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## Quarterly Report April-June 2010

Enterprise Development and Investment Promotions Project (EDIP)



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## Executive Summary

The Enterprise Development and Investment Promotion (EDIP), implemented by CARANA Corporation, is a three-year USAID funded project devoted to the development of all Palestinian economic sectors that foster rapid economic growth and employment. EDIP started its operations in October 2008, and will continue until September 2011. EDIP has the capacity to assist institutional development by providing technical assistance, supporting the development of market linkages, encouraging policy reforms and accessing grant funding for individual firms. EDIP's mission is to create partnerships with successful Palestinian private-sector businesses that can quickly advance business growth by benefiting from technology transfers, access-to-market linkages and access to equity capital.

The EDIP project has shown excellent progress toward accomplishing its goals. The team is adept at assessing local companies' capacities to meet the requirements of the global marketplace, and has shown that by providing market assistance, improving the value-chain approach, and making adjustments in packaging, marketing, and moving toward export promotion, Palestinian businesses can be globally competitive. It has also helped Palestinians expand their business relationships and market opportunities by supporting their attendance at trade shows, exhibitions, conferences and business-to-business meetings.

The highlights of the project this quarter include the following:

- EDIP sent five Palestinian companies to the Arab Outsourcing Expo, the most important conference on outsourcing in the Middle East, in April in Dubai.
- Eight Palestinian entrepreneurs, four of them supported by EDIP, attended President Obama's Presidential Summit on Entrepreneurship in Washington, DC, in April.
- EDIP sponsored a six-person delegation to attend the American Society of Travel Agents International Destination Expo in Istanbul in April.
- Over 650 university students, IT specialists in government, and private-sector participants attended the USAID/EDIP-sponsored PalTech Days 2010 in Ramallah, Jenin and Hebron in May. A team of ten Microsoft trainers led the event.
- Delegations from the Palestinian stone and marble sector attended the Coverings Trade Show in Florida in April and the Marmoteca trade fair in Italy in May.
- Price Guarantee Fund for Jordan Valley farmers to be established by EDIP to help expand the export market and mitigate risk-averse farming.
- The BuildEx 2010 exhibition, Palestine's largest annual exposition for designing, building, construction materials and real-estate management, was organized and held in Al-Bireh in May.
- The Academic Government Industrial Partnership (AGIP) conference was launched in Hebron in May.
- USAID and Palestine Gardens Company celebrated the opening of the first Palestinian packinghouse for fresh produce in the Jordan Valley in early May.
- Seven Palestinian companies attended the Fancy Food Show in New York City in June, with some reporting as much as a three-fold increase in quality leads over last year's show.
- The second Palestinian Investment Conference was successfully held and well-attended by local and international investors in Bethlehem on 2-3 June.
- USAID/EDIP signed a memorandum of understanding with Coolnet, a licensed Palestinian Internet Service Provider (ISP) and telecommunications company to provide broadband service to expand its network into the Governorate of Jenin.
- USAID and EDIP sponsored a media familiarization (FAM) trip throughout Palestine for 15 faith-based travel journalists from North America in June.
- EDIP continues to collaborate with representatives of the Palestinian pharmaceutical sector and Globepharm Consulting regarding providing technical assistance for Good Manufacturing Practices certification for four companies.
- EDIP recommended six more companies for PIP grants during this reporting period.
- 171 beneficiaries in Gaza were vetted by USAID to receive "humanitarian relief" greenhouse units and drip irrigation systems, 25 of which will receive both. EDIP has signed four sub-contracts for this procurement and will begin its first shipment pending COGAT approval.

## Project Goals

The United States Agency for International Development (USAID)/Enterprise Development and Investment Promotion (EDIP) project supports Palestinian companies, private-sector organizations and government institutions to identify new markets for Palestinian products and increase exports to regional and international markets. EDIP follows a market-led strategy, connecting Palestinian firms with global markets, using the ensuing market feedback to identify constraints to competitiveness, and then targeting project resources to provide solutions.

EDIP's overarching goal is to foster partnerships with successful Palestinian private-sector firms that can quickly advance business growth by benefiting from technology transfers, access to market linkages and access to equity capital. The EDIP project is tasked with two specific assistance objectives:

- AO 1 – Increase private-sector productivity
- AO 2 – Improve the business-enabling environment

The main outcome objectives for the project are increased export growth and employment generation in the West Bank as well as the attraction of direct foreign investment.

## Approach

EDIP initiatives include partnering with international investors and buyers and pioneering domestic firms to access markets, transfer technical know-how, and increase private-sector production and processing capacity. They also include working with government and private-sector institutions to address policy gaps and providing technical support for firms to meet basic market requirements and achieve international certifications.

EDIP supports Palestinian membership in industry associations and participation in international trade shows to gather market intelligence and network with potential buyers and investors. The project also addresses value-chain constraints, such as the high cost of transport and logistics, and creates financial models for products as they move through the value chain. Lastly, EDIP is working to facilitate access to finance by packaging projects for local banks and other investors and preparing business analyses for grants under the Palestinian Investment Promotion (PIP) program for 35% cost-share financing of fixed assets.

EDIP concentrates its efforts on five critical sectors of the Palestinian economy: agribusiness and specialty food, ICT, pharmaceuticals, stone and marble, and tourism.

## Progress by Sector

### Agribusiness and Specialty Food Sector

Through their attendance at international trade shows, representatives of Palestine have built strong relationships in recent years with importers and distributors in the US and Europe for products including cherry tomatoes, dates and pickled vegetables. Their market success has translated into a new obstacle: lack of supply to meet the growing demand. EDIP is now focusing project resources on expanding production capacity, assisting new farmers with the transition to greenhouse cultivation and GlobalGAP certification, and structuring financing packages with local investors such as PIF and PalGardens to increase the size of existing operations.

### Exhibitions, trade shows and conferences

#### *Fruit Logistica, Berlin, February*

As a result of their participation in the Fruit Logistica Trade Fair in Berlin in February, Sinokrot Group held two follow-up meetings in Germany in April: one with Edeka Company, the third-largest discount retailer in Germany, and the other with Fruitbox, a Dutch firm that distributes to supermarkets throughout Eastern and Western Europe. Representatives from Fruitbox visited Palestine and toured Sinokrot's operations, and both parties showed keen interest in partnering.

#### *Fancy Food Show, New York City, June*

The 2009 Fancy Food Show was a fruitful venue for sales and promotion of Palestinian products. In preparation for the 2010 show, held in New York City from June 27-29, EDIP assisted in producing promotional materials for the participants; coordinating visas, transportation and accommodation; coordinating logistics for sending products and samples to and from New York; producing a cookbook of Palestinian food; organizing preparatory workshops for the exhibiting companies; advising on export and shipping procedures; coordinating on-site logistics for the pavilion and advertising the show.

As expected, the *Palestine: Taste the Tradition* pavilion won over visitors to the 56<sup>th</sup> Annual Summer Fancy Food Show, offering a range of traditional culinary specialties with a modern flair. Seven companies participated in this year's exhibition—four of them for the first time—in an effort to expand their exports in the US market. The pavilion consisted of representatives from:



- Canaan Fair Trade, promoting organic and fair-trade olive oils, bulk olives and olive tapenades, sun-dried tomatoes, za'atar, maftoul, tahini, honey and olive-oil soap;
- Zadona Agri-Industrial Co., featuring olives and pickled vegetables as well as Medjoul dates;
- Al-Hathnawi General Trade Co., displaying za'atar, sumac, maftoul, freekeh and maramia;
- Sinokrot Food Co., offering a range of biscuits and confectioneries;
- Al Manasrah Development and Investment Co. (MADICO), featuring Medjoul dates;
- Al Naser Factory & Mills for Thyme & Spices, marketing za'atar, sumac, maftoul, freekeh and maramia; and
- Ali Brothers Agriculture, exhibiting olives and pickled vegetables.

The show, sponsored by the National Association for the Specialty Food Trade, is the largest specialty food and beverage exhibition in the U.S., featuring more than 2,400 exhibitors from 81 countries and more than 24,000 attendees, including retailers, wholesalers/distributors, food service buyers and media representatives. It presents a unique opportunity for Palestinian specialty food producers to promote their products to a range of potential customers over the course of a few busy, food-filled days. As Tareq Abu Khaizaran of the Sinokrot Global Group noted, 'It's not possible for me to come to the US and visit Michigan, California, and New York; here you can meet everyone in two days, and you can understand your competition, market prices, everything.'

