



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

# USAID/COMPETE MONTHLY REPORT

July 1, 2015 – July 31, 2015

**August 5, 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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## TABLE OF CONTENTS

TABLE OF CONTENTS .....	I
ACRONYMS AND ABBREVIATIONS.....	II
KEY ACCOMPLISHMENTS.....	3
SUMMARY OF PROGRESS BY SECTOR.....	4
GENDER & YOUTH.....	12
FINANCE AND OPERATIONS .....	12

## ACRONYMS AND ABBREVIATIONS

<b>AHA</b>	Arab Hotels Association
<b>B2B</b>	Business to Business
<b>CEO</b>	Chief Executive Officer
<b>COP</b>	Chief of Party
<b>CHS</b>	Certified Hospitality Supervisor
<b>EU</b>	European Union
<b>FY2</b>	Fiscal Year 2 (USAID/Compete)
<b>Geo-MIS</b>	Geographical Management Information System
<b>GLOBALGAP</b>	Global Good Agricultural Practice
<b>HCCI</b>	Hebron Chamber of Commerce and Industry
<b>HLITOA</b>	Holy Land Incoming Tour Operators Association
<b>ICT</b>	Information and Communications Technology
<b>IOS</b>	Internet Operating System
<b>MBA</b>	Masters of Business Administration
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MEPS</b>	Middle East Payment Services
<b>MIT</b>	Massachusetts Institute of Technology
<b>MoA</b>	Ministry of Agriculture
<b>MoTA</b>	Ministry of Tourism and Antiquities
<b>MoU</b>	Memorandum of
<b>NSFT</b>	National Association for the 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>RFQ</b>	Request for Quotations
<b>SME's</b>	Small and Medium Enterprises
<b>SOW</b>	Scope of Work
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>USAID</b>	United States Agency For International Development
<b>USDA</b>	U.S. Department for Agriculture
<b>USMAC</b>	US Market Access

## KEY ACCOMPLISHMENTS

**Exploring Opportunities in Gaza** – From July 26<sup>th</sup> to 29<sup>th</sup>, the Compete COP conducted a visit to Gaza to begin work planning for interventions in Gaza. More than 50 businessmen, investors, officials, and international organizations representing the Agriculture and Fishing, Furniture, IT, Textile and Garment, Solar Energy, and Tourism sectors were met to discuss possible future interventions. The work plan for Gaza is currently under development.

**Scaling Up New Strawberry Technology** – In 2014, five 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. In July, USAID/Compete published a business plan to expand production of strawberries produced using the hanging system for family and commercial farms. 71 initial applications and five complete applications were received from strawberry farmers and investors interested in the scalability program.

**Implementing 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. During July, MoTA approved the new proposed management structure of the classification system, which will ensure the hotel classification sustainability without donor support. It is anticipated that USAID/Compete will continue to support the implementation of the hotel classification through the firm level assistance program in August, including conducting a technical training for the classification auditors and assessors according to the newly approved structure.

**FLAP – Specialized Training for Integrated Solutions** – Integrated Solutions, a company based out of Ramallah, has been in business for the past 15 years providing hardware and software services for the banking sector. The next step for the company is to enter the banking software implementation business, which they have pursued by signing a partnership agreement with TEMENOS, a Swiss company and a global leader in banking software. In July, Compete signed a grant to assist Integrated Solutions to certify ten employees with training in TEMENOS technology, which will qualify the company to perform site installation and development.

## SUMMARY OF PROGRESS BY SECTOR

From July 26<sup>th</sup> to 29<sup>th</sup>, the Compete COP conducted a visit to Gaza to begin work planning for interventions in Gaza. More than 50 businessmen, investors, officials, and international organizations representing the Agriculture and Fishing, Furniture, IT, Textile and Garment, Solar Energy, and Tourism sectors were met to discuss possible future interventions. The work plan for Gaza is under development; however, promising initial interventions are outlined under the associated sectors below.



Meeting with farmers in Gaza.

### AGRIBUSINESS

#### Summary of Activities

**Firm Level Technical Assistance** – USAID/Compete launched a new initiative in June 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.

As of July 31<sup>st</sup>, a total of 80 applications were received from agribusiness companies. During the month of July:

- 22 assessments were completed.
- 11 companies were presented for committee review.
- Six companies were approved to receive technical assistance: Qitaf Company, Daraghmeh Company, Kufr Dan Company, Sami Abu Mansour, Jamal Khalaf Vegetable Farm, and Arابه Oils Company for Agricultural Production and Marketing.
- One was requested to provide revisions.

