



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

# USAID/COMPETE MONTHLY REPORT

October 1, 2015 – November 30, 2015

**December 3, 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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Contract Number: AID-294-C-12-00001

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## **ACRONYMS AND ABBRIVIATIONS**

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

## **CHAPTER ONE: INTRODUCTION**

The USAID/Compete project is pleased to present its monthly report for the period of October 1 - November 30, 2015. The report includes both October and November achievements and progress against interventions detailed in the project's Year Five Work Plan for both the West Bank and Gaza. October report was not submitted on time as the project was finalizing and submitting its Year Four Annual Report.

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.

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. This reporting period Compete has concluded the design and started the implementation of activities that will unleash mushrooms and baby cucumbers as new value chains.

The Gaza program this reporting period was focused on the design of major and transformative initiatives in the agriculture, information communication technology (ICT), fishing and recently after the Israeli ease of restriction on Furniture and Textile to export to Israel

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 the five teams' sections discussing activities' progress during the past two months 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

**Meeting International Standards in Agribusiness** - During this reporting period, the first ever Palestinian nursery has passed **GLOBALGAP Certification**, with USAID/Compete support. 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. During FY2014, USAID/Compete supported the Atta Abu Rub nursery in upgrading their facilities, including the provision of seeding machinery, shading nets, and a seed washing machine, as per GLOBALGAP standards. USAID/Compete also helped to supervise an internal GLOBALGAP audit in preparation for the formal review, and assisted the nursery in finding solutions to pending compliance issues. With the project's support, Atta Abu Rub nursery passed the GLOBALGAP external audit, and became the inaugural GLOBALGAP certified nursery in the West Bank.

#### Information and Communications Technology

**Global Entrepreneurship Week (GEW)** - USAID/Compete hosted three events as part of Global Entrepreneurship Week, an international movement occurring in over 140 countries concurrently wherein innovative business professional, investors, students, policy makers, and researchers engage in events designed to spark innovation and entrepreneurship. During the period of November 19-21, 2015, the project hosted the [Palestinian Internship Program](#) to speak about their upcoming third cycle of recruitment for Palestinian youth to intern with established international hi-tech companies and startups in Israel. USAID/Compete also hosted a second session, this time dedicated to raising awareness about the new and improved assistance programs available to firms in the Palestinian ICT



ecosystem, from connections to apprenticeship and internship programs to access to finance and market support via the [Firm-Level Assistance Program](#). The third session was held with expert hi-tech startup legal advisor Abed Nashef from GKH Law Firm who led a workshop on legal pitfalls facing ICT companies and startups. Guests included local venture capitalists, startup founders, and established ICT and stone companies. The project also co-hosted events in Gaza with the Palestinian Information and Technology Association of Companies (PITA). Overall, the

project tied for hosting the most events during GEW Palestine, helping to further cement their role as leaders in Palestinian entrepreneurship and ICT innovation.

Together, the three events sought to share resources and connections across the full spectrum of the IT and entrepreneurship ecosystem, from workforce development for youth to access to market for established companies.

## **Tourism**

**Assessment of Local Tour Operator Capacities** – During this reporting period, the project completed a capacity assessment of select Palestinian tour operators, providing individual analyses of clearly identified internal company strengths, gaps hindering international sales and expansion, and possible opportunities for growth into international markets in a more efficient, simplified, and cost effective way. 14 tour operators were assessed and assisted in generating leads with international buyers, which will allow them to penetrate new markets and increase their commercial sales.

Additionally, the project has identified new international market opportunities across niche products and market segments to create an achievable entrance for Palestinian companies into the international market.

## **Stone and Marble**

### **Pilot production line for “light weight concrete blocks” is underway -**

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.

## **Gaza**

### **Agribusiness**

**Strawberry Value Chain** - In this reporting period, USAID/Compete has completed the design of a new project to introduce an innovative strawberry production pattern, for up to 100 dunums of land in Gaza using single span high tunnels. In addition, the project has issued a request for proposals for the design, delivery, and installation of the tunnels directly to Gaza in order to better ensure quick implementation and impact. After evaluating the offers, selection of the supplier and select beneficiaries has been completed pending Mission Order 21 vetting approval.