Participants were extremely pleased with this year's show, and companies exhibiting for the second time reported as much as a three-fold increase in quality leads over last year's show. Several exhibiting companies were so successful in developing relationships at the show that it now appears their most significant constraint to increased exports will be a lack of supply. EDIP will continue to work with these firms to increase the availability of raw ingredients—whether cucumbers, olives, or dates—by providing support to the farmers further up the supply chain.

Next year's Fancy Food Show will be held in Washington, DC, from July 10-12. Based on this year's success, EDIP has reserved preliminary booth space for another Palestinian Pavilion in what is already a sold-out show.

#### *Ghezauna, Ramallah, September 2010*

USAID and EDIP were major sponsors of last December's Ghezauna ('Our food') food trade fair, held in Jericho. The fair is slowly becoming a nexus for product launches and sales in local and Arab-Israeli markets. The next Ghezauna fair will be held in Ramallah in September 2010, and preparations are currently underway. USAID and EDIP will continue to assist with organization and financial support for the fair, in collaboration with PFI and other sponsors.

## Partnerships

### *Beit Qad Station and Qabatia Tissue Culture Laboratory*



Following a study conducted in early 2010 entitled, *Partnership Study of Private-Sector and Ministry of Agriculture Support for the Beit Qad Station and Qabatia Research Center*, EDIP met with the Ministry to discuss potential public-private partnership models and projects to undertake with the aim of increasing the output and efficiency of the two stations.

The Ministry of Agriculture (MoA) expressed its commitment to provide and facilitate the prerequisites for successful projects at the two stations. The MoA's commitments include providing sufficient water supplies and the required rehabilitation for existing infrastructure

and buildings, in addition to a new glass house at Qabatia. EDIP has been preparing the contract documents for Phase 2 of the partnership study.

### *Greenhouse investment opportunity*

EDIP previously assisted Sinokrot Group in its new business development presentation to Riyadh-Jordan. Investing in Sinokrot Group's greenhouse technology as an agribusiness opportunity was pitched to Omar Asfor from Riyadh-Jordan. The initial presentation went well and Riyadh-Jordan expressed interest in moving to a second stage of negotiations. EDIP sector specialists will now work with Sinokrot to finalize its financial model for presentation to Riyadh-Jordan.

### *Palestinian produce reaching international markets*

USAID and Palestine Gardens Company (PalGardens) celebrated the opening of the first Palestinian packing plant for fresh produce in Al Auja Village in the Jordan Valley on May 6. The packinghouse is an essential link in the selection, grading and quality control for exporting fresh produce.

The inauguration ceremony was attended by the Minister of National Economy, Dr. Hasan Abu Libdeh, who believes the new facilities will be a major contributor to agriculture in the Jordan Valley, as well as to the Palestinian economy as a whole. 'This launch comes at a crucial time when we see a peaceful uprising to give

our national product full opportunity to be in our local markets as well as international markets,' he said in a speech.

USAID provided PalGardens with two forklifts and three grading and sorting machines for cherry tomatoes and bell peppers, which will allow them to create two production lines for off-season fresh vegetables, cultivated solely in the Jordan Valley. Through the Global Partnership for Good Agricultural Practice (GlobalGAP) and British Retail Consortium, USAID also assisted the company in acquiring international accreditations by demonstrating proper agriculture and farming operations.

Over the last five years, USAID has supported agribusiness in the Jordan Valley by increasing the greenhouse cultivation of higher-value products such as cherry tomatoes and sweet peppers while promoting direct links between Palestinian exporters and international importers. In 2009, PalGardens successfully exported 1,500 tons of fresh produce, creating more than 26,000 jobs and generating more than \$1.5 million in sales. USAID has invested more than \$30 million in the agriculture sector in order to improve its competitiveness in the global market. Agriculture contributes 8% of Palestine's GDP and provides employment for more than 100,000 people.



*Packing export-ready cherry tomatoes at PalGardens*

#### *MADICO continues to grow and prosper*

MADICO (Manasrah Development and Investment Company) is a Palestinian family-owned and -run business established in 2007 by the Manasrah Family. MADICO specializes in the cultivation of Medjoul dates in Jericho. Through USAID/EDIP technical assistance and grant support, MADICO has purchased a packaging line to handle the sorting, grading, and packaging of dates. This new equipment, coupled with GlobalGap, BRC, and UK Supermarket certifications, has propelled MADICO into the export market. Because of ongoing USAID market linkages, MADICO is now participating in international trade shows including the Fancy Food Show in New York and Gulfood in Dubai to sell its products.

#### *Field visit with USAID and the Minister of Agriculture to the Jordan Valley*

EDIP and USAID, at the behest of the Minister of Agriculture, Dr. Ismail Daiq, conducted an extensive site visit to the Jordan Valley to visit one of the area's leading agriculture cooperatives, Al Maghtass, as well as EDIP agribusiness partner Nussiebeh Agricultural Equipment and Products. Nussiebeh is a leading producer and exporter of fresh herbs to the local, Israeli, and U.S. markets. Herbs such as basil, sage, rosemary and thyme are grown in both open fields and greenhouses and are cut and packed for export. Nussiebeh is seeking to increase production and supply-chain efficiency through the addition of cold-storage and packing facilities, both of which are currently outsourced. EDIP will undertake further analysis and conduct a BAR (business analysis report) and is hopeful that Nussiebeh will be eligible for a PIP grant. The USAID/EDIP team also visited a desalinization treatment plant, imported from Holland and customized for the Jordan Valley, and the West Bank's only aquaculture pilot farm, Daiq Aquaculture.

## **Trainings, workshops and presentations**

#### *Intajuna workshop*

*Intajuna* ('Our Production' in Arabic), a local non-profit agriculture project, held a workshop that was attended by EDIP and USAID representatives. *Intajuna* was initiated in 2007 by Solutions for Development Consulting Co. in cooperation with the Swiss Agency for Development and Cooperation. The group presented a market research study entitled *Palestine Fresh Fruit and Vegetables—Sector Overview*. This in-depth survey and analysis provides current data on the internal and external markets and product delivery for the Palestinian fruit and vegetable sectors.

#### *Date palm cultivation training*

EDIP finalized plans to provide a date-palm training course in late July to coincide with the harvest season. The trainees are 15 date farmers and two agricultural engineers. The participating farmers control approximately 70% of the total Palestinian date-palm farming area in the Jordan Valley. The training course will cover all

topics related to Medjool date plantations, from land preparations to post-harvest activities, and will include both theoretical and practical training.



#### *Agricultural cash crops*

The EDIP agribusiness sector leader delivered a presentation at the USAID office in Tel Aviv regarding the agricultural cash crops sector and EDIP's main intervention activities along this value chain. The objective of the meeting was to provide information to develop future assistance for the sector. The participants were USAID staff, Mr. Dirini and Ms. Tannous, and Mr. Roman Napoli.

## **Agricultural finance**

EDIP is working with banks in the field of agribusiness, conducting assessments to gauge the demand for financial services from the Palestinian agribusiness sector and to identify ways to assist banks and microfinance institutions. Following up on last quarter's concept paper on 'Agri-Export Supply Chain Development' (AESCD), team members met with potential partners to gauge their interest in managing a 'minimum price guarantee fund' (PGF) and/or extend loans to farmers. Several institutions showed great interest in the model and a willingness to provide loans to farmers.

The main objective of the AESCD project is to strengthen the Palestinian vegetable supply chain by working with growers, packers and shippers to increase export volumes and revenues through:

- Increasing farm output
- Improving product quality to meet international standards
- Building trust among stakeholders in the value chain.

The PGF will guarantee local farmers a minimum export price for cherry tomatoes and bell peppers. Establishing the fund will mitigate the price fluctuation risk and provide incentives for the farmers to direct their production from local markets to higher-value export markets. The initiative will partner with 30 farmers, providing technical assistance and demonstration farms to assist with the shift in production. The demonstrated success of the PGF pilot can then be rolled out throughout the West Bank.

