



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

USAID/COMPETE MONTHLY REPORT

January 1, 2016 – January 31, 2016



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

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ACRONYMS AND ABBRIVIATIONS

BIM	Building Information Management
BRC	British Retail Consortium
COR	Contracting Officer's Representative
DAI	Development Alternatives, Inc.
FY	Fiscal Year
GEW	Global Entrepreneurship Week
GLOBALGAP	Global Good Agricultural Practice
HACCP	Hazard Analysis Critical Control Point
HLITOA	Holy Land Incoming Tour Operators Association
ICT	Information and Communications Technology
LEED	Leadership in Energy and Environmental Design
LOA	Letter of Agreement
MoA	Ministry of Tourism and Antiquities
PITA	Palestine Information Technology Association
PWA	Palestinian Water Authority
R&D	Research and Development
TWW	Treated Waste Water
UAE	United Arab Emirates
USAID	United States Agency for International Development
YPP	SAP Young Professional Programme

CHAPTER ONE: INTRODUCTION

The USAID/Compete Project is pleased to present its monthly report for the period of January 1 – January 31, 2016. The report includes January achievements and progress against interventions detailed in the Project's Year Five Work Plan for both the West Bank and Gaza.

While the program in the West Bank is a continuation of the previous years' activities in selected value chains and is mainly focused on concluding those respective development objectives, in Gaza Compete is opening a new chapter of programming after many years of limited development amongst a totally isolated economy. USAID/Compete aims to support the Palestinian private sector in strengthening its competitiveness and expansion into new local, regional, and international markets in the key sectors essential to the future prosperity of the Gazan economy. USAID/Compete will support the agribusiness, fishing, ICT, furniture, textile and garment, and domestic tourism sectors.

The West Bank program as planned is focused on building the production capacity of firms to grow locally and expand regionally and internationally. Our focus is on addressing key market failures that will open the horizon for new value chains.

In reviewing this information, the following report is organized into three sections and includes two appendices. Chapter Two, following this introduction, presents the key accomplishments and details of each technical sector, disaggregated by region. Chapter Three includes discussing activities' progress for each sector during the past month as compared to the Compete Work Plan and their respective indicators. Finally, the appendices outline the lists of trainings and workshops already completed, as well as upcoming events of note, respectively.

CHAPTER TWO: KEY ACCOMPLISHMENTS

WEST BANK

AGRIBUSINESS

Agronomist Capacity Building Program - This month 11 agronomists who participated in the Agronomist training program have been hired and signed contracts with agribusiness companies. The Agronomist Capacity Building program intends to solve one of the most critical impediments that a number of key agricultural sub-sectors face - finding qualified agronomists to manage the quality and productivity of local farms.

Strawberry Scalability Program - Osama Abu Rub, a strawberry farmer who last year started a pilot unit of hanging strawberries and a computerized irrigation system with Compete support, decided to expand his strawberry farm to include additional 4 dunums in new greenhouses, with a total of 7.5 dunums that will result in 64 tons of products. This month Osama Abu Rub completed the installation of the first strawberry packing house in the West Bank. Compete assisted him with the cooling room, a cooling unit and 50 % of the isolated packing house panels. The handover was finalized and he started packing the strawberries.

ICT

Palestinian Internship Program - This month the Palestinian Internship Program held a social event for interns placed within Israeli High-Tech firms. The event provided an opportunity to get to know one another, learn about their diverse experiences, and for the PIP Program Director, Jesse Divon, to touch base with the interns.

CEO of Myndlift, Aziz Kaddan, was a guest speaker and gave a presentation around his start-up company that works towards digital solutions for persons afflicted with Attention Deficit Hyperactivity Disorder (ADHD). Mr. Kaddan hopes that Myndshift will be able to host interns in the future.



Interns share their experiences at a social event part of the Palestinian Internship Program - which facilitates placement of talented Palestinian graduates at high-tech firms – gaining critical knowhow from developed companies in the ICT industry.

IBDAA – Supporting Palestinian Start Ups - A fund raising event was held for IBDAA this month, seven (7) startups gave presentations about their products to the audience that included the Minister of IT and the Minister of National Economy, NGOs, Donors, universities, and

accelerators. The quality of the startups and the ideas presented was received well and IBDAA received requests by accelerators to have these startups apply for the next acceleration rounds.

TOURISM

Enhancing Access to Market - This month Compete approved three applications to the Firm Level Assistance Program (FLAP), from three Palestinian tour operators; Aelous Tours, Laila Tours and Traveller Experience Tours. In addition, two tour operators, Laila Tours and Travel Experience, participated this month in the FITUR tradeshow in Madrid, Spain. The Spanish market is one of the leading markets in sending tourism groups (pilgrimage in specific) to the Holy Land, despite its economic issues; Spain remains a major source of inbound tourism especially with the Christian catholic segment that is well connected through their parishes, churches, and tour operators. According to the Israel Statistics Bureau, in 2014 Europe was on top of the list in number of travelers to the Holy land, and Spain was highest among European countries, with 473,000 visitors. Participation in such trade shows will assist Palestinian tour operators to directly access this market. In addition, Laila Tours also attended the ETC conference in St. Louis and NTA convention in Atlanta.

STONE & MARBLE

Sludge New Products and Facilities - USAID/Compete is working with Abu Kamil Automatic Block Factory to manufacture a product unique for the Palestinian market, namely light weight foam based concrete blocks using liquid slurry produced during the stone slab cutting process. By the end of November, the machine had been procured by USAID/Compete, construction was completed by the supplier, and the finished product was ready to be shipped to Abu Kamil in Nablus. This month Abu Kamil received the pilot test equipment which enabled the company to prepare samples, which once tested, will be refined.

GAZA KEY HIGHLIGHT

Agribusiness

Strawberry Value Chain - In this reporting period, 34 farmers signed Letters of Agreement with the USAID/Compete Project. In Gaza, the export of strawberries is handled by four cooperatives; Charity Association for Vegetables and Flowers, Gaza Agricultural Cooperative for Production & Marketing of Vegetables, Farmer's Union Charity Cooperative and Beit Hanoun Agricultural Cooperative. The main export markets are the EU, and Russia and export is carried out through Israeli exporting companies. This season there are around 200 strawberry farmers and 600 dunums planted with strawberries.

The purpose of the program is to introduce new strawberry production patterns that will increase the yield and enhance the quality. Financial analysis was conducted for various patterns and the single span high tunnel pattern was the most profitable.

CHAPTER THREE: SUMMARY OF PROGRESS BY SECTOR

WEST BANK

Agribusiness Sector



Firm Level Technical Assistance – USAID/Compete has seen significant progress due to its 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. Other sectors (ICT, Tourism, Stone and Marble) also follow this process.

Al Forat Company

During the base period, Al Forat Company, located in Toubas, was assisted in establishing forward contracts with local and Jordanian companies to provide potatoes and carrots, resulting in a need for improved equipment to increase production. With the new cooling rooms and packing houses, high quality produce will be provided to their clients.

Following the GAP assessment conducted, the Project signed a purchase order for hiring a service provider to facilitate the adoption of a Quality Management System ISO 9001 and support Al Forats' capacity building efforts to meet future growth plans. The expected results of this intervention are sound HR, Administration, Finance, and Management systems. USAID/Compete also has assisted in procuring irrigation pipes and cooling rooms. Land use of Al Forat Company expanded drastically from 350 to 2,000 dunums. In January Al Forat began implementing the adoption of quality systems, and upon completing an internal audit next month, they will request an external audit.

Mushroom House

Mushroom House is a newly established company owned by three women and one man. This month, an additional purchase order was signed for lab equipment and a sterilization unit, the final purchase order to complete all required needs of the lab. They plan first to produce mushroom mycelium and then mushrooms. Currently mushroom farmers in the West Bank face difficulties due to the seed mycelium, which must be imported from Holland where delays in shipment negatively affect production. USAID/Compete is filling the gap in the value chain by specifically targeting the missing joints in the

chain, prior to growing mushrooms. These missing parts are namely, the creation of sterilized compost, mycelium production (within a lab environment), and finally the incubation of mycelium in compost. After this final stage, mycelium will be available to producers to grow mushrooms. The lab will not only provide mycelium for Mushroom House, but will also supply other local mushroom growers. Currently Mushroom House will use a 200 square meter area to produce mushrooms.

