81%D9%8A%D8%AF%D9%8A%D9%88-)

[%D9%88%D8%A7%D9%84%D8%B5%D9%88%D8%BI-](http://pnn.ps/2015/06/18/pnn-%D9%88%D8%A7%D9%84%D8%B5%D9%88%D8%BI-)

[%D8%A7%D9%84%D8%A7%D8%AD%D8%AA%D9%81%D8%A7%D9%84-](http://pnn.ps/2015/06/18/pnn-%D8%A7%D9%84%D8%A7%D8%AD%D8%AA%D9%81%D8%A7%D9%84-)

[%D8%A8%D9%81%D9%88%D8%B2-%D8%B4%D8%BI%D9%83%D8%A9-%D9%81/](http://pnn.ps/2015/06/18/pnn-%D8%A8%D9%81%D9%88%D8%B2-%D8%B4%D8%BI%D9%83%D8%A9-%D9%81/)

<https://www.youtube.com/watch?v=ouljwgracVI>