**Fishing** – Over the past two months, the project has concluded the design of two upcoming projects: Fresh Fish and Kuhail Fish Farm. For Fish Fresh, the project plans to assist the company through provision of equipment and technical assistance in order to increase their production capacity by an additional 190 tons per year for the local market. This expansion will be facilitated by the business plan our Gaza Agriculture Specialists have developed, and will be ready for implementation as soon as the company’s vetting is secured.

In addition, USAID/Compete has conducted a market assessment on the demand for fish fingerlings, being juvenile fish which have been grown from eggs and can be sold to fish farmers in bulk for development into fully mature fish for the food market. The Gaza Technical staff formulated a business plan for fingerlings production for Kuhail Fish Farms, which confirmed the viability of the project based on market conditions and the company’s unique resources and knowledge. Accordingly, the project concluded a project design to develop the first fingerlings in the Gaza Strip and issued the necessary procurement documents, which are expected to be concluded by mid-January 2016.

**Herbs** - USAID/Compete is designing a scalability program to increase the production of fresh herbs by at least 50 dunums for the coming 2016 growing seasons. This pilot program came as a result of meetings conducted with two Israeli export companies, Arava Export Growers and Viva Farmers, both of which showed great interest in buying Gaza herbs, with the overall estimated demand being about 300 dunums.

### **Information and Communications Technology**

To date, USAID/Compete has received 43 ICT applications for firm level assistance from Gaza. Of these, six have been approved and during this reporting period two letters of agreement (LOAs) have been signed: 321 Boom and Effects. USAID/Compete will assist 321 Boom in building its first full game for mobile devices and will provide marketing support once it has been published on the relevant game app stores. The project will also be supporting Effects, a consulting and training firm focused on software and multimedia development services, in carrying out an apprenticeship program, addressing electricity shortages, and will provide minor equipment for their new multimedia division.

### **Tourism, Furniture, Textile and Garment**

In this reporting period, USAID/Compete started the process of designing the project’s approaches and potential interventions for both the textile and furniture sectors as a result of a recent October ease of Israeli restrictions on exporting to Israel. Two workshops were conducted with the sector’s unions and select members to agree on a market driven plan to enter both Israeli and West Bank markets. As a result of these consultations, USAID/Compete has issued a request for proposals to conduct an institutional capacity assessment on behalf of the unions. Additionally, the project identified 20 potential export firms from each sector and

conducted an assessment for the 40 participants to determine their readiness and capacity for export.

A coordination meeting was also held this month between the Palestinian Committee for Hotels, Restaurants & Touristic Services and USAID/Compete to identify the sector needs and potential project implementation methods. Both parties agreed to conduct an institutional assessment with the union and to offer firm level technical assistance to the members as a way of addressing their specific needs and improving service quality and management skills overall.

## CHAPTER THREE: SUMMARY OF PROGRESS BY SECTOR

### WEST BANK

#### Agribusiness Sector

##### **Firm Level Assistance Program**

To date, USAID/Compete has received 472 applications for firm level assistance from the West Bank and Gaza in the agriculture, ICT, stone and marble, tourism, furniture and textile, and fishing sectors. Of these, 67 have been approved, including 16 from the agriculture sector alone.

*Super-Hot Peppers.* This reporting period, the project awarded a grant to Jamal Khalaf to assist him with the procurement of a grinder needed to build his 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.

USAID/Compete is supporting the farmer with the equipment needed to build a facility for drying and packing the 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.

*Computerized Irrigation for New High Value Crops.* A grant was also awarded to the Lemon and Lime Agricultural Company this month. 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% and an increase in the productivity of their fruit trees by up to 20%.

*Cooling Rooms for Strawberries.* The project signed an LOA this month with Osama Abu Rub, a farmer involved in the production of open field and greenhouse vegetables who 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 which led to outstanding production and quality results. His farm met his harvest quota goal a full month before the season closed, while additionally his strawberry sales doubled the seasonal average at \$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. In order to help him maintain the necessary cold chain and ensure a high quality product, USAID/Compete will be supporting Abu Rub with cooling rooms in this next stage of assistance.

*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.

*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.

USAID/Compete signed an LOA with Kufr Dan in November to conduct 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 that will enable them comply with the specifications requested from the pickling factories. A gap assessment will also be conducted among 25 cooperative members in order to identify their needs and the types of interventions that could address any barriers to production.

**Addressing Sector Impediments** - 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, fates, carrots, potatoes, dried herbs, and olives. The



USAID/Compete is carrying out an Agronomists' Capacity Building program to address a key impediment in the agribusiness sector.