The EDIP agriculture sector manager met with potential farm cooperatives in the Jordan Valley in June, and asked the interested farmers and cooperatives to initiate and submit their marketing agreements to EDIP (with assistance in developing a business plan from EDIP, if necessary). The agribusiness team is currently working on the selection process based on 15 criteria.



## **Information and Communication Technology (ICT) Sector**

With access to broadband services functioning as a key driver of general economic growth across all sectors, EDIP is helping Palestinian wireless companies expand their footprint and increase availability throughout the West Bank. The project is also addressing policy issues in this area by working to achieve open access to the more powerful and more stable WiMAX spectrum (local WiMAX licenses are controlled by Israel). At the same time, EDIP is promoting partnerships between Palestinian ICT firms and multinational firms such as Google, HP, Microsoft and Cisco in order to develop local capacity and provide third-party verification of Palestinians' ability to compete in global markets. The project will also continue to provide support for direct market outreach through trade shows and other B2B events to identify additional outsourcing opportunities.

## **Exhibitions, trade shows and conferences**

### *Arab Outsourcing Expo, Dubai*

EDIP sent five Palestinian companies to attend the most important conference and expo on outsourcing in the Middle East, the Arab Outsourcing Conference and Expo, held April 25-28 in Dubai. Al Tariq Systems, Dimensions, Al Isra, Galaxy, and the Palestinian IT Association of Companies participated with the goal of promoting Palestinian skills and capacity to develop IT solutions. Numerous potential clients expressed great

interest. Most of the attendees of the conference and master-class trainings were companies seeking to outsource 'back office' services, whether IT- or human resource-related. The expo provided an opportunity for Palestinian companies to be exposed to diverse companies with IT and human resource outsourcing needs.

The Palestinian delegation met with several Gulf companies' representatives, who were surprised by the high level of Palestinian ICT talent. Sa'ed Darwazeh, Head of Contracts Procurements and Warehouse Division at [Qatar Steel](#) said, 'I did not know that there are such IT capabilities in Palestine. It will be a great opportunity for us to understand more on how we can cooperate with Palestinian companies if that is possible.' The expo was an ideal venue for Palestinian IT companies to seek and create outsourcing opportunities not only in the Arab Gulf region but also throughout the Middle East. EDIP helped select the participants for the expo, develop promotional materials for the companies, arrange travel and visa logistics, and ensure the participants' preparedness for professional networking.

#### *Think Next 2010, Tel Aviv*

Two Palestinian ICT companies, Jaffa and Exalt, attended Microsoft's Think Next 2010 event in Tel Aviv on April 14. This is the leading event for Israel's high-tech industry, and showcases the latest innovations and IT developments from around the world. The Palestinian companies attended the event with the goal of solidifying relationships with Microsoft, especially in the field of research, and to learn about new technologies that could be developed and applied locally. Of particular interest during the event was 'cloud computing', with its ability to provide global access to information, databases and archives without on-site hardware, manual software updates or tech support.

#### *Presidential Summit on Entrepreneurship, Washington, DC*

President Obama held a summit on entrepreneurship on April 26-27 in Washington, DC, bringing together 250 delegates from more than 50 countries, along with senior U.S. government officials and American business leaders. Eight Palestinian entrepreneurs, four of them supported by EDIP, attended the summit. Delegates were selected based on the innovativeness of their ideas, their ability to promote entrepreneurship and their commitment to community service, as well as on gender and geographic diversity considerations.

In order to expand the reach and visibility of the summit, USAID and the US Consulate General hosted a simulcast of Secretary of Commerce Gary Locke's opening speech, along with presentations by the US Consul General Dan Rubinstein, USAID Mission Director Howard Sumka, and Palestinian IT Association CEO Ala' Alladine. The EDIP team arranged the venue, refreshments and other logistics, and facilitated the participation of leading private-sector representatives and other VIP guests from the ICT sector.

In his speech, USAID Mission Director Howard Sumka said that Palestinian entrepreneurship is of paramount importance to Palestinian society, and that a positive culture is consistently highlighted as the most significant factor in creating an environment conducive to entrepreneurial activities in the West Bank and Gaza. 'The Palestinian delegation to the summit on entrepreneurship is one facet of this positive culture which celebrates and recognizes the achievement of Palestinian entrepreneurs,' Sumka praised.

Mr. Aladdin of PICTI pointed to the fact that USAID was the first to incubate and promote Palestinian creative entrepreneurial efforts when the agency supported the creation of PICTI in 2004. He thanked USAID for providing opportunities to entrepreneurs to bring their business ideas into existence, and noted that 'entrepreneurs are engines of economic development. Today Palestinian entrepreneurs prove that when they are given the chance, they can no doubt lead economic growth.'

EDIP sponsored the participation of four female entrepreneurs in the summit:

- Wa'd Tawil, who was named *Best Student CEO in the Arab World*.
- Fatima Al-Jada, owner of Al Hanna Textiles Factory in Habla village near Qalqilia and known as the most successful businesswoman in the northern West Bank. Through EDIP and the Palestine Investment Partners (PIP) program, Fatima received a \$150,000 cost-share grant to buy new sewing machines. Fatima exports quality apparel to the United States and Europe and employs around 50 people, almost all of whom are women.
- Nasim Shaheen currently works as a researcher for the Palestinian Legislative Council. She is a founding member of the Palestinian Wildlife Society, the only Palestinian-based NGO promoting eco-awareness and preservation of natural habitat and wildlife.

- Rajaa Sarghali is the owner of Al Fajr TV station in Tulkarm, the city's most popular local TV station. She is also the owner of a well-known kindergarten, and embodies the challenge of being a successful businesswoman living in a conservative city where being a businesswoman is not common.

### *PalTech Days 2010, West Bank*

Over 650 university students, IT specialists in government, and private-sector participants attended the USAID/EDIP-sponsored PalTech Days 2010. PalTech 2010, the first of its kind in the West Bank, was designed to provide access to and exchange knowledge with international speakers and experts in Microsoft technologies. The event took place May 2-4 at the Grand Park Hotel in Ramallah, the Arab-American University in Jenin, and the Palestine Polytechnic University in Hebron.

A team of eight Microsoft experts from the Microsoft offices in Jordan and two experts from the US and UK traveled to the West Bank to provide training and advice on the latest Microsoft software. There were two training tracks—SharePoint and Silverlight—and participants could choose among 30 technical sessions, with various opportunities for the exchange of ideas and experiences between the trainers and the participants.

'I am excited about the Palestinian ICT sector because IT is a game of intellectual property, and the skills and capabilities of the population are quite high,' said Naseem Tuffaha, Director of Microsoft's Business and Marketing Organization in the Middle East and Africa. 'I see a lot of energy, people determined to make better use of their skills.'



PalTech 2010 builds on the Palestinian National IT Strategy to advance the skills of IT professionals in order to create more jobs for qualified Palestinian youth and to develop niche markets for a Palestinian outsourcing industry. Dr. Sabri Saidam, IT Affairs Advisor to President Mahmoud Abbas, stated, 'Microsoft's participation comes after a new partnership with the Palestinian National Authority, the [live@edu](#), which provides a variety of features to Palestinian educational institutions and paves the road for Microsoft for larger penetration of the Palestinian ICT market. Therefore, this Microsoft event has a special significance.'

Paul Swider, a SharePoint strategist and expert at the Microsoft Partner Alliance-OnClick Solutions, expressed his gratitude for meeting talented Palestinian IT professionals and learning about the existing outsourcing business. 'I am excited to share this information with my colleagues and clients in the United States and will look forward to any opportunity to work with the Palestinian community on software outsourcing opportunities,' Swider said. While EDIP sponsored Swider's airfare and local expenses, he volunteered his time in Palestine.

The Hebron event took a different direction from the activities in Ramallah and Jenin. The Microsoft team ran a competition between Palestinian student teams to come up with creative solutions to IT challenges. The Hebron event concluded with a video conference speech by Rula Ammuri, Country Manager of Microsoft Jordan, announcing Palestine's participation in [Microsoft's Imagine Cup 2010](#) to be held in July in Poland. Open to students from around the world, the Imagine Cup draws leading IT talent, and the competition is intense. The contest spans one year, beginning with local, regional and online contests whose winners go on to attend the worldwide finals, which are held in a different location every year.