Lab equipment, sterilization units and mycelium incubator equipment will be delivered, expected arrival in March – April 2016.

Lemon and Lime

Computerized Irrigation for New High Value Crops.

A grant was awarded to the Lemon and Lime Agricultural Company during October 1 – December 31, 2015. Established in 2014 in the village of Bardalla in the Jordan Valley, the company is working to expand their fruit farms to include mangos, avocados, pineapples, seedless grapes, guavas, and other cost-effective crops that are geographically suitable. USAID/Compete will be supporting the company's plans for expansion by helping them overcome one of the main challenges - the availability of water resources. The support will include the provision of a computerized irrigation system which will result in water savings of up to 60 percent and an increase in the productivity of their fruit trees by up to 20 percent. During January 2016 Lemon and Lime installed a farm fence and contracted to install a reservoir in February 2016.

Qitaf Company- Jiftlek

Qitaf activities include the cultivation of dates. Current Qitaf clients are Palestinians, Israeli, French, and Turkish. Qitaf plans to expand their farming projects and produce more varieties, and reach the UK, South African, and Fareast markets. Future plans of procuring, packing, and marketing seedless grapes will require Qitaf to become GLOBALGAP and BRC certified. Based on GLOBALGAP assessment results, Qitaf began working on adapting their systems in order to be aligned with international standards. This month, a trained agronomist from the Agronomist Capacity Building Program was hired bringing the total number of hired graduates of the program to 11 out of a total of 28 trained agronomists.

Jamal Khalaf

Super-Hot Peppers. During this reporting period, a sophisticated high-tech grinder was delivered and installed with USAID Compete support. The grinder is needed to build Jamal Khalaf's facility for super-hot pepper drying and packaging. In 2014, Mr. Khalaf planted five dunums of hot peppers as a trial under a forward contract with a client from the United States. The customer imported the production and was satisfied with the product quality to such an extent that expansion to other importers is promising.



Jamal Khalaf tends to his peppers which once grinded will find buyers in the US.

USAID/Compete is supporting the farmer with the equipment needed to build a facility for drying and packing hot pepper for the export market. If successful, this initiative will be the first of its kind in the West Bank in which the farmer will be introducing a new high value crop with a high return in investment.

Osama Abu Rub

Cooling Rooms for Strawberries. In order to help Osama Abu Rub maintain the necessary cold chain and ensure a high quality product, USAID/Compete supported Abu Rub with the installation a packing house and cooling room. This is the first packing house for strawberries in the West Bank and Gaza. Osama Abu Rub, a farmer involved in the production of open field and greenhouse vegetables, is a previous recipient of USAID/Compete support under the Strawberry Scalability Program.

Demonstrating the Project's ability to mentor their beneficiaries and scale products, Abu Rub's assistance allowed his farm to upgrade the technology used to plant strawberries, including new irrigation infrastructure and hanging systems that led to outstanding production and quality results. His farm met his harvest quota goal a full month before the season closed, while his strawberry sales doubled the seasonal average at USD \$11 (40 NIS) per kilogram. Based on the success of his previous achievements with the program, this year, Mr. Abu Rub expanded his strawberry farm by adding four dunums of hanging strawberries in new greenhouses.

Daraghmeh Company

Supporting the Expansion of Fresh Herb Farms. Daraghmeh Company is currently involved in the production of fresh herbs on 120 dunums of green houses, in addition to 300 dunums of open fields planted with vegetables. The company is planning to expand their fresh herb production in 2016, enabling them to cultivate fresh herbs year round. In order to successfully implement these plans, USAID/Compete will develop a business plan for Daraghmeh's baby herb production, which will become the pilot activity of an eventual expansion throughout the West Bank, if successful. A draft of the business plan was submitted to Daraghmeh and was approved by the Project this month.

Baby Cucumbers. USAID/Compete is supporting the development of a new West Bank value chain through its firm level support to the Kufr Dan Cooperative for Agriculture and Irrigation. In addition to irrigation activities (well rehabilitation, installation of irrigation networks, etc.), Kufr Dan facilitates marketing of pickled cucumbers and baby cucumbers for its cooperative members. They have a total of 2,500 dunums, including 50 dunums of baby cucumbers planted under forward contracts, and plan to expand to 100 dunums by next season. However, in order to ensure quality standards are met for export, the cooperative has requested support to develop post-harvest facilities for sorting and storing.

Kufr Dan completed a feasibility study for the production of baby cucumbers on a large scale for export. USAID/Compete also signed a grant with Kufr Dan to provide them with a sorting line, to be delivered in March 2016 that will enable them to comply with the specifications requested from the pickling factories.

Sami Abu Mansour

Supporting the Expansion of Fresh Herb Farms. Sami Abu Mansour is currently involved in the production of open field and greenhouse vegetables. Sami's farm has produced fresh herbs, but export capabilities

are hindered due to a lack of skilled workers and low prices offered by local middlemen. To be able to expand the farms' abilities in exporting, Sami is aiming to achieve GLOBALGAP certification. To date, the Project supported Sami's farm through irrigation systems and providing soilless cultures. Sami Abu Mansour's farm started adapting the system based on the benchmark set by GLOBALGAP and has hired a trained agronomist from the Agronomist Capacity Building Program, thus improving the quality of produce and prices.

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.

Al Hithnawi

Al Hithnawi General Trade Company, a seed and spice packing company, upgraded their production facilities with USAID/Compete support to stimulate the local market by providing new products: herb and seed oils. As a result, over 100 local suppliers are benefiting from Al Hithnawi's need for large quantities of local produce for raw materials. This month an LOA was signed to hire an agronomist from the Agronomist Capacity Building Training Program. The LOA also includes the adoption of ISO22000 food safety standards.

Vegetable Nurseries

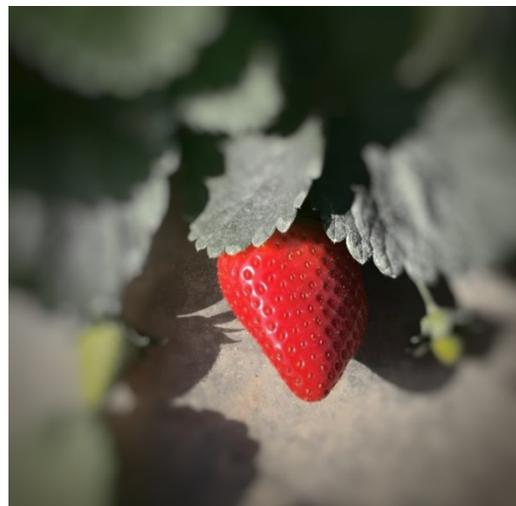
During FY2014, USAID/Compete supported two nurseries, Atta Abu Rub and Juneidi, in upgrading nursery facilities, including seeder machinery, shading nets, and a washing machine, according to GLOBALGAP standards. These upgrades enabled one nursery to donate an old seedling machine to Thinabah Nursery, further strengthening the sector. USAID/Compete provided machine training to the staff at Thinabah to ensure sustainability. This month Atta Abu Rub hired one female agronomist from the Agronomist Capacity Building Training Program.

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. Past subsectors targeted include strawberries. The Project will assess the feasibility of other subsectors. For update regarding baby herb pilot production, see update above under FLAP – Daraghmeh.

Strawberry Subsector

USAID/Compete is assisting the strawberry subsector in increasing productivity, improving strawberry quality, and meeting export standards. During early 2014, strawberry farmers worked on a cost share basis to upgrade their infrastructure and received training to support the upgrades, enabling increased production rates, improved quality, and an earlier harvest season this quarter.



Strawberry Scalability Program - USAID/Compete is working to scale-up strawberry production in the West Bank by replicating the demonstration farm models developed in early 2015 by the Project to introduce new technologies using hanging and computerized irrigation systems. The outcome of these demonstrations was favorable in terms of productivity and profitability; therefore, USAID/Compete is sharing its findings publicly and presenting a business opportunity for West Bank farmers and investors.