**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, 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 July, the final handover of the equipment was completed.

**Agronomist Capacity Building** – To strengthen the competitiveness and export potential of key agriculture subsectors in the Palestinian economy Compete will provide assistance to upgrade the technical experience and performance of graduated agronomists to be recruited by enterprises working in Fresh Herbs, Dates, Carrots, Potatoes, Dried Herbs and Olive sectors. Compete identified the urgent need for qualified agronomists to work with the above targeted subsectors

based on the daily communication of the agricultural technical team with the project's beneficiaries. To address this problem, Compete has designed a training program that will be conducted by a qualified firm or group of trainers for up to 40 agronomists benchmarked against Good Agriculture Practices (GAP), Post-Harvest requirements, Good Management Practices and International Standards (GLOBALGAP, BRC, ISO22000 and HACCP) for the targeted subsectors.

In July, Compete released a request for proposals from qualified firms and/or a group of trainers to conduct the agronomist training program with a deadline of submission of August 2. As of the end of July, 64 agronomists have applied for the training program, scheduled to be held in September, and three firms have submitted their proposals. Compete will conduct the evaluation of the offers and make an award by mid-August so as to launch the two-month training program by September 2015.

**Scaling Up Pilot Projects** – USAID/Compete is assisting high value-added subsectors in scaling-up pilot programs with new technology and/or new crops to increase productivity and meet market demands. The programs will be announced and offer technical assistance with business plans, feasibility studies, know-how, and other topics as necessary. The assistance will also include provision of limited equipment or inputs on a cost-share basis.

#### 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. To expand upon the success of this pilot project, USAID/Compete will assist family and commercial farmers in expanding the production of strawberries using the hanging system technology.

In July, USAID/Compete published the business plan for strawberries produced using the hanging system and held one workshop to brief applicants. 71 initial applications and five complete applications were received from strawberry farmers and investors interested in the scalability program.

**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.

In July, USAID/Compete supported three days of training for farmers and engineers. On July 22<sup>nd</sup>, a field training was held on the installation of TWW irrigation networks; 24 farmers attended. On July 27<sup>th</sup> and 28<sup>th</sup>, a theoretical training on wastewater quality was held, including guidelines for wastewater reuse in agriculture, crop water requirements, and design of TWW irrigation networks; 26 engineers attended.

## 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 July, the preliminary design for the project was completed, approved by USAID, and submitted to the Israeli Civil Administration for approval. A meeting with the CA will be held in August to receive preliminary feedback and speed up the approval process.

**Sea Based Fish Farming, Gaza** – USAID/Compete has been exploring the possibility of supporting a newly proposed initiative to develop a fish farm off the coast of Gaza. The initiative is supported by the Israeli Ministries of Defense and Agriculture and is welcomed by the Palestinian Ministry of Agriculture and Palestinian Civil Administration.

In July, the Compete COP together with the USAID COR met with the Israeli Ministers of Agriculture and Defense, accompanied by an identified potential investor from Gaza. The investor is working on obtaining the required permits and is also developing his business plan. If successful, the first planned farm will produce 500 tons of fish per year. The target date for operation of the sea-based farm is April 2016.

## Milestones

- Signed one new grant under the firm level assistance program.
- Published the strawberry business plan.
- Conducted two wastewater training sessions.

## Lessons Learned

When signing an agreement with an implementer in conjunction with Compete teams procuring the associated goods or services, the specifications for all items should be made clear and finalized up front. The implementer should sign an agreement with these specifications and a timeline to avoid delay.

## TOURISM

### Summary of Activities

**Firm Level Technical Assistance** – USAID/Compete launched a new initiative in June 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.

As of July 31<sup>st</sup>, a total of 22 applications were received from tourism companies. During the month of July:

- 8 assessments were completed.
- Seven companies were presented for committee review.
- Four companies were approved to receive technical assistance; Grand Hotel, Bethlehem Hotel, Ararat Hotel, and Lila Tours.
- One was requested to provide revisions.

**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.

During July, MoTA approved the new proposed management structure of the classification system, which will ensure the hotel classification sustainability without donor support. It is anticipated that USAID/Compete will continue to support the implementation of the hotel classification through the firm level assistance program in August, including conducting a technical training for the classification auditors and assessors according to the newly approved structure.