Eight Palestinian student teams participated in the contest, and the winning club was chosen by a group of local IT company representatives, PITA, PICTI and university professors from the Palestine Polytechnic University, the Arab-American University, and Al Quds University. The winning team developed mobile emergency request software to be applied at various locations in the West Bank.

EDIP is coordinating with several Palestinian educational institutions, NGOs and multinational IT companies on designing different training workshops and interventions to increase the capacity and skills of IT professionals and encourage direct investment in the sector. In addition to PalTech Days with Microsoft, EDIP is also negotiating with Apple and Google to create specialized events and training workshops in different cities

around Palestine. ' EDIP is also designing a 'GIS Training' and 'Mobile Applications Training' to raise the capacity of Palestinian companies in these two areas.

#### *ICT roundtable at the Palestinian Investment Conference*

EDIP worked closely with PITA to arrange the ICT roundtable meeting held on June 3<sup>rd</sup> during the Palestine Investment Conference. The meeting was designed to allow different IT companies attending the conference to exchange ideas and discuss potential strategic relationships that could foster better interventions in the ICT sector. Major IT multinational companies, including CISCO, Intel, SAP and NESS, participated in the roundtable discussions, which emphasized the importance of investing in the Palestinian ICT sector and helped promote Palestinian ICT skills and capabilities. EDIP sponsored the event because it will help open new markets and enhance the Palestinian ICT positioning on the world map.

#### *GITEX Technology Week 2010*

On June 29, EDIP met with the Palestinian IT Association (PITA) and eight Palestinian companies located in the West Bank and Gaza to discuss the Palestinian participation in the [GITEX](#) Technology Week to be held from 17-21 October in Dubai.

EDIP coordinated this meeting with PITA, which contacted those local companies interested in GITEX (of their 100 members) to complete a survey, attend a meeting to discuss market interventions and utilize their contact lists in the Gulf region to help promote the companies attending GITEX.

During the meeting, companies agreed with EDIP on the importance of attending the show as exhibitors and stressed the need to seek out specific niche markets (building on last year's participation at GITEX). EDIP also clarified the responsibility of the companies to prepare their own public relations profiles and to clearly position their products to fit the needs of a specific section in the Gulf market. EDIP promised to study the possibility of sending companies as an 'observing business delegation' along with the exhibitors if the group of would-be observers scheduled business meetings in advance.

PITA will provide direct assistance to the companies in creating their public relations materials and arranging business meetings. EDIP will begin the process of selecting the participating companies shortly, with the goal of opening new markets and outsourcing opportunities in the Gulf region.

## Partnerships

#### *PITA and Hewlett-Packard*

EDIP signed a contract with the Palestinian IT Association ([PITA](#)) to assist two Palestinian IT companies, [ASAL Technologies](#) and [Exalt](#), to develop technology solutions that will be used by [Hewlett-Packard](#) in over 170 countries. Through assistance from PITA and EDIP, ASAL and Exalt will sign direct contracts with HP to jointly develop technologies such as iPhone applications for the global IT firm. The initial six-month pilot project includes hiring seven Palestinian engineers, while the next phase calls for hiring 15 engineers. This successful intervention will lead to a larger and continuing intervention from HP in the Palestinian market and is expected to create larger contracts with these and other Palestinian companies.

ASAL will work directly with HP to finalize their Agile Programming web portal. HP and ASAL have identified SharePoint as another potential area for partnership during the six-month pilot project. If the initial phase proves successful, then a longer-term relationship will be formed. This project will ultimately enhance the software export business in Palestine and encourage other multinational technology companies to look at Palestine as a possible venue for technology outsourcing.

#### *ASAL Technologies increases its sales in Germany*

In September 2009, EDIP contracted a German IT consultant, Mr. Hans-Peter Brill, to assist ASAL Technologies, a leading Palestinian software and IT services firm, in penetrating the German market and creating new business opportunities. ASAL was looking to establish solid and long-term business relationships with the German IT market, one of the largest in Europe. ASAL's expansion strategy required professional, top-notch technical assistance from EDIP to position the company as a reliable, qualified service provider to German businesses. Mr. Brill helped establish a physical presence in the German market and create new leads and deals, in addition to producing marketing materials, such as German-language brochures and flyers, and launching a German-language website.

On April 6, 2010, ASAL notified EDIP of their recent successes, including a €1.2M sales pipeline and serious leads and interest from six companies, including [Lufthansa](#), [Siemens](#), [The European Film Commission](#), [German Bundestag](#), and [pferde.de](#). ASAL also announced a €56,000 deal with Swiss German company ACC AG.

As a result of the projected pipeline of projects and to accommodate the German market's demands, ASAL has hired two new software engineers and one technical-support engineer. ASAL Business Development Manager Mohammad Musleh called the news of the first contract in Germany 'a huge step to the future.'

#### *Collaboration between PICTI and multinational IT firms*

EDIP joined representatives from CISCO in Amman, Jordan, to discuss findings from a study on the Palestine Information and Communications Technology Incubator (PICTI) that was conducted by EDIP consultant, Dr. Khaldoon Tabaza.

Dr. Mashhour Abu Daqa, Minister of Telecommunications and IT, PICTI board members and management attended the meeting. Dr. Tabaza presented his major findings and recommendations regarding PICTI's long-term sustainability. The recommendations focused on changing the board's structure by adding different NGOs and Palestinian institutions and creating an advisory board to assist management in providing mentoring and consultancy services. CISCO has agreed to provide financial assistance for the intensive incubation program and other means of support to strengthen the institutional capacity of PICTI.



#### *Project Palestine links US-based ICT companies with newly created Palestinian IT companies*

Under the auspices of Project Palestine, EDIP enlisted two US-based ICT companies with a philanthropic and development mission, Salesforce.com Foundation and Idealist Consulting, to partner with 3-5 established Palestinian companies to provide tailored IT solutions and

services based on Salesforce.com software solutions.

The goal of Project Palestine is to provide Palestinian consulting firms with the skill sets and resources to implement software-as-a-service—also known as 'cloud computing solutions'. These consulting services will then be delivered to Arabic-speaking enterprises both in Palestine as well as throughout the Middle East. The services will initially focus on building civil society, civic engagement, and a more open and transparent political and socio-economic environment. Later deployments will target and engage the private sector.

The outcomes of Project Palestine will include: trained IT consultants with the capability to deploy cloud computing solutions; increased employment and access to sustainable tech jobs for Palestinians; opening of new markets and the ability of Palestinian companies to readily sell and service IT consulting inside and outside their country of origin; the deployment of applicable and affordable technology to Palestinian businesses; and the completion of a scalable project that can be applied to similar regions throughout the globe. The project is expected to fully launch in the next two or three months. Project Palestine demonstrates yet another way that USAID funding can be leveraged to make the necessary global connections and business-to-business linkages to allow local companies to improve and expand their expertise while offering new, state-of-the-art ICT services to businesses in the region.

#### *Exalt expands business with Hewlett Packard*

EDIP previously provided assistance to Exalt, a local IT software company, to obtain an outsourcing contract with HP/Israel to develop iPhone applications. As a result of the success of this ongoing partnership with HP, Exalt is expanding its business ties with HP and recently signed a new contract that expands the size and depth of services it will provide the client. EDIP has invested in the development of these types of business-to-business (B2B) linkages via trade shows, bilateral meetings and incubation activities. Contract expansion is further evidence of the competence and growth potential for the ICT sector in Palestine. Palestinian companies have the demonstrated ability and, increasingly, the scale to deliver services to multinational companies. EDIP will continue to assist with ICT sector development and international market linkages in the Gulf and European Union.

### *Broadband expansion in Jenin*

In an effort to grow the economy in the northern part of the West Bank, USAID/EDIP signed a memorandum of understanding at the Palestinian Investment Conference (PIC) with Coolnet, a licensed Palestinian Internet Service Provider (ISP) and telecommunications company to provide broadband service to expand its network into the Governorate of Jenin. Recent World Bank studies concluded that for every 10% increase in broadband penetration, a country's gross domestic product would grow by at least 1.3%. Broadband access will enable small businesses to expand services, residents to benefit from greater Internet coverage and improved communications, and academic institutions to offer improved training and skills development.