This past month five (5) farmers from Jenin, Tulkarem and Toubas signed Letters of Agreement with USAID/Compete joining the Project's Strawberry Scalability Program adding 15 dunums of land towards the production of high quality strawberries. The farmers will ready their farms for the Spring/Summer season.

Supporting Enablers and Service Providers to Address Impediments

Meeting International Standards in Agribusiness – During the last reporting quarter, the first ever Palestinian nursery has passed GLOBALGAP Certification, with USAID/Compete support. With the Project's support, Atta Abu Rub nursery passed the GLOBALGAP external audit, and became the first GLOBALGAP certified nursery in the West Bank. Further to this support USAID/Compete is supporting other farms, such as Sami Abu Mansour and Qitaf, in gaining internationally recognized certification. USAID/Compete supported Sami Abu Mansour to adopt the international certification for farming standards GLOBALGAP, and Qitaf farms to adopt GLOBALGAP and the British Retail Consortium (BRC) certification. Towards this goal both farms have hired trained agronomists from the Agronomist Capacity Building Program, thus improving the quality of produce and prices.

GLOBALGAP is an internationally recognized set of farming standards dedicated to Good Agricultural Practices. Through certification, producers demonstrate their adherence to GLOBALGAP standards in production quality, food safety, traceability, environmental sustainability, and worker occupational health and safety.

Al Wadee, located in Jericho, produce, package and market dates. USAID/Compete, in previous quarters, supported date companies with designing new date packages to enable the companies to meet international standards. This past month five (5) agronomists have been hired from the Agronomist Capacity Building Program.

Agronomist Capacity Building Training Program – As a result of the successful completion of the Agronomist Capacity Building Training Program, 11 trained agronomists have found employment. In order to strengthen the competitiveness and export potential of key agricultural subsectors in the Palestinian economy, USAID/Compete is providing assistance to upgrade the technical experience and performance of agronomist graduates to facilitate their recruitment into enterprises working in fresh herbs, dates, carrots, potatoes, dried herbs, and olives. The project identified the urgent need for qualified agronomists to work in the above targeted subsectors based on the daily communication of the Agricultural Technical Team with the Project's beneficiaries. Topics covered, theoretical and practical, covered included olive and olive oil production, farm management and export, strawberry farming, financial management, fresh herb farming, date farming, date field training, Hazard Analysis Critical Control Point (HACCP) training, and post-harvest techniques.

In addition, the trainees were introduced to the best practices of the GLOBALGAP certification system. Lastly, the trainee's field technical sessions focused on strawberry, dates and fresh herbs farm management. The sessions were also attended by a number of beneficiaries that formed part of the Strawberry Scalability Program. Twenty-eight agronomists were enrolled in the training program that aimed at solving one of the most critical impediments that a number of key agricultural sub-sectors are face - finding qualified agronomists to manage the productivity of local farms. To date I I have filled this need, and more are expected to enter the workforce.

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.

Tammoun Project

The Tammoun project aims to transfer water from wells located in Ras Elfaaa and Al Nasarieh to the Al Baqea'ah plain to irrigate 4,500 dunums. Following the favorable results of the assessment report conducted in earlier stages, the Compete Project is currently supporting the delivery of preliminary designs aiming to obtain and secure necessary approvals from the Israeli Civil Administration (CA). This month draft preliminary designs were submitted for the review and approval of Compete, which will be sent next month to USAID and CA for approval.

Introducing New Water Sources / Enhancing Access to Quality Water – 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. USAID/Compete has been working closely with the Ministry of Agriculture (MoA) to address the challenge of access to quality water for agricultural irrigation, particularly in Area C. Compete is currently designing two projects in Area C, namely reuse of TWW in Deir Sharaf to irrigate 7000 dunums of farmland.

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

Following the submission of preliminary designs of Deir Sharaf project to the Israeli Civil administration (CA), this month a site visit was requested by Mekorot Company- the Israel's Water Authority , in order to consider the locality of their water pipes in the final detailed designs. Accordingly, Compete project submitted the alignment of the water lines to Mekorot Company pending their approval.

Deir Sharaf demonstration / pilot project

USAID/Compete is currently working on establishing a 200 dunum demonstration site to introduce and adapt the practices of wastewater reuse for irrigated agriculture in Deir Sharaf. Last month, several meetings were held with Nablus Municipality and Deir Sharaf water users association in order to agree on initial designs and considerations, in addition to the beneficiary list (farmers) who will irrigate their agricultural products with the reclaimed water. Next month, RFP will be prepared and released for vendors to compete on implementation works. This past month one agronomist from the Agronomist Capacity Building Training Program was hired by Marj Abu Amer Cooperative to follow up with the pilot project.

ICT Sector



Enhancing Market Access

Firm Level Technical Assistance Program

Transcend Support. Transcend Support is a call center in Bethlehem founded in 2010. Currently the call center employs 60 agents who provide various services such as inbound/outbound calling, sales and customer acquisition, fundraising, and small software outsourcing. The company has a small management structure focused on operations, while other important components such as marketing and sales are not sufficiently addressed.

As a result of recommendations from their participation in USAID/Compete's Export Market Development Program, Transcend, with Compete's support - recruited an experienced international consultant to conduct an operational gap assessment for the call center, the final report for which was received this month. The consultant covered all of the elements of call center operations to transform Transcend Support into a well-recognized outsourcing service provider in the West Bank and the region. The chief findings stated that they are in need of a detailed call center operational assessment, and training for senior staff on industry best practices.

Al Andalus. Al Andalus was supported by the USAID/Compete Project in the past and now has the capacity to expand into Jordan with a new office centered in Amman. This will assist them in working with Saudi Arabian and Iraqi markets.

Integrated Solutions. Integrated Solutions is an IT company based out of Ramallah, focusing on providing electronic and hardware solutions for the banking sector. Integrated Solutions are investing in adding banking software implementation to their portfolio, which is a completely new line of business for the company, and has potential to grow, with expected revenues of USD \$1.5 million in the first year as a result of introducing financial services software developed by Temenos Group AG to Palestinian banks. Integrated Solutions have signed a partnership agreement with Temenos, and this partnership agreement includes Palestinian and Jordanian markets.

Integrated solution requested assistance to train their employees on Temenos software in order to qualify the company in implementing Temenos software and applications, as per the agreement between both companies. Training is in the last phase with modules being completed in Amman, Jordan this month.

Iris Interactive Solutions. In December 2015, an LOA was signed with Iris Interactive Solutions, a Ramallah based company that provides interactive touch screen solutions to several segments in the local market. They have recently launched a new solution called “sensory room” that aims at helping kids with autism. USAID/Compete will support the company in testing its autism therapy sensory room solution in ten local and regional locations. This will allow Iris to validate the product and the whole business idea and eventually expand in the targeted markets which include Jordan, Saudi Arabia, and UAE markets. This month Iris Interactive Solutions installed two sensory rooms at the An-Najah National University Hospital as well as at the Red Crescent Society.

SAP Software Technology Training – This month saw the conclusion of the SAP Young Professional Programme (YPP), in partnership with the Office of the Quartet. 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 a 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.

USAID/Compete is supporting SAP in implementing its YPP - an intensive training “boot camp” designed to equip suitable candidates with the skills necessary to gain employment as a junior SAP consultant. Qualifying candidates who complete the YPP will be employed on SAP projects in key markets including Saudi Arabia, the UAE, and elsewhere in the Gulf mainly through locally identified Palestinian SAP partners.

A post training survey was conducted by the Project with positive results. Sixteen out of the 17 participants in the SAP training completed this survey. Overall, the survey presents a very positive picture of the training. 100% of participants said the content was good or excellent; and 94% agreed that the subject matter was clear and easy to follow. 100% said the trainer was experienced or very experienced and the majority of participants (94%) were satisfied with the format of the training. All participants agreed that they would use the subject matter covered in this course in the future. Overall 100% were satisfied with the SAP software technology training program.

Export Market Assessment – USAID is supporting ICT companies to scale-up their current export activities by assessing ten companies and providing them with export market development plans. The assessment, completed in April 2015, identifies current gaps in export companies which hinder export development and create an export management structure to ease the export process for ICT companies.