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.

Launched in late October, the Agronomist Capacity Building program has successfully run for nearly six weeks and the first round is scheduled to continue until December 10. So far, topics covered include 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.

28 agronomists are participating in the program, after which their progress will be benchmarked against Good Agriculture Practices (GAP), Post-Harvest requirements, Good Management Practices, and International Standards (GLOBALGAP, BRC, ISO22000, and HACCP) for the targeted subsectors.

**Strawberry Scalability Program** - USAID/Compete is working to scale up strawberry production in the West Bank by replicating the demonstration farm models developed earlier this year 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 month, four more strawberry farmers in Jenin and Tulkarem have received computerized irrigation systems and other related agriculture inputs, including PVC gutters, polystyrene containers, and soil. Together, the five farmers planted 20 dunums this season with support from the strawberry scalability program, one of whose success prompted him to plant an additional seven dunums next year. LOAs have been signed with an additional seven farmers (25 dunums) for next year's season, bringing the total to 52 overall.



**Enhancing Access to Quality Water** - 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 Treated Waste Water (TWW) in Deir Sharaf to irrigate 7,000 dunums of farmland, and Al Baqea'ah Plain Project where water is transferred from wells located in Ras Elfaraa and Al Nasarieh to the Al Baqea'ah plain to irrigate 4,500 dunums. Additional Area C sites will also be selected and assessed in cooperation with the MOA based on the success of the initial activities.

*Greening Jalameh.* USAID/Compete has completed the establishment of a 100 dunum demonstration site to introduce and adapt the practices of wastewater reuse for irrigated agriculture, with the final hand over of the newly installed irrigation network and seedlings having been completed in November. Using wastewater from the Jenin treatment plant, the project has worked closely with farmers and community leaders in the northern West Bank to demonstrate how treated wastewater can be reused safely in agricultural production. USAID/Compete also sponsored a three day theoretical and practical training on TWW use, where 22 farmers visited a number of farms irrigated with TWW (citrus, olives, almond, and other fruit trees). The farmers also attended a lecture where they learned about TWW irrigation networks and soil problems related to the use of treated wastewater, and ways to adapt solutions for their land.

**Leveraging Partnerships** - USAID/Compete is partnering with the Infrastructure Needs Program (INP) II, on the implementation of two other Area C projects. A meeting was held in November with members of Compete, USAID, and Black and Veatch (B&V), the implementers of INP II. Initial agreements were made on coordination efforts to be carried out on the two Area C projects mentioned above: the reuse of TWW for irrigation in Deir Sharaf and the transfer of water from wells to the Al Baqea'ah plain.

USAID/Compete and B&V will prepare an action plan with milestones and estimated budgets for both projects and submit to USAID. USAID/Compete has shared the projects' assessment reports and designs with B&V, and agreed to coordinate on implementation and administration of the projects, including the application for permits from the Civil Administration.

This meeting was followed by additional coordination with the MOA and the Palestinian Water Authority (PWA) at a meeting held on November 22, which was attended by USAID/Compete, representatives of CDM Smith (KFW consultants), the PWA, and B&V regarding the reuse of TWW from the Nablus West plant. The main objectives of the meeting were to coordinate efforts and avoid any duplication of work carried out by USAID and KFW, and to provide an update on overall progress.

## Information and Communications Technology Sector

**Firm Level Assistance Program** - To date, of the 67 applications approved for the Firm Level Assistance Program overall, 19 have been in the ICT Sector.

*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.

Having participated in USAID/Compete's export market development program, Transcend has undergone an assessment where major gaps in operations were identified. The chief findings stated that they are in need of a detailed call center operational assessment, and training for senior staff on the industry best practices. Through an In-Kind grant, USAID/Compete and Transcend Support will recruit an experienced international consultant to conduct an operational assessment for the call center and identify gaps, propose solutions, supervise implementation, and advise on capacity building for senior operational staff.

This consultant will cover the all the elements of call center operations to transform Transcend Support into a well-recognized outsourcing service provider in the West Bank, and the region.

*AD3 Studio Architectural Visualization Company.* USAID/Compete this reporting period signed with an LOA with AD3, an animation and visualization startup providing services exclusively to the real-estate and construction sectors. AD3 provides three different services that are based on a single platform called Autodesk Revit; these services include 3D visualization, Building Information Management (BIM) Modeling, and Heat/Wind/Sun/Lighting Simulation.