**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 reported several updates in July. The website is in its final stages of development; the Arabic content is 80 % completed and the remainder should be ready by mid-August. The section for tours is also under development, which will include over 15 tours that can be reserved or paid for online; Visit Palestine is in the process of finalizing the agreement with various tour operators to run these tours. In addition, the content is under development for the Bethlehem audio guide and the routes for the “Hop on Hop Off” tours are ready with associated site descriptions being planned accordingly.

**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.

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.



**50% complete Shepherd's Field bus parking area.**

As of July 31<sup>st</sup>, rehabilitation works of the street exceeded 50% completion; completed works include milling, excavations, sidewalk construction, and infrastructure installations. The construction of the bus parking area exceeded 50% completion, including excavation works, backfilling, boundary wall, and kiosk construction. All works are expected to be completed by the end of August.

#### Historic Center, Battir



**50% complete Battir Historic Center.**

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.

As of July 31<sup>st</sup>, beautification works at Battir's Historic Center exceeded 50% completion, including excavation works, backfilling, and sidewalk construction. The works are expected to be completed in August.

**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.

#### 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.

As of July 31<sup>st</sup>, the Bethany museum furnishings exceeded 70% completion. Samples of show cases were approved, carpentry works were completed, and glass fabrication is under production. The works are expected to be completed in August.

#### Jarrar Palace, Burqin

The renovations at Jarrar Palace aim to rehabilitate a traditional building in order to revitalize the historic town of Burqin. The renovated building will offer visitors services and attractions in the historic buildings, including rest areas and a restaurant.

As of July 31<sup>st</sup>, rehabilitation works at Jarrar Place exceeded 80% completion. All renovation works are complete, including tiling, painting, electrical and mechanical works, and the outdoor water fountain and stage construction. Furniture and steel works are still under production. The works are expected to be completed in August.

#### 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 July 21<sup>st</sup>, CCHP signed a contract with Al Aziz Company for Contracting to begin the production and installation of the interpretation panels in Bethlehem. The works are expected to be completed by end of August.

**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.

As of July 31<sup>st</sup>, rehabilitation works for Battir Park Restaurant exceeded 70% completion. Completed works include tiling, roofing and ceiling installation, paintings, and electrical and mechanical works. The works are expected to be completed in August.

#### Milestones

- CCHP signed a contract to begin the production of interpretation panels.



70% complete Battir Park Restaurant.



Completed renovations at Jarrar Palace.

- MoTA approved the new management structure of the hotel classification system.

### Lessons Learned

To ensure a high level of participation in the firm level assistance program, it is not enough to announce the program through the website and unions only. It is necessary to reach out to tourism companies directly by visiting them, explaining the aim and objectives of the program, and assessing their needs and potentials.

## ICT

### Summary of Activities

**Firm Level Technical Assistance** – USAID/Compete launched a new initiative in June 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.

As of July 31<sup>st</sup>, a total of 69 applications were received from ICT companies. During the month of July:

- 8 assessments were completed.
- Eight companies were presented for committee review.
- Six companies were approved to receive technical assistance; PinchPoint, Arab Mobile Content, Faratello Software, Infinity IT, AD3 Studio, and Interactive Solutions.
- One was requested to provide revisions.

### Integrated Solutions

Integrated Solutions, a company based out of Ramallah, has been in business for the past 15 years providing hardware and software services for the banking sector. The next step for the company is to enter the banking software implementation business, which they have pursued by signing a partnership agreement with TEMENOS, a Swiss company and a global leader in banking software. Compete is assisting Integrated Solutions to certify ten employees with training in TEMENOS technology, which will qualify the company to perform site installation and development.

In July, Compete signed a grant with Integrated Solutions to implement this initiative.

**Niche Market Determination** – USAID is supporting an assessment of ten companies to identify product and market niches. 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.

During July, the Scope of Work for the consultant was finalized and approved. The assessment will begin on August 12<sup>th</sup>.

### Milestones

- One grant was signed under the firm level technical assistance program: Integrative Solutions.

## Lessons Learned

Certain ICT value chains need special hardware devices as part of their input process. Without this hardware, companies won't be able to produce products. For example, when assessing gaming companies, the project must also assess the need for machines based on the company size and operations

## STONE AND MARBLE

### Summary of Activities

**Firm Level Technical Assistance** – USAID/Compete launched a new initiative in June 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.