At the beginning of April 2015, a Compete consultant interviewed companies to gather data for the assessment. Following this assessment, the Project conducted a study to identify product and market niches among the ten companies. The assessment will assist these companies in becoming more competitive in the international markets, enabling them to grow. Following this activity, selected companies will be supported under a cost-share scheme to hire market research companies to assist with expansion plans. The Niche Market Determination was underway as of the close of the year.

In December, a tender was issued for the implementation of recommendations for the assessment completed at the end of fiscal year four. This month selection was completed and work will commence in February 2016.

Supporting Enablers and Service Providers to Address Impediments

Component B - Creating a Technical Transfer Company (IBDAA) – USAID/Compete 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.

To tackle this problem, USAID/Compete has partnered with four local universities to create the first technical transfer company (IBDAA) to promote research and development activities between the private sector and academia to help solve market failures and spur innovation among Palestinian youth. The four universities leading this initiative are, The Arab American University (AAUJ), Najah National University (ANU), Polytechnic University (PPU), and Al-Quds University. The four universities established and registered IBDAA as a company to run and manage a program that supports innovative project ideas that offer creative solutions to industrial problems and that capture market opportunities.

In the previous reporting period IBDAA selected 10 of the most promising start-ups, based upon certain pre-determined criteria for commercial profitability and the jury’s recommendations. Seven are registered with the Ministry of National Economy.

This past month IBDAA, with its partners, and with support by USAID/Compete organized the first fundraising event for IBDAA and startups. The event was attended by Dr. Allam Musa, Minister of Telecommunications and IT, Mrs. Abeer Oudeh, Minister of National Economy, in addition to representatives from the private sector companies, academia, entrepreneurs and venture capitals.

The fundraising aimed at launching seven startups that were recently selected by a number of ICT experts, mentors and IBDAA’s Board of Directors, while connecting them and IBDAA with different donors and other private sector entities, with the aim of raising their awareness about the company’s mission and to highlight the projects, and eventually explore other funding resources to support more projects.

Palestinian Internship Program (PIP) - The Palestinian Internship Program (PIP) unofficially launched in October 2013 and officially incorporated as a 501(c)3 registered non-profit organization in Delaware in January 2014. The program was founded by Yadin Kaufmann, an experienced investor in Israeli start-ups and the co-founder of Sadara Ventures, the first venture capital fund investing in Palestinian high-tech. By October 2015, the program had completed two pilot rounds supported by USAID/Compete. PIP endeavors to address market failures related to Palestinian workforce development and high-tech employment by providing high-level internships for young graduates at start-up and multinational companies based in Israel. The idea that underscores the program is that by providing these internships to young Palestinian professionals, PIP can provide a framework that helps keep Palestinian techies in the field and gain crucial professional skills by exposing them to a highly developed high-tech economy. In other words, PIP seeks to help young professionals “leapfrog” the current state of the Palestinian high-tech economy and to instill in them the know-how they will need to grow Palestinian companies.

Following the success of their six month pilot, PIP is developing recruitment, alumni, and monitoring and evaluation systems in order to manage relationships, measure results, and ensure program effectiveness. The success of the program is dependent on solid relationships within both the Palestinian and Israeli hi-tech and startup communities, effective marketing of the value proposition for Israeli companies to take on an intern, and data-driven identification of key skills required to succeed in the hi-tech ecosystem matched with willing hosts. Compete is supporting the Palestinian Internship Program with a Fixed Award Amount (FAA) Grant, enabling them to conduct the third and fourth cycles of their internship program.



Compete provided vital support to both the initial Palestinian Internship Program pilot (two cycles of internships), as well as their current, improved program (cycles 3 and 4). Compete’s financial support was bolstered by direct business consultation in analysis of the program’s lessons learned, effectiveness and performance. The program competitively selects youth from across Palestine to match with hi-tech firms, startups and other internship placements in both Israel and Palestine, supported by a series of professional training workshops. To date (cycle 3), 15 youth have taken part in this program.

In January the Palestinian Internship Program held a social event for interns. The event provided an opportunity to get to know one another, learn about their diverse experiences, and for the PIP Program Director to touch base with the interns.

In addition, Aziz Kaddan, CEO of Myndlift was a guest speaker giving a presentation around his start-up company that works towards digital solutions for persons afflicted with ADHD. Mr. Kaddan hopes that Myndshift will be able to host interns in the future.

Also this month, the interns participated in a workshop led by Dr Dan Hart, an expert in the field of leadership and lecturer at UK business schools including Birmingham University and Lancaster University.

Stone And Marble Sector



Enhancing Market Access Firm Level Assistance Program

Abu Kamil Automatic Block Factory. This month delivery of a pilot production line for light weight concrete blocks was completed and site prepared with initial samples from the pilot process produced. In the near future these samples will be tested at a local lab. USAID/Compete is addressing the issue of stone waste by supporting the gradual transformation of the industry toward the use of business solutions for “dry sludge” and “liquid sludge,” thereby creating commercially viable and environmentally conscious new products out of previously un-utilized stone production waste.

Creating these competitive new products will lead to business opportunities that could be targeted in local markets; with this vision in mind, USAID/Compete is working with Abu Kamil Automatic Block Factory as a pilot program to produce light weight foam based concrete blocks using liquid slurry produced during the stone cutting process.

Pending investment in a complete production line, USAID/Compete assistance will have remarkable impact on the factory as well as other small and medium stone producers in Nablus Governorate since Abu Kamil will be able to utilize their stone waste and turn them back into raw materials.



Abu Kamil (pictured above) un wraps the newly delivered machinery which USAID/Compete is supporting to introduce new products and transform previously damaging waste to the environment to safe products.

Ejada Company. Ejada will be considered as part of an intervention by the Project to expand and research the production of products made from sludge and other stone waste. The case for Ejada was presented to the Project's review panel, a verification of needs conducted, and pending vetting the Project will support Ejada.

Al Aqsa Company. In this reporting period Compete approved supporting Al Aqsa Company for Marble and Stone in purchasing an on-line international market study for South Korea. This support comes as the company is seeking to expand into the international market, focusing on one new market, South Korea. This study will provide Al-Aqsa company with a comprehensive review of the South Korean market enabling them to make sound business decisions. Additionally Al-Aqsa intends to work on developing relevant marketing material. Compete will continue to provide technical assistance through Firm Level program to companies such as Al-Aqsa who present willingness to grow.

Al Anan. Support to participate in the Middle East Trade Show 2016 will be provided by the Project. To date, booth space has been reserved by the Project. Participation of Al Anan with the Project securing booth space for the Xiamen Trade Show in China and the Coverings Trade Show in the US.

Verona Marble and Industrial Investments Company. Support to participate in the Middle East Trade Show 2016 will be provided by the Project. To date, booth space has been reserved by the Project, pending vetting.

Techno Fonoun. The Project's firm level review panel approved Techno Fonoun's application for support, last reporting period, wherein USAID/Compete will provide technical assistance for the installation of a high-tech laser printing machine, as well as a water recycling system for capturing the water released during the production of carved stone in order to contain, filter, and utilize it for production reuse. In addition, Techno Fonoun will abide by environmentally friendly practices. Techno Fonoun is working towards the introduction of new products and sub-sectors by introducing laser printing and etching on stone, glass and marble, a first for Palestinians. The innovation will impact the sector by increasing employment and the introducing tourism based products. This month an action memo and EDF was approved. Next month Compete will sign a grant with them and a site will be prepared to house the production area.

Palestinian Construction Guide. The company provides services to the industry, connecting companies with clients, advertising, and business service support. Last reporting period, the company applied through the FLAP to upgrade their website so that they will be better equipped to provide essential services to subscribed companies. In addition, marketing personal will be hired through this intervention. In January this past month, a meeting with the Palestinian Construction Guide took place and the Project assessed their application and needs.

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

Middle East Trade Show 2016

In quarter one of fiscal year five, USAID/Compete awarded a grant to PalTrade to support the participation of six stone companies to exhibit at the Middle East Trade Show in 2016, building on past successes in this field. The companies that will participate in the trade show include: Verona Company for Marble and Industrial Investment, Fonoun Arts of Carved Stone, Sukhour Al-Quds, Al Raedah Investment, Al Anan Company for Marble and Stone, Al Madina Stone Investment. Al Anan also plans on participating in the upcoming Xiemen Stone Fair in China in March 2016. The Project continued to support clients participation during January by booking booth space at the various trade shows.