AD3 has begun providing services in the local market and has successfully secured a number of contracts with large customers. Unfortunately though, the local market has not adopted the standards on a widespread basis which would force developers to adopt full BIM implementation guidelines as industry standards, and thus the services provided by AD3 have not diffused throughout the industry. This is especially the case with the use of BIM modeling, which is a process involving the generation and management of digital representations of physical and functional characteristics of places.

In order to expand their business and address these challenges, AD3 must look toward regional markets such as the United Arab Emirates (UAE), while also improving their management structure. USAID/Compete will assist AD3 Studio in expanding into the UAE market by working through real estate developers as a first stage. Through USAID/Compete's support,

AD3 and its staff will earn Leadership in Energy and Environmental Design (LEED) certifications and become a member of the US Green Building Council, qualifications which will help AD3 to enter the UAE market. Moreover, AD3 will attend a conference in Dubai in December to build connections and sign partnership agreements with real estate developers, for which AD3 will cover 100% of the conference related expenses.

*Social Dice Company for Technology Services and Information.* Social Dice is a Palestinian start-up that provides a recruitment solution for Human Resources managers. Social Dice is currently working in the West Bank, Jordan, Saudi Arabia, and UAE, but with very limited sales, staff, and resources. The company is working to establish itself as a recruitment service provider which will have a great impact on employment, exports, and contracts.

To help them expand their market and enhance the quality of their service, USAID/Compete will be supporting Social Dice in solving technical issues related to incomplete components of their software solution. The project also supported the company in attending the upcoming Human Resources Summit in Dubai, the region's largest gathering of human resources professionals. The conference will be an ideal platform for learning and networking.

### **Support to Start-Ups and Accelerators**

*LEADERS.* USAID/Compete has awarded a simplified grant to LEADERS to support them in building their business development capacity as a start-up incubator by hiring a program manager to oversee revenue generation strategies and assist with managing the operational costs of the technology park. The grant will also support LEADERS in becoming operationally stable by the year 2017.

USAID/Compete has worked with LEADERS in the past to support the creation of a startup incubator hub, or E-Zone, that acts as a center for the West Bank's growing technology entrepreneurship community by addressing some of the key constraints and challenges faced by the community members. In less than one year, E-Zone has helped 32 entrepreneurs start their businesses and grow 16 existing technology companies. These entrepreneurs have subsequently created 111 job opportunities for programmers, designers, and business professionals. By providing incubation space for technology enterprises and a multipurpose hall and a café, LEADERS' technology park facilitates formal and informal community gatherings, trainings, and events.

*AQWA and INTERJOY (IBDAA Start-Ups).* USAID is promoting access to finance in the ICT sector by supporting acceleration activities for startup companies in the West Bank. USAID/Compete has partnered with four local universities to create the first technical transfer company (IBDAA) to promote research and development (R&D) activities between the private sector and academia to help solve market failures and spur innovation among Palestinian youth. The

final goal was to select the most promising start-ups among the four participating universities, based upon certain pre-determined criteria for commercial profitability and the jury's recommendations. Ten companies have been selected so far under IBDAA, and six are registered with the Ministry of National Economy to begin formal operations

USAID/Compete is further assisting the implementation of IBDAA's incubation/acceleration program's incubation period, being four to six month periods where selected participants develop a working prototype of their ideas and attempt to commercialize it. This month, USAID/Compete awarded a grant to AQWA Company for Control Systems from Al Quds University to support the development of their prototype, a remote water quality and safety monitoring tool. Specifically, the grant will allow for the procurement of sensors, controllers/Arduinos, transmitter and receiver circuits, transportation, stipends for team members, and the cost of an event.

USAID/Compete also awarded a grant to a second IBDAA start up this period, InterJoy Company for Interactive Solutions. Interactive Stories is a mobile application developed by InterJoy targeting autistic children between the ages of five and 12 which serves to help improve their interactive functioning and social development. Based on similar types of interactive applications they developed for child victims of trauma, the application will feature a role play story that interactively enables users to control the events and use their perceptions, desires, intelligence, and feelings to move through the story. After the prototype for this application is complete and fully operational, the plan is to target higher age ranges as well. The grant provided by USAID/Compete will help with the procurement of laptops, tablets, website server registration, printouts and brochures, transportation, and salaries for team members.