### *Cisco partnerships*

EDIP and USAID representatives met with CISCO Systems in Natanya to review the ongoing capacity building and outsourcing program established in the West Bank between CISCO, an \$80 billion global ICT services company, and targeted ICT companies in Palestine. CISCO previously selected six ICT companies to mentor in this customized program. CISCO, supported by USAID through EDIP, will develop research and development skills, project management and specialized skill sets, building on the companies' existing expertise, to meet growing market demands for outsourcing and ICT services. Following this 6-12 month capacity building program, the select companies will be linked with contracts and projects to further the application of the newly acquired skills. CISCO sees this program as a means of both creating cutting edge ICT capacity and growing resources for its own ICT outsourcing in the West Bank.

A second EDIP program with CISCO is an intensive incubation program called The Bidaya Program, which will be implemented with the Palestinian IT Incubator (PICTI). The program will focus on fostering the growth and development of local Palestinian professionals committed to starting new business ventures. Under this intensive incubation program, motivated local and expatriate Palestinian entrepreneurs with bright or innovative ideas can apply to the program through PICTI. Those selected will receive the mentorship, capital funding, infrastructure support, and knowledge required to build and operate their own start-ups. Upon completion of the program, teams will then have the opportunity to meet with early-stage 'angel' and venture capital funds to present their ideas and sell their services and products.

### *EDIP assists four major Palestinian IT companies in reaching Malta IT market*

EDIP sponsored a trade mission of four IT executives representing major Palestinian companies to attend business-to-business meetings with more than ten ICT companies in the Republic of Malta May 9-12. The mission is part of an overall strategy that focuses on developing the capabilities of Palestinian ICT companies to find a niche to enter the international IT market.

Malta, a new member of the European Union, is a growing economic and IT hub for the Middle East and North Africa region, and can be a gateway for Palestinian companies to penetrate the EU market. In return, the Palestinian companies can assist Maltese companies in penetrating the Gulf market and Arab countries in North Africa.

The meetings were organized by Malta Enterprise, the agency responsible for the promotion of foreign investment and industrial development in Malta ([www.maltaenterprise.com](http://www.maltaenterprise.com)), and the Palestinian IT Association of Companies (PITA) and supported by the Malta Ministry of Foreign Affairs and Malta Representative Office in Ramallah. The Palestinian business delegation attended meetings with the Malta Chamber of Commerce, Enterprise and Industry and held business-to-business meetings with representatives of the Maltese IT sector. The meetings were focused on finding potential opportunities and cooperation in terms of joint ventures, knowledge transfer, consultancies and outsourcing.

'We have several opportunities lined up. For example, we discussed the possibility of deploying our health solution at Libyan hospitals currently served by a Maltese company,' said Hassan Kassem. The company 2i Ltd also informed EDIP's ICT sector manager, Mr. Ihab Jabari, of the opportunity to outsource a development project on mobile applications to a Palestinian company, and they are currently in discussion with two Palestinian companies.

### *Future Microsoft Research Center in Ramallah*

EDIP is in the process of finalizing a contract with the Palestine Information and Communications Technology Incubator (PICTI) to host a pilot project with [Microsoft](http://Microsoft) that will lead to the hiring of seven top-notch Palestinian engineers. This project is part of EDIP's strategy to encourage multinational companies to explore direct investment opportunities in the Palestinian market, and is expected to create a fully-fledged Microsoft Research Center in Ramallah that will employ at least 40 Palestinian engineers, increase the overall knowledge

base of the IT industry in Palestine, complement research capabilities in Palestinian universities and ultimately strengthen the skill level of IT professionals in the private sector.

## Policy

### *ICT regulation in Palestine*

The Palestinian Authority recently approved the creation of an independent regulator. The Ministry of Telecommunications and IT is committed to building its capacity in anticipation of transferring its regulatory power to the new authority. EDIP will assist the ministry in increasing its capacity to deliver services related to regulating the telecommunications market and systematically opening it for general competition. Two consultants will be contracted to work on interconnection (especially the financial aspects) and technical issues. The consultants will provide the ministry with the necessary information and skills to answer essential and difficult queries facing its new work. This assistance is the first step in developing the regulatory capacity. In parallel with the liberalization of the telecommunications market, this capacity will eventually lead to new sales and increased employment.

### *Development of IT strategy*

EDIP consultant Mr. Ken Zita assisted the Ministry of Telecommunications and Information Technology (MTIT) to prepare a national ICT strategy for the next three years. EDIP was directly involved in facilitating Mr. Zita's interaction with stakeholders at the ministry and prominent members of the Palestinian IT sector. The strategy was delivered to the ministry and eventually to the Ministry of Planning, which is responsible for drafting the final government plans and activities in all sectors. At the request of the Minister, Mr. Zita is currently writing a detailed, three-year action plan.

Dr. Safa Naseridin, Advisor to the Minister, said that 'EDIP assistance on this high-profile topic will strongly contribute to private-sector development through government policies. We look forward to further contributions in other important issues, mainly the establishment of a regulator.'

### *E-branding and ICT policy*

EDIP is collaborating with the PITA on an e-branding initiative in an attempt to support Palestinian IT companies' efforts to expand their markets and enhance their PR messages. PITA's policy program will address elements of the business-enabling environment in Palestine, including specific areas such as intellectual property laws and Company Corporate Law, including tax breaks and incentives.

## Stone and Marble Sector

In the stone and marble sector, EDIP seeks to promote the export of value-added products directly to international markets rather than through the current channel of Israeli export companies. To that end, the project is assisting the industry in forming relationships with potential buyers and investors and through attendance at international trade shows. To improve processing techniques and enhance production standards, the project is leading study tours to major markets such as Italy and Turkey and is providing support for companies to achieve ISO 9001 certification. Workforce development issues are also being addressed through financial support to students in the stone and marble diploma program at Palestine Polytechnic University. To address the issue of supply (80% of reserves in existing quarries have been depleted), the project is seeking to conduct a geological survey of Beit Fajar that will provide the industry with data on the quantity, quality and location of untapped stone reserves. The project will also address policy concerns through support for initiatives such as a tripartite conference among the private sector, government and academia to discuss industrial policies for enhanced competitiveness and additional opportunities for collaboration.



## Exhibitions, trade shows and conferences

### *Coverings, Florida*

Seven stone and marble companies represented Palestine at the Coverings Trade Show in Orlando, Florida, April 27-30. The show, billed as 'The Ultimate Tile and Stone Experience', is one of the most important trade shows in the U.S. stone and marble market, and involved more than 600 exhibitors from around the world and attendees representing every segment of the industry, including importers, distributors, retailers, specifiers, contractors and installers.

The EDIP team undertook logistical, consular, promotional, shipping and administrative support for the seven companies. The participants were impressed both by the number of quality leads generated and the knowledge gained from their exposure to the U.S. market: 'The best experience I took from the fair was just *being* at the fair,' said Mr. Jawdat Suhail of Al Ahlam Al Jadidah Company. 'There are companies here from all over the world and everyone is looking to do business. You always gain more than what you pay; even a small new idea can lead to greater results than what you expected at first.' Mr. Suhail estimates that he spoke with more than 35 interested companies.

Participants also gained valuable market intelligence regarding their product line. Contractors who visited the Palestine Pavilion noted the importance of using Jerusalem Stone in the construction of churches and synagogues, as congregations are attracted to the idea of using materials from the Holy Land. The participants learned about several other key selling points for their products, as well as techniques for exhibiting at a trade show.

Many buyers were surprised to learn that Jerusalem Stone is not an exclusive product of Israel, and that much of what they have been working with for years likely originated in Palestine. They were also impressed with the high quality of the items on display, and encouraged by the discount results from working directly with the original quarry owner or manufacturer rather than with an Israeli middleman.

### *BuildEx, West Bank*

The BuildEx 2010 exhibition, Palestine's largest annual exposition for designing, building, construction materials and real estate management, supported directly by EDIP, took place in Al-Bireh Municipality and Park Halls between 16 and 20 May. This year's event also included trainings, forums and public-private partnership discussions.

The exhibition, carrying the slogan 'Building a Better Future', was sponsored by USAID and EDIP and held under the patronage of President Mahmoud Abbas. The purpose of BuildEx is to gather building and construction producers and service providers to demonstrate their products and services to the Palestinian market and give consumers an opportunity to understand and compare the differences. The construction sector is crucial to the Palestinian economy, accounting for approximately 11% of the job market and 17% of the national income. BuildEx was first held in 2007; this year's exhibition included 45 exhibits and over 5,000 visitors.