Tourism Sector

Enhancing Market Access

Firm Level Assistance Program

Sancta Maria Hotel. Sancta Maria Hotel is located in Bethlehem and is being supported by the Project to enhance its organizational, management and marketing capacities. During this reporting period, USAID/Compete signed a Letter of Agreement for Sancta Maria to provide and install hospitality management software, in addition to provide the design and produce marketing and promotional material, by generating the required engineering reports that will help the hotel comply with Civil Defense requirements in order to be classified.

Aelous Tours. The Project's Firm Level Assistance Program review panel approved assistance to Aelous Tours which will support, on cost share basis, participation in the ETC conference in St. Loius, which will enable it to enter the US Market and build new business ties. Due to late vetting approval however, Aelous was not able to attend.

Orient Palace Hotel. USAID/Compete will be providing Orient Palace Hotel with comprehensive hotel management software. This system is expected to enhance business operations among these hotels, which will help reduce operational costs, increase their operational capacity, grow the number of clients, expand to new markets, and generate higher revenue. The system will also enable beneficiaries to update and maintain their records, enhancing their managerial and decision-making capabilities. Finally, the software solution will help them to organize their procurement and compliance procedures, eventually enhancing their performance in all aspects. In quarter one of fiscal year five, the LOA for the Orient Palace Hotel was signed and procurement completed, with implementation kicked off in December 2015. This month the Hospitality Management software was installed and training completed and the system has become operational.

City Inn Hotel. A Letter of Agreement was signed last reporting period with City Inn Hotel to support them installing a comprehensive property management software system. The system, successfully installed, is expected to enhance the hotel's business operations, which will help reduce operational costs, increase its operational capacity, increase the number of clients, expand to new markets, and generate revenues. In January the training on the system was completed.

Traveller Experience Tours (TE- Tours). TE-Tours is a start-up tour operator based in Jerusalem, and a member of the Holy Land Incoming Tour Operator Association (HLITOA), Arab-Brazilian Chamber of Commerce, Skal International, and the Institute of Travel and Tourism-UK. TE-Tours works on inbound



Rami Zeidan, Founder of Travellers Experience, at the Madrid FITUR trade show expressed his optimism of the expected results of Traveller Experience Tours at the Madrid show, “Madrid-FITUR is a golden opportunity to tackle prospects, [establish] B2B, and buildup relations with your contacts or potential contacts.”

tourism, and seeks to diversify the offerings to tourists visiting the Holy Land. It is distinguished by its flexible programs built around various types of requests and visits, with its main established markets being Portugal and South America. Moving forward, TE-Tours’ plan for 2016 focuses on expanding their services further in two markets: Spain and Brazil.

With the ultimate goal of supporting the tourism sector and helping them expand and increase their sales, the Project’s firm level review panel approved support for TE-Tours participation at the FITUR International Tourism Trade Fair which took place in January 2016 in Madrid, Spain. Through USAID/Compete’s support, TE-Tours’ participation at FITUR helped them improve their network, promote their services to the Spanish market, and enhance their relations with key clients.

Laila Tours and Travel. The Project’s Firm Level Assistance Program review panel approved assistance to Laila Tours this reporting period. Laila Tours have been providing quality tours and pilgrimages to the Holy Land, Jordan, and Egypt since 2006, and also provide outbound ticketing services for residents and visitors to the Holy Land. USAID/Compete will be supporting Laila Tours by deploying new systems to manage and improve their financial capacities and sales plans. The Project is assisting the company translate the content of their website from English and Arabic into Spanish and French to help enhance their outreach to the French and Spanish markets, two of their major client bases. This month selection of translation service providers was completed and next month award will take place.

In addition, Laila Tours received Compete support on a cost share basis to participate in the FITUR trade show in Madrid. Laila Tours also attended the ETC conference in St. Louis and NTA convention in Atlanta. This participation is enabling Laila tours to reach out to new markets including Canada, USA and

Spain, build long term business-to business relations with international companies and travel agents, and develop new travel packages to meet its new customer's preferences.

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 meager operational budgets.

VisitPalestine

VisitPalestine, 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. VisitPalestine is expanding their resources for tourists by establishing a tourist information office (TIO) in the heart of Bethlehem with staff speaking nine languages, redeveloping their website (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 was supported under a grant that ran until August 2015.

Website. The new website has been recently launched and is now live at www.visitpalestine.ps . It is fully functional, and currently Search Engine Optimization is under way to increase organic traffic to the website based on search engine results.

Smartphone application. The final product will be a smart-phone travel guide for both iPhones and androids. The contract for the development of the app was divided between two companies. Openxcell (US company based in India) is developing the application (designs and development). Progressus Marketing (the company that developed the new website) will be working with Openxcell on developing the API and web services for the project. This will enable the application to read directly from the website using a single back end. By the end of January, the design phase was completed with all sections designed and ready. The next phase underway is linking the application to web services (linking the back end of the website with the backend of the application to ensure that updates are consolidated into one back end).

Bethlehem audio guide.

- The first draft of content for the Bethlehem Audio Guide (hop on hop off) has been completed. Overall, nearly 40 points of interest and 10-15 stories are being developed in English.
- The route of the tour has also been developed and timed on multiple trials to calculate the length of each audio segment ensuring that it corresponds.
- Once content is finalized, a few trial drivers will be needed and then the full recording of the guide will be completed in English. Audio narrators have been identified and contracting is underway. Upon successful completion of the guides in English, VisitPalestine will commence translation into the other languages (5 in total) and then proceed with recording.

VisitPalestine Tours. New tours have been developed, Islamic Programs, Jerusalem Weekly Tour, and the Jericho Weekly Tour. These tours are near completion and in the near future they will be on offer.

VP Café:

VisitPalestine entered into a new agreement with the owners of the building they are situated in. The agreement will enable VisitPalestine to manage the Café and restaurant. The Café is already catering to groups for lunches and special events. Two groups (58 persons in total) from the USA have had lunch at the Café.

Gift Shop.

- New changes have been completed in the interior division; the information center was moved to the top floor of the building, allowing for the gift shop to be expanded.
- List of suppliers has grown to nearly 70 artists and craftspeople. 5 new suppliers were added to the Gift Shop.
- Special thematic packages are being developed to be promoted to key target markets.

Strengthening High Value-Added Products, Services, & Technologies

Rehabilitating Urban Sites and Upgrading Tourism Infrastructure - Working to build the full “destination eco-system” for key tourism sites in the West Bank, USAID/Compete has improved several tourism sites and trails including urban rehabilitation works in important historical locations in Bethlehem, Burqin, Bethany, Battir, Beit Sahour, and Jericho.

During the last quarter, the Project conducted field visits to assess future renovation activities in locations determined as priority renovation sites by the Ministry of Tourism and Antiquities. The technical team conducted their due diligence to assess sites proposed and determine which of them are eligible for support from the Project. The final list of six sites was selected by the Ministry of Tourism and Antiquities and evaluated by the Compete Project.

This month a final decision was made after consultation with USAID for the final list of renovation sites to be supported by the Compete Project, namely; Hebron, Battir, Beit Sahour, and Burqin. To date USAID/Compete has conducted an evaluation of potential contractors to carry out renovation works, through a review of their expressions of interest. Next month the Project will issue an RFP for solicitations for the design and supervision of renovation works.

Fostering Strategies to Improve Human Resources and Services

Supporting a Hospitality School – In conjunction with the curriculum developed for Bethlehem University, USAID/Compete developed 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 this reporting period, a grant was signed with Bethlehem University to start the development of an architectural design overview of the hospitality training school at Bethlehem University’s Mount David site. In January, initial structural assessments were conducted and final results of the assessment will be ready by next month. Once these are available concept design for the hospitality school can proceed.