**SAP SOFTWARE TECHNOLOGY** - 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



*Trainees during the first week of the Young Professional Programme (YPP)*

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 Young Professional Programme (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.

The first YPP training took place in Ramallah this month, with participants selected by SAP from among 400 applications of college graduates were sourced from Palestinian universities and companies. SAP conducted interviews and tests for the candidates and chose the best 17 candidates for participation in the program.

## Tourism Sector

### Firm Level Assistance Program

To date, of the 67 applications approved for the Firm Level Assistance Program overall, 10 have been approved in the Tourism Sector.

*Grand Hotel.* Hotels in the Palestinian territories are seeking assistance in conducting full assessments of their operations, and in developing business plans so that they will be able to evaluate their market performance to include competitive analysis, price positioning, and market segment penetration. In response to this need, USAID/Compete signed an LOA with the Grand Hotel in Bethlehem this reporting period. With project support, the Grand Hotel will develop plans that will, through the process of their development, help design operational and management plans to achieve business success, maintain focus, enlighten decision makers, and answer questions, especially those related to finance issues. The project has already readied the agreement and procurement requirements, but is awaiting vetting approval in order to proceed with award.

*Orient Palace Hotel and City Inn Hotel.* USAID/Compete will be providing Orient Palace Hotel and City Inn 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. The LOA for the Orient Palace Hotel is under preparation, procurement has already begun, and implementation will kick off in December.

*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, Skala International, and the Institute of Travel and Tourism-UK. TE-Tours works on inbound 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 writ large. Moving forward though, 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 to TE-Tours for participation at the FITUR International Tourism Trade Fair to take place in January 2016 in Madrid, Spain. Through USAID/Compete's support, TE-Tours' participation at FITUR will help 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 will also help the company translate the content of their website from English and Arabic into Spanish and French as well to help enhance their outreach to the French and Spanish markets, two of their major client bases.

**Assessment of Local Tour Operator Capacities** - In the Tourism Sector, there are several tour operators with specific clientele interested in religious tourism. The bulk of the packages sold by these inbound operators are comprised of visits to key religious sites around the Governorate of Bethlehem. One of the main challenges hindering their growth is their inability to connect to new clientele and bring travel vendors to the country. As a result, USAID/Compete is working to support local tour operators to scale up their sales in international markets and to expand to new markets based on specific market segments and niche product offerings. In order for these firms to grow and in-turn help expand the Palestinian tourism industry, local tour operators need to expand their current itineraries and diversify their offerings in order to attract new tourists and new markets.

This October, the project completed an assessment by Tourism Specialist Judy Karwacki based on the intervention needs identified above. USAID/Compete is now finalizing and implementing a product development and marketing action plan to help mitigate challenges facing the tourism sector as identified by Ms. Karwacki's analysis. Priority actions include:

- Providing support to Islamic tourism development;
- Support for trade and road show participation;
- Firm level assistance to complement the destination level product development and marketing actions;
- Development of a contact database for the faith markets; and
- Development of an e-marketing platform integrating a website for HLITOA and individual sites for members.

**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.

This reporting period, USAID/Compete has conducted field visits to assess future renovation activities in locations determined as priority renovation sites by the Ministry of Tourism and Antiquities, Beit Sahour Municipality, Bethlehem Municipality, Burqin Council, and Battir Council. The technical team has conducted their due diligence to assess these sites and determine which of them are eligible for support from the project. A final decision will be made in the coming weeks after consultation with USAID and the Ministry of Tourism. USAID/Compete has also conducted an evaluation of potential contractors to carry out renovation works, through a review of their expressions of interest. The project anticipates beginning renovation works on three to four select priority sites at least by early next year.

## Stone and Marble Sector

### Firm Level Assistance Program

To date, of the 67 applications approved for the Firm Level Assistance Program overall, including 13 in the Stone and Marble Sector.

*Abu Kamil Automatic Block Factory.* 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 us-utilized stone production waste.

Creating these competitive new products will lead to business opportunities that could be targeted in local and international 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.

USAID/Compete assistance will have remarkable impact on the factory as well as 20-25 other small and medium producers in Nablus Governorate since the factory will be selling through these standard distribution channels.

*Al Aqsa for Marble.* An LOA was finalized with Al-Aqsa for Marble Company this month.