Dr. Howard Sumka, USAID Mission Director, helped open the exhibition, and visited booths on all three floors on opening day, including the booths of three exhibiting companies that USAID supported in creating and developing new production lines and attaining international quality assurance certifications through the Palestine Investment Partnership (PIP) program. Dr. Sumka stressed the vitality of the Palestinian construction sectors and USAID's continued support to economic development in Palestine: 'We have been working with the Palestinian business sector, including construction, for 15 years to help stimulate industry. Construction accounts for 10% of the Palestinian economy and the stone and marble exports account for 25% of all Palestinian exports. Therefore, this is an extremely critical part of the Palestinian economy.'

In a speech on opening day, Abdul Hafiz Nofal of the Ministry of National Economy noted that exhibitions such as BuildEx are part of the ministry's strategy to transform Palestine from an economy under occupation to a state economy. The five essential elements of this transformation are: organizing the internal market; reconstructing relations with Arab, Islamic and foreign states; enhancing the legal environment to create an investment-friendly climate; devotion to partnerships with the private sector; and institution-building.

### *Marmotec Trade Fair, Carrara, Italy*

Fifteen representatives from ten Palestinian stone and marble companies participated in a business-to-business study tour and exhibition visit to the Marmotec Trade Fair in Carrara, Italy, May 17-22. The goals of

the tour were to introduce the Palestinian firms and institutions to the latest technologies and machines used for quarrying and producing stone and marble products, in addition to building relationships with Italian companies and clusters.

The tour was designed to cover all aspects of the stone value chain, and included the following:

- Visit to stone quarries in the Verona and Carrara areas. These quarries are some of the world's leaders in stone cutting, finishing and sales.
- Visits with Italian stone and marble technology and machine companies to better understand the latest manufacturing technology.
- Meetings with institutions, testing labs and academic schools such as the Verona School and Carrara Export Consortium to enhance cooperation between institutions.
- Participation in the Marmotec Trade Fair and business-to-business meetings with other exhibiting companies.
- Purchases of over \$1.2 million in new equipment to upgrade stone and marble production in Palestine.



EDIP, in cooperation with UNIDO, helped organize the accommodation, visas, travel logistics and promotional materials for the study tour.

#### *Building 2010*

EDIP was invited to attend the Building 2010 exhibition, the largest building, infrastructure, and transportation exhibition in Israel, which took place at the Tel Aviv Fairgrounds on June 22.

During the exhibition, PalTrade, with funding from the Norwegian Government, and in coordination with Peres Center for Peace, organized a trip for 50 businessmen from throughout the West Bank to visit the exhibition and to conduct B2B meetings with potential suppliers or buyers. Some of the Palestinian visitors were EDIP partners, including Al Khala Co. and Jam'een National Contracting. Both companies participated in EDIP's study tour on the Italian stone and marble industry to the Marmotec 2010 international fair in Carrara, Italy. Stone and marble company representatives indicated that exposure to other building and construction exhibitions and experiences are essential for the development of this industry in Palestine.

Two hundred companies participated in the exhibition in the fields of project management, construction, infrastructure and transportation. The event was one of the most professional and comprehensive exhibitions of the past decade in Israel and led to numerous buyer and supplier leads for the Palestinian companies that participated.

## Partnerships

#### *Academic Government Industry Partnership Conference (AGIP)*

The Academic Government Industrial Partnership (AGIP) conference was held in Hebron on 12 May. EDIP contributed to the planning, organizing and contracting for the conference, which had a special emphasis on the stone and marble sector and had three goals:

- Discuss industrial policies, technology transfer, competitiveness and enhancing academic programs to meet the needs of the industry.
- Bridge the gap between the private, public and academic sectors in order to develop a collective industry strategy and market-driven approach.
- Assess how to build competitive advantage in Palestine in the stone and marble sector.

The speakers included representatives from the Ministry of National Economy, USAID, Palestine Polytechnic University, Palestinian Industries Foundation, the Union of Stone and Marble, the World Bank and the European Commission.

The main theme of the AGIP conference was the need for public-private partnerships to work closely with academia and to think strategically about economic development and coordinating sector growth. Participants urged proper planning, stronger policy visions and further human resources support.

As follow-on to AGIP, a study tour will be organized in Turkey, a stone and marble sector global leader, to better understand the mechanisms applied to improve competitiveness and technology and increase investment in the sector. The EDIP team is keen to replicate the dialogue and linkages created at AGIP for other economic sectors in Palestine

#### *Working with Ministry of National Economy to implement reforms*

Coordination meetings were conducted among USAID, EDIP and the Ministry of National Economy (MoNE). It was agreed that EDIP would provide short-term assistance in a number of key areas to the ministry, as the role of EDIP is to support Palestinian private-sector firms, private-sector organizations and government institutions to identify new markets for Palestinian products and increase exports. The main goal is to help the ministry to create an enabling environment for the private sector to develop in Palestine. USAID/EDIP will assist with the formulation of a legal team to review the Palestinian economic legal framework, the development of a communications database of contacts for the MoNE, and the provision of short-term experts to focus on legal and trade policy issues and gaps. These interventions through EDIP will serve as bridging interventions until the start of an upcoming project by USAID designed to assist the MoNE in the areas of economic regulation, policy and business development.

#### *PIP grant potential for stone/marble*

Sixty-five local stone and marble companies have applied to EDIP for PIP grants. EDIP project specialists will continue the due diligence and evaluation process for these companies.

#### *Palestine Investment Conference's 'Success Stories' book features EDIP partners*

The Palestine Investment Conference (PIC) was a milestone event for Palestine that attracted attention both locally and internationally. PIC was designed to showcase economic growth and investment opportunities in Palestine and served as a solid pillar supporting Palestine's integration into the global economy.

The PIC's 'Success Story' book presents an overview of success stories from various Palestinian economic sectors. The book features two of EDIP's ICT partners, Asal and GlobalCom Technologies, as well as the Nassar Stone Group of the stone and marble sector. It also features Super Nimer Industrial and Investment Co., a recipient of USAID's Palestine Investment Partners (PIP) that EDIP facilitated.

Nassar Stone Group previously participated in the EDIP-sponsored study tour to Italy held during May 19–22 in conjunction with the Carrara Marmotec Show in Italy. The company's products are currently exporting to 38 countries throughout North American, Asia, the Gulf and Europe. Since its inception, the group has supplied hundreds of projects all over the world ranging from large commercial developments to historic restorations and private residences. Recent projects include the National Theatre in Seoul, South Korea, the Hotel Grand International in Mumbai India, the VIP lounge G7 in Tokyo Japan, the Kempinski Hotel & Spa in Jordan's Dead Sea Valley, the Al Shaab Health Club in Kuwait City, and Beijing's Air Plaza and Van Palace Hotels in China.

## **Global standards and certifications**

#### *ISO 9001 certification discussed*

EDIP sector specialists met with 12 partner stone and marble companies to determine their interest in obtaining ISO 9001 certification. This certification will allow companies to provide services to a wider market and guarantees that stone and marble quality meets international standards. Interested companies will shortly submit a commitment letter to EDIP and will in turn be assigned a local consulting firm to conduct due diligence and a needs assessment to meet ISO 9001 criteria.

## **Business analyses**

#### *Value-chain study*

EDIP is planning a stone and marble value-chain study that will be used to upgrade the information and understanding of the sector in the West Bank. Along with studying the constraints across the value chain and proposing interventions to improve it, the study will present financial models on the total cost of various products and cost structures. EDIP is currently in discussions with [Zweig International](#) to finalize their scope of work to implement the study.

## Tourism Sector

EDIP is working to raise Palestine's profile as a top destination for faith-based, cultural and experiential tourism, while working with local providers to develop additional products targeting these niches. In collaboration with the Ministry of Tourism and Antiquities (MOTA) and private-sector tourism providers, EDIP supports attendance at targeted industry trade shows and hosts regular familiarization (FAM) tours to acquaint international tour operators and travel media with the country's spectacular tourism product. To drive demand from both tour operators and consumers, the project has supported membership in leading niche tourism organizations such as the World Religious Travel Association and has pursued an aggressive media strategy resulting in promotions through diverse outlets ranging from online newsletters to travel television and webcasts.