As of July 31<sup>st</sup>, a total of 25 applications were received from stone and marble companies. During the month of July:

- Eight assessments were completed.
- Seven companies were presented for committee review.
- Four companies were approved to receive technical assistance: Saba' Investment Company, Al-Tawfeeq Stone & Marble Company, Yousef Al-Saheb Stone Company, and Sanabel Stone Company.
- None were requested to provide revisions.

### Abu Kamil Automatic Block

Previously, USAID/Compete supported Abu Kamil in developing a feasibility study and business plan for new sludge products to encourage creative solutions to stone industry environmental issues in the West Bank. As part of their findings, Abu Kamil is seeking to further research and development in the field by producing prototypes of light weight blocks from sludge, requiring new machinery.

In July, USAID/Compete signed a grant with Abu Kamil to assist in the procurement of the necessary machinery. This pilot phase will provide an opportunity to test the products and later invest in a full production line. If successful, Abu Kamil will be the first company in the West Bank to transform stone waste into a viable construction product.

### Milestones

- One agreement was signed under the firm level program.

## Lessons Learned

After an assessment of companies as part of the firm level program, some have wanted to shift the cost contribution or change activities based on recent developments. Compete should spend more time up front to better explain the beneficiary's expected financial contribution. In addition, where machinery support is feasible, proposed beneficiaries should prepare product specifications ahead of time to speed up the process upon approval.

## **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 July, the Agribusiness sector held one workshop:

- On July 23<sup>rd</sup>, 2015, the introductory workshop for the Strawberry Scale-up Program was attended by 43 people. Five were female and eight were youth; three of the youth were female.

## **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.

There are no gender updates for the month of July.

## **FINANCE AND OPERATIONS**

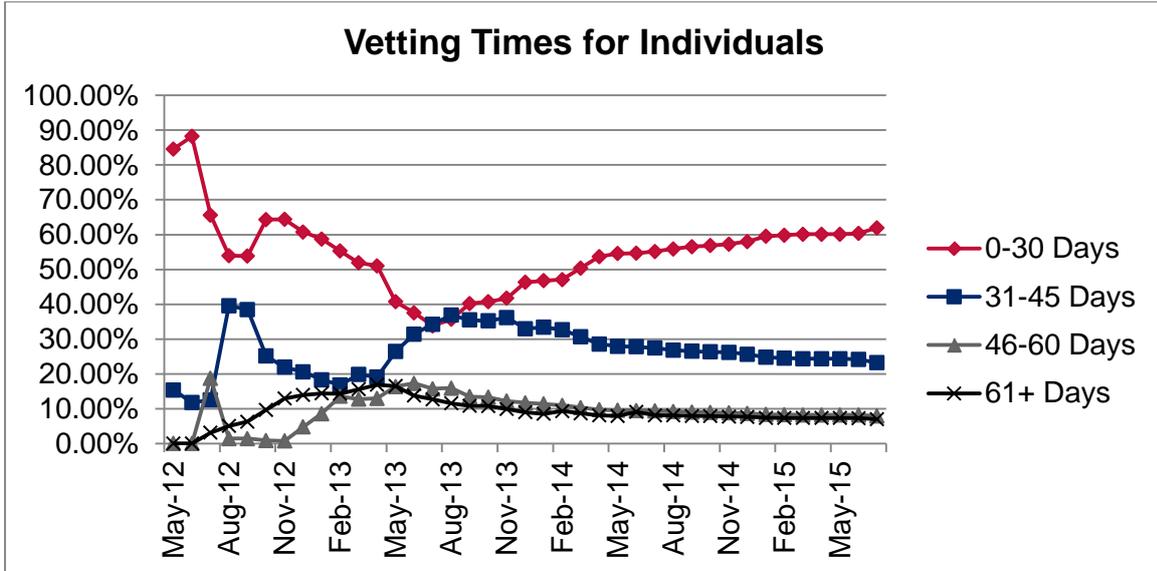
### **VETTING**

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 July, vetting applications for individuals taking less than 30 days increased by 1.6%, while all applications taking longer declined. Vetting applications for companies followed a similar pattern: the number of applications vetted in less than 30 days increased by 1.4% and all other applications taking longer times decreased.

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

**Figure 1. Length of vetting time for individuals.**



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