USAID/Compete will support the company in revamping their marketing; developing a new promotional image, logo, and catalogue design; and conducting a study on the South Korean market.



*USAID/Compete is supporting Abu Kamil Block Factory in the procurement and installation of a small scale pilot production line for light weight concrete blocks made from stone slurry.*

*Fonoon Arts of Carved Stone.* Fonoon Arts’ application for firm level support was approved by the panel this month. USAID/Compete will support the company in their participation at a Tel-Aviv trade show hosting professionals in the design, construction, and building industries. The

project also approved support for the purchase of six online market studies for the US, Canada, UK, UAE, Israel, and Spain markets to facilitate their export potential. The studies will provide the company with critical information about these markets, including where stone is being sold, names of buyers, distribution channels and other important information for them to start targeting those markets for exports.

*Techno Foonoon.* The project's firm level review panel also approved Techno Foonoon's application for support, wherein they will provide technical assistance in the installation of a high-tech machine for the company, as well as help procure and install a water recycling system for capturing the water released during the production of carved stone in order to contain it, filter it, and utilize it for production reuse.

*Sharabati Modern Company.* Sharabati Company produces slabs, outdoor tiles, indoor tiles, and cut-to-size building stone. USAID/Compete will be procuring a new Materials Management, Image, and Bar Coding System for the company, and will conduct a full electrical audit to enable the company to determine the best way to reduce electricity costs. The project will also support their participation in the Big 5 and Middle East tradeshows, which has yielded high value results in previous years, including the establishment of new contracts.

*Saba' Stone Company.* Saba' Stone specializes in both slabs and building stone of several colors. As a result of the company's recent participation at the Middle East trade show with USAID/Compete support, the company secured exports to the UAE market for the first time and also met potential clients in new markets. Market expansion will require control over the production process, as well as quality control which can be helped with the recruitment of a production and quality control expert. USAID/Compete will be supporting the company in hiring the expert.

As a new exporter to the Gulf market, Saba' is also planning to diversify its product portfolio to attract new customers. USAID/Compete will support the company in developing and updating their branding and promotional materials, which may include the company's website and catalogue.

**Tradeshow Participation** – USAID/Compete 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 as walkers to learn about industry demands. This reporting period, 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. The companies that will participate in the trade show include: Verona Company for Marble and Industrial Investment, Foonoon Arts of Carved Stone, Sukhour Al-Quds, Al Raedah Investment, Al Anan Company for Marble and Stone, Al Madina Stone Investment.

## GAZA

### Agribusiness Sector

#### Strawberry Value Chain

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 span high tunnels, 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 tunnels are more cost effective and will produce a greater return over the multi span greenhouse patterns. Furthermore, the single span high tunnel patterns allow easy reallocation in case the soil deteriorates on the plot on which it is installed.

USAID/Compete has completed the design of the project that will introduce new strawberry production patterns for up to 100 dunums of single span high tunnels; this intervention will increase the yield per dunum from three tons (open field) to four and a half tons (single span high tunnel). It is expected that the volume of export overall will increase from one to two tons, and the local volume from two to two and a half tons per dunum. This project will benefit between 50- 75 farmers. USAID/Compete has issued the request for proposals for the design, delivery, and installation of the single span high tunnels, and the selection of the suppliers are complete, pending vetting approval.

In addition, USAID/ Compete is examining the viability of establishing a strawberry jam factory and a frozen strawberry production facility to reduce the risk of possible border closures or cancellation of export permits for strawberry. The two projects are at early stage, but feasibility studies underway are promising.

#### Fishing

USAID/Compete will work to strengthen and scale up the fishing sector in Gaza by building the capacity of sea fishermen, scaling up on shore fish farms, and supporting the development of in-sea fish farms. In this reporting period, the project has concluded the design of two projects:

*Fish Fresh.* Fish Fresh is the biggest on-shore fish farm in Gaza, established in 2011 in the Khan Younis district. The company specializes in producing Dennis fish, 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 vetting is secured.

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

The company has the expertise and interest to produce Dennis fingerlings, which is the main market failure for the fish farming, resulting in limited growth of fish production in Kuhail Fish Farm and other on shore 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 Dennis 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. During this period USAID/Compete has concluded the project design, issued the procurement documents and the project is expected to be concluded by mid-January 2016.