## Exhibitions, trade shows and conferences

### *American Society of Travel Agents Expo*

EDIP sponsored a six-person delegation to attend the American Society of Travel Agents (ASTA) International Destination Expo, held April 19-22 in Istanbul. The expo is geared to attract travel agents and media partners that specialize in culture, history and faith-based tourism niches, and is a cost-effective way to make connections in this market. Among the attendees were three representatives from the Ministry of Tourism and Antiquities, including the Minister, Dr. Khoulood Abu-Dayyeh; two representatives from EDIP; and one representative of the Arab Hotel Association.

The EDIP team helped prepare for the event by developing profiles for advertising and promotions; developing invitations, an agenda and a promotion plan for the media session; and working on the exhibit booth and marketing materials.

Dr. Abu-Dayyeh delivered a presentation at the expo as part of the IDE Religious Panel ([www.asta.org/ide](http://www.asta.org/ide)). The minister joined a panel of leading tourism representatives to discuss the world's top religious and holy sites, and made a number of connections with tourism professionals, tour operators and sector leaders interested in Palestine.

As a result of the Palestinian group's participation in the ASTA Expo, three articles on Palestine were published on [www.travelindustrytoday.com](http://www.travelindustrytoday.com) and in the GSA Travel Magazine. A number of leading tour operators who focus on the Holy Land and religious tourism expressed keen interest in expanding their reach into the West Bank. Interested operators include: AVT Holidays, Isram World, Trans Europe and FLO USA, all of whom annually bring at least 1,000 (in the case of FLO USA, more than 6,000) tourists to Israel. More results of the ASTA event will be tracked and analyzed as part of EDIP's follow-up.

### *Palestinian Investment Conference, Bethlehem 2010*

The second Palestinian Investment Conference, titled *Investing in Palestine: Empowering Small and Medium Enterprises*, took place in Bethlehem in early June under the patronage of President Mahmoud Abbas. The goal of the conference was to attract regional and international investors and to present Palestine as a promising environment for various types of investment. EDIP assisted in organizing conference activities, including logistics, promotional campaigns and materials, media relations, and business advisory services. EDIP also sponsored a familiarization trip for 15 VIP businesspersons from Italy, the United States, the United Kingdom, Sweden, Holland and Jordan to visit Palestine and attend the conference. The organizations represented included Conde Nast Traveler, Alitalia, the World Tourism Organization and other leading tour operators.

This year's conference manifested the government's achievements in providing a secure and attractive investment



environment, and exhibited the growing level of cooperation and partnership between the Palestinian private and public sectors in the national program of state building. It was an important platform that assembled large numbers of investors, government representatives, international agencies and the media, yielding a superb opportunity for the Palestinian private sector to demonstrate its track record of profitable and innovative entrepreneurship in its home country, as well as championing success stories of export investment viability. A diverse range of project concepts, business plans, investment opportunities, national programs and partnership frameworks were introduced to local and international conference participants. Overall, roughly 2,200 people attended the PIC (1085 foreign) representing 38 countries. According to the Palestinian Authority's initial report, \$655 million in pledges, grants, and initiatives for economic development were made; \$848 million in private sector projects were announced; and, \$120 million from donors dedicated to SME development

USAID/EDIP announced three new initiatives at the conference:

- Partnership between USAID and Cisco to support IT incubation in Palestine. Under this intensive incubation program, motivated local and expatriate Palestinian entrepreneurs with bright or innovative ideas can apply to the Bidaya Program through PICTI. Those selected will receive the mentorship, capital funding, infrastructure support and knowledge required to build and operate their own start-ups. Upon completion of the program, teams will then have the opportunity to meet with early stage 'angel' and venture capital funds to present their ideas and sell their services and products.
- Broadband Expansion in Jenin. USAID/EDIP signed a memorandum of understanding with Coolnet, a licensed Palestinian Internet Service Provider (ISP) and telecommunications company to provide broadband service to expand its network into the Governorate of Jenin. Recent World Bank studies concluded that for every 10% increase in broadband penetration, a country's gross domestic product will grow by at least 1.3%. Broadband access will enable small businesses to expand services, residents to benefit from greater Internet coverage and improved communications, and academic institutions to offer improved training and skills development.
- Price Guarantee Fund for Jordan Valley farmers. In order to help expand the export market and mitigate risk-averse farming, USAID will capitalize a *price guarantee fund* (PGF) that will guarantee local farmers a minimum export price for cherry tomatoes and bell peppers. Establishment of the PGF will mitigate the price fluctuation risk and provide incentives for the farmers to direct their production from local markets to higher value export markets. At the start, this agribusiness initiative will partner with 30 farmers, providing technical assistance and demonstration farms to assist with the shift in production. The demonstrated success of the PGF pilot can then be rolled out throughout the West Bank.

#### *ITB Berlin*

EDIP supported two members of the Ministry of Tourism and Antiquities (MOTA) to attend [ITB Berlin](#) in Germany. The largest international travel tradeshow in the world, ITB Berlin includes 11,000 exhibitors from 180 countries. The purpose of attending the show is to increase the number of tourists to Palestine, to market Palestine, to strengthen the relationship between both countries' tourism sectors and to report the latest news about the Palestinian tourism sector. Representatives from Palestine included MOTA Minister Dr. Khoulood Abu-Dayyeh, members of the Holy Land Incoming Tour Operators Association, the Arab Hotel Association, a representative from the cable car in Jericho and the Intercontinental Hotels in Bethlehem and Jericho. Minister Abu-Dayyeh held several meetings with German media and German tour operators. MOTA arranged for a Palestinian evening that included dinner attended by the Palestinian Ambassador to Germany and a host of media and tour operators.

#### *ITM Intourmarket Moscow*

EDIP also supported six representatives from MOTA and the tourism industry to attend ITM Intourmarket tradeshow in Moscow, Russia. Led by MOTA Minister Dr. Abu-Dayyeh, the Palestinian delegation attended the show to promote tourism in and to build business relationships between the public and



private sectors of both Palestine and Russia. MOTA hosted a dinner that was sponsored by USAID, which was attended by the Russian media, ministries, religious leaders, tour operators, the Palestinian Embassy and many high-profile individuals.

#### *World Religious Travel Association (WRTA) events*

EDIT has been preparing for Palestinian participation in five WRTA regional conferences: Chicago, IL, June 17; Nashville, TN, July 8; Denver, CO, July 22; Philadelphia, PA, August 5; and San Diego, CA, September (TBD). The ministries are geared to faith travel planners and religious leaders who are looking to learn more about building a travel ministry program. Between 30 and 50 delegates will attend each ministry. Palestine has provided beautiful hand-made embroidered badge holders for the delegates. WRTA will promote Palestine during each ministry, including setting up a display table and marketing materials on Palestine's behalf. Phone meetings were held with WRTA staff to confirm arrangements and coordinate Palestine's presence, and USAID-approved marketing materials were printed and delivered. For more information, please see:

[www.wrtareligioustravel.com/WRTA/Travel+Ministry/Travel+Ministry+Conferences.htm](http://www.wrtareligioustravel.com/WRTA/Travel+Ministry/Travel+Ministry+Conferences.htm)

#### *MITF trade show in Russia*

The Ministry of Tourism and Antiquities concluded its participation in the MITF Trade Show in Russia on May 13-17. EDIP and USAID helped sponsor the travel cost and accommodation for the two MOTA delegates attending the show. Palestine was one of 41 countries to participate in this show. The purpose of MOTA's participation was to help promote Palestine as a destination for the growing Russian market.

## **Trainings, workshops and presentations**

#### *Refresher training for tour guides*

USAID and EDIP sponsored a workshop for 100 Palestinian tour guides on June 7-8 in association with the Arab Tourist Guide Union. The goal of the workshop was to improve the tour guides' skills, enhance their knowledge and introduce them to less-common destinations in the West Bank such as Nablus. The course included a one-day classroom-style training and presentation on key tourism areas and topical developments and a one-day field trip to Nablus, where their guide skills were applied and honed. This course will serve as a prerequisite for tour guides to be accredited or reaccredited with the MOTA. Institutionalizing the training and certification process will enhance the professionalism and skill levels of Palestine's guides, assisting with the development of this core business sector. The workshop was part of EDIP's strategy of focusing not only on international tourism but also on building a local tourism market. Each participating guide paid a fee of 50 NIS to help cover the costs of the course.