GAZA

Firm Level Technical Assistance – USAID/Compete has began the roll out of its initiative to provide technical assistance to exporting and non-exporting firms in Gaza to increase financial, management, and marketing capacity. 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 in Gaza was officially launched on Sep 8th 2015. USAID/Compete continued to receive and assess new applications under FLAP. 516 applications, were received since the beginning of the Gaza program [September] to the present. In January 2016 alone, the Project received 108 applications (90 of which were applications to the Gaza Strawberry Program). The pipeline is distributed as follows:

	Total Applications	Approved/Assessed Cases	Rejected Cases	Resubmission Cases	Excluded Cases	Vetted Cases
Agriculture	312	34	16	0	0	67
Fish	9	4	0	0	1	6
Furniture	70	20	0	1	1	12
ICT	49	7	3	0	0	11
Tourism	28	0	0	0	0	1
Textile	48	20	0	1	0	11
Totals	516	85	19	2	2	108

For a comprehensive list of ongoing Gaza activities please view the table further on in this section.

Agribusiness Sector

Cross Cutting:

As part of USAID/Compete's plan to address water challenges affecting the agriculture sector, a specialized wells project has been designed to upgrade and rehabilitate 40 wells. The Project is underway in its identification of wells with preliminary data collection. A detailed design to rehabilitate the wells using solar energy is underway and provide them with alternative energy options to enable 300 farmers working in the three export sub sectors [strawberry, herbs, vegetables] to cultivate over 200 hectares.

Fresh Herbs

USAID/Compete has conducted meetings with two Israeli export companies, Arava Export Growers and Viva Farmers, both showed great interest in buying Gaza herbs production for export. The estimated demand by the two companies is about 200 dunums. The market research confirms the

growth potential and viability of this value chain and the current 30 dunums of cultivated land offer high potential for a scalability program to increase the production by at least 100 dunums by the coming seasons. The design for the scalability high-value production patterns program has been underway during January 2016. In the upcoming period the Project will announce the program.

Vegetables

The USAID/Compete Project aims to support tomato and pepper farmers to export to the Gulf market. In order to achieve this, the quality of produce must increase. USAID/Compete plans to introduce netting to increase the production period and improve quality and also enhance post-harvest packing houses and cooling rooms to ensure optimal storage of vegetable products prior to shipment. For example, farmers need to replace plastic covers of greenhouses with netting, which will ensure higher yields and better quality due to improved ventilation. The Gulf market is more lucrative in the summer period, as summer is the off season for the Gulf region. For farmers to be able to produce in the summer period they need to change their current pattern of production. The Project will work with an export company that buys from the farmers participating. In January one exporter was identified to establish the cold storage facility to enable export and ensure that when products are collected from participating farmers, they can be refrigerated to maintain the cold chain. The case will be reviewed by the Project panel in February 2016.

Strawberry Value Chain

In this reporting period, 34 farmers signed Letters of Assistance with the USAID/Compete Project. In Gaza, the export of strawberries is handled by four cooperatives; Charity Association for Vegetables and Flowers, Gaza Agricultural Cooperative for Production & Marketing of Vegetables, Farmer's Union Charity Cooperative and Beit Hanoun Agricultural Cooperative. With 100 dunums under new production patterns the Project anticipated 450 tons of high quality strawberries produced.

The purpose of the program is to introduce new strawberry production patterns that will increase the yield and enhance the quality. Financial analysis was conducted for various patterns and the single span high tunnel pattern was the most profitable.

USAID/Compete intends to strengthen the strawberry sector in Gaza by introducing high production through technology, equipment and inputs, providing support to marketing firms, upgrading post-harvest facilities, introducing new processing facilities, and upgrading existing farms.

Strawberries can be grown in open fields, single high span greenhouses, or in multi span greenhouses; to date all the strawberries in Gaza are planted in open fields. The findings of a financial analysis conducted by USAID/Compete earlier this year have shown that single span high greenhouses are more cost effective and will produce a greater return over the multi span greenhouse patterns. Furthermore, the



The current view of a typical strawberry plot in

single span high greenhouse patterns allow easy reallocation in case the soil deteriorates on the plot on which it is installed.

USAID/Compete has started the implementation phase of introducing new strawberry production patterns for up to 100 dunums of single span high greenhouses; this intervention will increase the yield per dunum from three tons (open field) to four and a half tons (single span high greenhouse). It is expected that the volume of exports overall will increase from one to two tons, and the local volume from two to two and a half tons per dunum. This project has received interest from 90 farmers through applications submitted to FLAP, recently LOAs signed with 34 farmers in January 2016 to start the first implementation phase, and during phase two, more farmers (66 based on our plan) will be engaged by the Project.

Fishing Sector

USAID/Compete will work to strengthen and scale up the fishing sector in Gaza by building the capacity of sea fishermen, scaling up onshore fish farms, and supporting the development of offshore fish farms. In this reporting period, the Project has concluded the design of two projects, for Fish Fresh and Kuhail Fish Farm.

Fish Fresh. Fish Fresh is the biggest onshore fish farm in Gaza, established in 2011 in the Khan Younis district. The company specializes in producing Denis fish (Sea Bream), with a production capacity of approximately 140 tons per year. USAID/Compete will support Fish Fresh to increase its production capacity by an additional 190 tons per year, and will increase its employment by 22 workers.

USAID/Compete has concluded the project design and business plan for expansion and the project is ready for implementation as soon as the company's EDF is approved. A vendor has been identified and the Project is awaiting vetting to proceed.

Kuhail Fish Farm. Kuhail Fish Farm is the oldest on-shore fish farm in Gaza, established in 2006. The company also specializes in producing Denis fish, and its production capacity is around 30 tons per year. USAID/Compete has conducted a market assessment on the demand of fingerlings and developed a business plan for Kuhail on their production; both assessments confirmed the viability of the project.

The company possesses the expertise and interest to produce Denis fingerlings, which is the main market failure facing fish farming, resulting in limited growth of fish production in Kuhail Fish Farm and other onshore farmers. Support from USAID/Compete aims to tackle this major impediment and work with firms within the value chain via introducing fingerlings production in the Gaza Strip, which otherwise must be imported from Turkey or Israel for the area's fisheries. This intervention therefore will benefit the entire value chain, not only the direct beneficiary from this grant.

USAID/Compete will assist Kuhail Fish Farm through an In-Kind grant to develop a fish hatchery for Denis fingerlings for the benefit of the Gaza Strip fish farming value chain, as well introduce new alternative energy solutions (solar) to address persistent electricity disruptions that effect consistent production. USAID/Compete has concluded the project design and the project is expected to be started

once approved by the Environmental Documentation Form (EDF). The vendor for equipment has been identified.

Al Bahar Fish Farm. The second biggest onshore fish farm was established in 2015 near the coastal road of southern Gaza. The company specializes in producing sea bream “Denis” fish, its production capacity is around 100 tons per year. The local market is deemed the main market for the company. USAID/Compete will support Al Bahar to increase its production capacity by an additional 80 tons per year, and will increase its employment by 5 workers. An LOA will be issued and signed in late February.

Abu Alnaja. Abu Alnaja and Associates Company was established in 1993. Abu Alnaja is planning to expand their business to include offshore fish (Denis) production by introducing Tension Leg Cages (TLC) technology. This new technology will enable Abu Alnaja to reduce the running and investment cost. On an offshore site, Abu Alnaja will need less electricity and will not require the processes and infrastructure for aeration. This company will be the first to employ this technology in Gaza, and is securing the permit from the Israeli Coordination and Liaison Administration (CLA) to operate within a certain distance from the shoreline. USAID/Compete will support Abu Alnaja in conducting a business plan for offshore fish farms and providing diving training courses in order to increase its production capacity by an additional 80 tons per year and its employment by 5 workers. Skilled divers are required for this type of offshore fishing as they set up the cages, sink them, provide feed, and extract the fish. In January a Request for Proposals was announced and it is expected that a vendor will be identified in February.

Information and Communications Technology Sector

The mandate of USAID/Compete’s work in the ICT sector in Gaza is to increase the competitiveness of the sector to facilitate regional/international expansion and increase the number of new entrants in the software sector.

Strategic priorities will center on providing technical assistance to stabilize operations; enhancing access to market; strengthening the capacity of targeted firms/sectors to produce high value products and services; developing workforce skills and introducing new technologies; and providing business enhancement and institutional development support.

To date, USAID/Compete has received 49 ICT applications for firm level assistance from Gaza. Of these, ten (10) have been assessed, and five LOAs have been signed and two companies have enrolled in the Export Market Development Program. In addition, one company will be receiving support to become an Apple certified training center, a first in the both Gaza and the West Bank.