### **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 two companies estimated demand is about 300 dunums. This market research confirms the growth potential and viability of this value chain, and the current 30 dunums of area under cultivation offers a high potential for a scalability program to increase the production by at least 50 dunums by the coming seasons.

### **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 the provision of technical assistance to stabilize operations; enhancing access to market; strengthen the capacity of targeted firms/sectors to produce high value products and services; develop workforce skills and introduce new technologies; and provide business enhancement and institutional development support.

To date, USAID/Compete has received 43 ICT applications for firm level assistance from Gaza. Of these, 6 have been approved, and two LOAs have been signed:

*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 prototypes for games during a sponsored high tech hub conference in 2013. Their entry won the 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.

*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 \$200K. 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 will provide 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.

## Tourism, Furniture, Textile, and Garment Sectors

USAID/ Compete will work with the Tourism, Furniture, and Textile and Garment sectors in Gaza to develop strategic business and management plans, enhance production and quality systems, work on marketing and sales, and introduce new technology and critical inputs. The program will also provide training in areas critical to improving performance, and will implement tailored apprenticeship programs that will offer specialized entry level positions in a group of firms.

In November 2015, USAID/Compete started the process of designing the project's potential interventions with both the Textile and Furniture sectors, especially in light of the new Israeli ease of restrictions on exports to Israel approved on October 7.

Two workshops were conducted on November 9 with the sector's unions and selected members to agree on a market driven plan to enter both Israel and West Bank markets. As a result of these consultation meetings it was agreed:

1. Compete will conduct an institutional assessment for both unions to identify gaps in order to design a capacity building programs to enable union to serve their member needs.
2. Identify top 20 export ready firms from each sector as a starting point to enter both Israel and West Bank markets.
3. Develop a market entry strategy for West Bank and Israel markets and coordinate efforts with Palestinian Authority to address the maqasa and Israeli Coordination and Liaison Administration to facilitate trade and material entry and Israeli federation of industries to connect with potential Israeli buyers.



*USAID/Compete held a workshop in Gaza among members of the Garment and Textile Union on November 9th*

USAID/ Compete has issued tender documents for conducting the institutional assessment for the unions, identified 20 potential export firms from each sector and conducted an assessment for the 40 participants to determine their readiness and capacity for export.

A coordination meeting was also held this month between the Palestinian Committee for Hotels, Restaurants & Touristic Services and USAID/Compete's Chief of Party to identify the sector needs and project implementation modes. Both parties agreed to conduct an institutional assessment to the union and to offer a firm Level technical assistance to the members to address their specific needs to improve service quality and management skills.

## APPENDIX A: LIST OF TRAININGS AND WORKSHOPS

DATE	EVENT	TOTAL PARTICIPANTS	NUMBER OF FEMALES	NUMBER OF MALES	TYPE OF EVENT
23/11/2015	SAP TRAINING	17	11	6	TRAINING
19/11/2015	GLOBAL ENTREPRENEURS WEEK SESSIONS	27	6	21	SEMINAR
09/11/2015	WORKSHOP WITH GARMENT AND TEXTILE UNION- GAZA	29	1	28	WORKSHOP
9/11/2015	WORKSHOP WITH FURNITURE UNION- GAZA	15	0	15	WORKSHOP
25/10/2015	AGRONOMIST TRAINING	28	6	22	TRAINING
18/10/2015	INTELLECTUAL PROPERTY AWARENESS SESSION	31	14	17	TRAINING

## APPENDIX B: CALENDAR OF UPCOMING EVENTS DECEMBER 2015

◀ November 2015 ~ December 2015 ~ Jan 2016 ▶						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1 World AIDS Day <b>Agonomists Training Program</b>	2 <b>Agonomists Training Program</b>	3 <b>Agonomists Training Program</b>	4	5
6 <b>Agonomists Training Program</b>	7 <b>Agonomists Training Program</b>	8 <b>Agonomists Training Program</b>	9 <b>Agonomists Training Program</b>	10 Human Rights Day <b>Agonomists Training Program</b> (end)	11	12
13	14	15	16 TBD Abu Kamil Light Weight Blocks - machine installation	17	18	19
20	21	22 Winter Solstice (Northern)	23	24	25 Christmas	26
27	28	29	30	31	Notes:	

Key:

**Agribusiness**

**Tourism**

**ICT**

**Stone and Marble**