321 Boom. 321 Boom is a game startup from Gaza that has been registered since June 2015. The co-founders developed a concept character called Rayru, around whom they have built a game prototype (<http://www.rayru.321boom.net/>). The team applied for a competition organized by USAID for best game prototypes during a sponsored high tech hub conference in 2013. Their entry won first prize, for which they received a commitment from USAID/Compete to provide technical assistance to build the first project.

Currently the company has no proper management structure and little business or marketing knowledge, but does feature strong technical skills around gaming. As a new start up, 321 Boom does not have the financial resources to start the project, as gaming is a long-tail business for which full financial maturity and sustainability may take some time.

Under this LOA, USAID/Compete will assist 321 Boom in building its first full game for mobile devices, and will provide marketing assistance once it has been published on the relevant game app stores. Once the game development has been completed, USAID/Compete will assist 321 Boom to purchase advertisements on relevant websites like Amazon, GooglePlay, and the iTunes store, as well as membership subscription to a gaming organization to help them continue to stay informed and engaged with their market. The UPS has been delivered and a modified requisition of laptop specifications will be issued in February.

Effects. Effects is a consulting/training company in Gaza which has been providing services to the local market for the past four to five years, with their revenue in 2014 reaching approximately \$200,000. To generate this amount, Effects has created a wide portfolio of customers by offering a variety of services, including web based applications, short films, and documentaries. Effects has worked on several successful software projects, and has a pipeline of new projects as well.

The company is in the process of building a dedicated and expanded software department, but in order to do so successfully, the company must revise their management structure, build internal capacity, and address issues related to power generation. USAID/Compete will be supporting Effects in carrying out an apprenticeship program, addressing electricity shortages, and providing minor equipment for their new multimedia division. Once the apprenticeship program is finished, the hired employees will start generating income for the company, which will increase local sales and income and generate more jobs. The company is in the process of developing SOWs of the apprentices and will be finalized in February.

Netstream. The company is one of the Internet Service Providers (ISP) in Gaza. Its current market share is about 10% (6,500 clients) and it is the only ISP that provides TAJAWAL services via WIFI, overcoming restrictions of 3G infrastructure in addition to having a number unique services. Currently, they have their own call center but it is very limited. They are looking to set up an expanded call center as a separate investment unit to serve other clients, including the mother company. The potential clients will be from local and regional markets. USAID/Compete will be assisting Netstream Company to improve their services by developing a business plan that measures the feasibility of expanding the service. An LOA has been signed and a vendor has been selected. Work will start in February.

Vision Plus. Vision Plus is a training center in Gaza that has been operating since 2011. The company provides local training services in Gaza on Cisco, Microsoft and other IT topics. They also provide exams and certifications for young trainees. The company's customers are mainly youth who are trying to find employment in the local market. USAID/Compete will assist Vision Plus in opening a new MAC lab to introduce new training skills and topics in Gaza Strip as well as providing certification and training for trainers. The Project will also assist them in becoming an Apple certified training center. An LOA has been signed in January and the procurement process started.

UnitOne. UnitOne is a Business Process Outsourcing (BPO) company based out of Gaza since 2011. Significant portions of their staff are formed from their dedicated unit for women, which has around 50 people working in data entry and content translation. UnitOne has a small software division that has been providing services to the UAE, Netherlands, and US markets, and recently received interest from INTEL (Jerusalem) to start doing translation work. UnitOne is cooperating with IT companies in the West Bank to provide backup offices and counter instability in the Strip. UnitOne has future plans to open an office in Jordan. Compete will assist UnitOne via a professional consultant to conduct a niche market assessment and determination. This assessment will result in a detailed scope of work for a market research firm as part of the Export Market Development Program. An LOA will be revised and signed in February with work starting in February.

Modern Tech Company [MTC]. MTC is an ICT company established in 1994. The company works in website development and hosting, SMS, and specific software packages for certain industries. The company is evolving from a service-oriented to product-based company by leveraging the experience and network of customers they have built over the years. USAID/Compete will enroll the MTC Company in the Export Market Development Program by conducting an export market assessment for MTC's product named "Cloudy", which is an operation tool for collaboration. An LOA will be signed in February and work will be concluded in March 2016.

Furniture Sector

In September 2015, USAID/Compete planned to provide limited support to firms working in the furniture sector to address the challenges they face, especially those with the capacity and growth potential to serve local and/or export market needs. The technical assistance program will target the entire value chain of the furniture sector and proceed with a comprehensive package of support for interventions based on market needs and building the foundation and infrastructure needed to enhance export potential and expand to new markets.

Accordingly, USAID/Compete completed a competitiveness assessment of the furniture industry in Gaza. In coordination with the Palestinian Wood and Industries Union, 20 companies that currently have the production capacity, staff, and quality resources were selected to participate in a survey to assess opportunities and challenges facing the industry, key materials, and drivers that enable increased production and successful export to historical markets. The survey was conducted in cooperation with the Palestinian Wood and Furniture Industries in Gaza who identified the top 20 exporters out of their affiliated members based on the export volume and export potential.

However, in light of the new Israeli restrictions issued in December 2015 on importing raw materials required for production (no wood more than 1cm width and 5cm length can be imported to Gaza), Compete prepared a memo to USAID highlighting the current status of the furniture sector, the challenges companies are facing during the new restrictions, and the annual input amounts required for immediate operation by surveyed firms. High level negotiations between the international community and Israel are required to find a suitable mechanism by which firms can access the required raw

materials. If progress is not made on this front, the ability of USAID/Compete to support the furniture sector will be marginal.

On the institutional level, USAID/Compete completed an institutional assessment for the Palestinian Wood and Industries Union that obtained baseline information on the unions' operating environment and identified the strategic and operational challenges facing the aforementioned unions. The assessment will enable the Project to determine the type of technical assistance and capacity building support needed for the targeted unions.

Textile and Garment Sector

USAID/Compete is conducting market research on the opportunities and challenges of Gaza's Garment and Textile industry to reconnect with Israeli and West Bank markets. To that end, Compete staff are conducting interviews with industry representatives in Gaza, the West Bank, and Israel, and expect to sign LOAs with vetted Gazan firms in February 2016. USAID/Compete is in the process of an institutional assessment for the Garment and Textile Union to obtain baseline information on the unions' operating environment, identify the strategic and operational challenges facing the aforementioned unions and eventually enable the project to determine the type of technical assistance and capacity building support needed for the targeted unions. The assessment will be conducted once the beneficiaries will be vetted.

The background of the Project's work in the Textile and Garment sector is that in September 2015, Compete planned to provide limited support to the firms working in the textile sector and to address the challenges among the firms that have some capacity and growth potential and serve local and/or export market needs. The technical assistance program will target the entire value chain of the textile sector and proceed with a comprehensive package of supportive interventions based on market needs and building the foundation and infrastructure needed to enhance export potential and expand to new markets.

In December 2015, USAID/Compete conducted a brief survey to examine the readiness of these firms to export. The survey covered the following areas: sales, contracts and agreements, products for export markets, promotion and marketing tools, raw materials required for export markets. After gathering the survey results, USAID/Compete started to conduct market research for Israeli and West Bank markets to match companies with market needs and requirements. The aim is to improve the ability for firms to produce specially designed products for target markets.

Tourism Sector

USAID/Compete will work with the Tourism sector in Gaza to develop strategic business and management plans and enhance production and quality systems. The program will also provide training in areas critical to improving performance. Through January 31, 2016, the Project received 28 applications and will proceed with application assessments in February of 2016. Of those applications, 25 draft company profiles have been sent by interested firms with 5 company profiles fully completed. The

Project staff will visit these 5 companies in February 2016 to verify the information submitted as part of the company profiles as well as discuss the needs and possibilities of supporting these companies.

This reporting period, USAID/Compete completed an institutional assessment for the Palestinian Committee for Hotels, Restaurants & Touristic Services in order to obtain baseline information on the unions' operating environment and identify the strategic and operational challenges facing the aforementioned unions. The baseline information will eventually enable the Project to determine the type of technical assistance and capacity building support needed for the targeted unions. The draft assessment is being reviewed by Project and feedback provided by February 2016. In addition, the Committee for Hotels, Restaurants & Touristic Services conducted a training assessment and the results of which will be shared with the Project in February 2016 and forms part of its efforts for capacity building of its members.

The following table provides a breakdown of progress towards ongoing activities in Gaza as of the end of January 2016:

ONGOING ACTIVITIES IN GAZA: From October 2015 until January 31, 2016				
Sector	State	Strategy	Ongoing Activities	Current / Anticipated Impact
Agri-business: Cross-Cutting	<ul style="list-style-type: none"> Lack of adequate access to water or energy 	<ul style="list-style-type: none"> Provide technical assistance to select firms and equipment / inputs to enhance access to water Provide technical assistance and/or equipment to enhance access to alternative energy sources 	<ul style="list-style-type: none"> Assessment of wells (in process) Design a program to rehabilitate 40 wells using solar energy (in process) 	<ul style="list-style-type: none"> 40 wells will be operating with solar energy supporting at least 2000 dunums of productive land
Agri-business: Fresh Herbs	<p>In 2015:</p> <p>30 dunums, 60 tons, 5 farmers</p> <p>Basket consists of 3 varieties</p>	<ul style="list-style-type: none"> Scale up Fresh Herbs Farms Introduce new products and technologies Enhance post-harvest facilities 	<ul style="list-style-type: none"> Assessment of the current fresh herbs sector (complete) Market demand assessment (complete): 2 Israeli exporters (Arava, Viva) expressed demand for 300 dunums / 600 tons production Design for a scalability high-value production patterns program (underway). Presentation prepared. Conduct meetings with cooperatives. Prepare action memo 	<ul style="list-style-type: none"> 100 dunums (200 tons) Basket consists of 6 varieties \$1 m of exports
Agri-business: Vegetables (potato, carrots, tomato, pepper)	<ul style="list-style-type: none"> Lack of proper post-harvest packing and cold chain facilities. Limited markets (Israel & WB) 	<ul style="list-style-type: none"> Introduce new products and technologies Enhance post-harvest Facilities Establish Vegetable industries 	<ul style="list-style-type: none"> One exporter has been identified to establish a cold storage facility to enable export (case to be presented on Feb 4) Design a high value productions pattern program to enable farmers sustain the Gulf market during the summer 	<ul style="list-style-type: none"> Adequate post-harvest facilities established by May to export to Gulf High-value production patterns using netting established (200 dunums) installed by June for about 80 farmers Expanded Summer exports to Gulf markets (additional 600 tons)
Agri-business: Strawberry	<p>In 2015:</p> <p>900 dunums yielding 2700 tons</p> <ul style="list-style-type: none"> Limited markets 	<ul style="list-style-type: none"> Introduce high production patterns Support marketing firms Upgrade post-harvest and introduce processing facilities 	<ul style="list-style-type: none"> Indoor (tunnels) Strawberry Scalability Program (90 applications; 34 approved and LOA signed) Develop business plans (complete) 	<ul style="list-style-type: none"> 100 dunums under new production patterns yielding 450 tons of high quality strawberries

	<ul style="list-style-type: none"> Lack of high value productions patterns 	<ul style="list-style-type: none"> Upgrade existing farms 		
Agri-business: Fish	On shore <ul style="list-style-type: none"> 3 fish farm (260 tons) lack of fingerlings 	<ul style="list-style-type: none"> Scale-up onshore fish production 	<ul style="list-style-type: none"> Assist 2 fish farms were approved to expand production (in process) Support establishment of the first fingerlings lab (procurement on going) 	<ul style="list-style-type: none"> 270 additional tons of fish to market One fingerlings farm established (1m fingerlings/annum) 30 new jobs created Increase in sales by USD \$3.5m
	Off shore <ul style="list-style-type: none"> Untrained personal Lack of fingerlings 	<ul style="list-style-type: none"> Support development of offshore fish production 	<ul style="list-style-type: none"> Business plans and training for 6 divers (RFQ announced) 	<ul style="list-style-type: none"> 6 divers trained Trained staff to install an off shore farm
ICT	<ul style="list-style-type: none"> Business instability due to public infrastructure, market disconnect and weak business tools Lack of qualified workforce, pipeline Limited access to market 	<ul style="list-style-type: none"> Enhance access to market Development of workforce capacity Enhance access to finance 	<ul style="list-style-type: none"> 17 companies have been assessed 5 companies have signed LOAs Approved support for 1 training center to become Apple Certified training center (the first in West Bank and Gaza) 2 companies enrolled in export market development program 	<ul style="list-style-type: none"> Introduction of training for new skills in the market Access to finance support to startups (1 accomplished, others pending vetting)
Furniture	<ul style="list-style-type: none"> September 2015 increased restrictions on dual-usage list of required imports Lack of market access Declining workforce, moving to other sectors Weak support institutions Lack of quality assurance and management systems 	<ul style="list-style-type: none"> Build capacity and enhance access to market for select firms Enhance capacity of Furniture Association 	<ul style="list-style-type: none"> Identification with Union of top 20 export-ready firms (complete) Current State and Needs Assessment of 20 export-ready firms, incl. sales, exports, partnerships, material requirements, marketing information (complete) Assessment of Furniture Union (complete) Assessment of dual-use restrictions list as relate to firm production requirements (complete) 	<p>In the absence of a mechanism to address dual-use restriction list of items needed for production, Compete is limited in its ability to positively affect this sector moving forward.</p> <ul style="list-style-type: none"> Strengthened Furniture Union in Gaza Enhanced Furniture Union ability through providing better services to their respective sectors
Garment and Textile	<ul style="list-style-type: none"> Lack of market access Declining workforce, moving to other sectors Weak support institutions Lack of quality assurance and management systems 	<ul style="list-style-type: none"> Build capacity and enhance access to market for select firms Enhance capacity of Garment & Textiles Association 	<ul style="list-style-type: none"> Israeli market research interviews (complete Feb 4) West Bank market research (in process) Gaza company sample collection (complete Feb 4) Gaza company data verification & pictures (in process) Gaza company profiles for pitch 	<ul style="list-style-type: none"> Established and/or increased export with Israeli and West Bank buyers Enhanced technical capacity of key Garment firms Strengthened the Textile and Garment Union in Gaza Enhanced Textile and Garment Union ability through providing better services to their respective sectors

			<p>(almost complete Feb 4, awaiting final data)</p> <ul style="list-style-type: none"> • Assessment of Garment & Textile Union (due Feb 6) • <i>Identification with Union of top 20 export-ready firms (complete Jan 2016)</i> • <i>Current State and Needs Assessment of 20 export-ready firms, incl. sales, exports, partnerships, material requirements, marketing information (complete Jan 2016)</i> 	
Tourism	<ul style="list-style-type: none"> • Constant political instability • Weak support institutions • Lack of quality assurance and management systems 	<ul style="list-style-type: none"> • Build capacity and enhance access to market for select firms • Enhance capacity of Tourism Association 	<ul style="list-style-type: none"> • Internal assessment of business opportunity for domestic tourism (in process) • Activity development utilizing FLAP to address needs (TBD) • <i>Conduct assessment of Tourism Association (complete)</i> 	<ul style="list-style-type: none"> • Strengthened the Tourism Union in Gaza • Enhanced Tourism Union ability through providing better services to their respective sectors

APPENDIX A: LIST OF TRAININGS AND WORKSHOPS

DATE	EVENT	TOTAL PARTICIPANTS	NUMBER OF FEMALES	NUMBER OF MALES	TYPE OF EVENT
01/05/2016	TRAINING ON HOW TO USE THE REFRIGERATOR IN THE PACKING HOUSE FOR STRAWBERRY	1	0	1	TRAINING
01/18/2015	IBDAA FUNDRAISING EVENT	53	40	13	SEMINAR

APPENDIX B: CALENDAR OF UPCOMING EVENTS FEBRUARY 2016

February 2016						
Sat	Sun	Mon	Tue	Wed	Thu	Fri
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18 SAP Graduation	19
20	21	22	23	24 Agronomist Graduation Ceremony	25	26
27	28	29			Notes:	

Key:

Agribusiness

Tourism

ICT

Stone and Marble