## **Global standards and certification**

#### *American Hospitality Association standards coming to Palestine*

Improvements in physical and operational standards are crucial to the development of Palestine's tourism industry, according to both a comprehensive assessment report prepared by the World Tourism Organization in 2008 as well as input from tour operators who came on the EDIP-sponsored familiarization trip in December 2009. In response to this clear input from the markets, a hospitality specialist is being engaged who will work with the American Hospitality Association and MOTA to develop an accommodation brand and standards system for Palestine, and will conduct operational assessments and draft recommendations for hotels based on these. The project will kick off at the end of June and finish by the end of October.

## **Familiarization and marketing**

#### *Brochure*

EDIP received approval from USAID to produce a new tourism marketing brochure in cooperation with the MOTA. The brochure describes top ten experiences for foreign tourists based on inputs from the December 2009 familiarization tour.

### Palestine: Top Ten Must-Do Experiences

1. Visit Jerusalem, known as Beit Al-Makdes in Arabic, which towers over all cities for its spiritual importance.
2. Tour the Biblical sites, architectural wonders and holy sites in and around Bethlehem, including the Church of the Nativity built upon the site where Christ was born.
3. Ride the lowest cable car on Earth in Jericho, which is the oldest continuously inhabited community in the world.
4. To the north, visit the medieval city of Nablus, tour the ancient olive soap factory there and steam away your troubles in the nearby Turkish baths.
5. See the glass blowers of Hebron and buy their handcrafted products proudly displayed in the shops adjacent to their factories.
6. Sample the beer at the microbrewery in Taybeh.
7. Experience true Palestinian culture and spend some quality time with the people of the country.
8. Hike deep into the Judean wilderness and get a true sense of the vast natural beauty that Palestine offers.
9. Revel in a mineral-laden mud bath on the shores of the Dead Sea and feel its magical healing powers.
10. Work and live alongside the people of Palestine through unique experiences such as home stays, volunteer placements, home rebuilding camps and even customized projects designed especially for you.

#### *Travelujah promotes the Holy Land on YouTube after the VIP FAM tour*

Travelujah, one of the participants on USAID and EDIP's VIP FAM tour that was part of the Palestine Investment Conference (PIC) in early June, has used YouTube to post several videos showcasing Palestinian sites and tourism products that they encountered on the tour. Travelujah is an Israel-based online Christian social network that provides relevant travel information, reservations and social networking services for



people interested in the Holy Land, including Israel, Palestine, Jordan and Egypt. Their website has over 400 pages of expert articles and user content, offering a wealth of Christian information and learning opportunities. Users can share their experiences, write reviews and testimonials, upload pictures, and book travel to the Holy Land.

Elisa Moed, Travelujah's CEO, was one of 15 VIPs from Italy, the US, the UK, Sweden, Holland and Jordan. The group, which was invited by the Quartet to attend the PIC, visited the cities of Nablus, Sabastia, Jerusalem, Jericho and Bethlehem on the FAM tour.

#### *Faith-based media FAM trip to Palestine successfully concluded*

The first USAID/EDIP faith-based media tourism FAM (familiarization) trip to Palestine came to a successful conclusion this week. For seven days, 15 faith-based and travel journalists, writers, editors, and videographers from North America traveled throughout the Palestinian Holy Land.

The group's itinerary combined visits to iconic religious and spiritual sites with cultural immersion activities, historical tours, archeology sites, and nature trips. The featured destinations included Jerusalem, Bethlehem, Nazareth, Jericho, Sea of Galilee, Dead Sea, Sebastia, Taybeh, Ramallah, Hebron and Nablus. The trip was organized by a group of partners that included the Palestinian Ministry of Tourism and Antiquities (MOTA), the Holy Land Incoming Tour Operators Association (HLITOA), the Arab Hotel Association (AHA), the Alternative Tourism Group (ATG), and the Arab Tour Guides Union (ATGU) and USAID/EDIP.

Father Richard Potts, editor of *The Liguorian*, said, 'A lot of my parishioners, family and friends have a dream of coming to the Holy Land but they are afraid because of the way the media portrays it. Coming here, we've seen a different side of that . . . I fully support the initiative to increase tourism and pilgrimage to Palestine.'

Julie Rattey, Managing Editor of *Catholic Digest*, said that the participants were 'looking forward to sharing our experiences and talking about what a wonderful trip we had.' Freelance writer Alicia von Stamwitz said the trip was an 'encouraging note that the private sector is already moving forward in ways that the public sector cannot.'

This tour concluded with a farewell dinner and networking session attended by representatives from the tourism industry and hosted by Palestinian Minister of Tourism and Antiquities, Dr. Khoulood Abu-Dayyeh. The group also participated in a session with representatives from the Palestinian media. The media session provided time for the group to share their experiences and feedback with local reporters. After discussing various aspects of the burgeoning tourism sector in Palestine with the FAM participants, Father Raed Abu Sahlieh left the group with the message, 'Come. Don't be afraid to come. Come in big numbers. Tell others to come. We are ready and will welcome you.'

The FAM participants are already applying their travel experience in Palestine to write or produce audio and visual content for a variety of media outputs, including print, online, and broadcast. Most of the media professionals work for faith-based publications, but some also have plans of writing articles for travel websites, magazines and newspapers.

Several FAM participants uploaded blog postings during and after their trip, including freelance writer Carol Walter ([www.travel-babel.blogspot.com](http://www.travel-babel.blogspot.com)), President and Publisher of the Group Travel Leader/Going On Faith and Mac Trabue Lacy (<http://blog.grouptourleader.com/>). Others in the group did live webcasts from Jerusalem for viewers around the globe. At the conclusion of the trip, everybody reported that they had major plans to publicize Palestine as a tourism destination. Articles, blogs, photographs, radio spots, and television shows from the FAM have the potential to reach a combined audience of more than 50 million travelers.

The photos, articles, and video segments generated as a result of the FAM trip will eventually be shared within Palestine's tourism industry and will also be used to help market and promote the destination around the world. The group's first-hand accounts attesting to the safety and hospitality of traveling in Palestine are powerful marketing tools that will hopefully lead to increased consumer demand and more international tour operators selling and promoting Palestine as a destination and economic growth for the country.

EDIP plans to organize an abridged version of the media FAM for local Palestinian journalists in late-July to inform them of the development of tourism sector in Palestine, highlight the growing interest of international tourists in the region, and to utilize media access to target the local internal market.

Familiarization trips are an important tool for marketing and promoting Palestine as a travel destination on the international stage. In this case, the resulting media coverage has the possibility of reaching several million targeted readers and viewers that will learn more about Palestine's tourism offerings first-hand, attesting to the safety and hospitality of traveling to the country. Testimonials, blog postings, and personal reviews are critical forms of communication for would-be travelers interested in visiting a given site or locale. When respected, well read media generate positive stories on traveling in Palestine, it can lead to increased consumer demand and more international tour operators selling and promoting Palestine as a destination.

#### *Preparations for September FAM trip*

EDIP is planning another FAM trip, this one for 15 faith-based tour operators, from September 16-25. Partners organizing the trip include MoTA, HILTOA, AHA and ATGU with the assistance of the EDIP tourism team. The itinerary combines visits to iconic religious and spiritual sites with cultural immersion, history, archaeology and outdoor experiences and activities. The destinations featured include Jerusalem, Bethlehem, Hebron, Nazareth, Jericho, Sea of Galilee, Dead Sea, Taybeh and Nablus. Communication by phone and email was initiated with over 40 tour operators that were identified as having excellent potential to introduce new tourism business to Palestine.

The trip will be escorted by Kevin Wright, President of the World Religious Tourism Association. A web page was created on the WRTA site and key information about the trip has been posted, including the itinerary, registration form, FAQs, and profiles of Palestine, the Minister of Tourism and Mr. Wright:

<http://www.wrtareligioustravel.com/WRTA/Education/Holy+Land+Fam+Trip/default>.

#### *Travel and tourism focus on Ramallah*

Travel journalist Michael Luongo visited EDIP and was briefed by EDIP staff on USAID support for the tourism sector and growth in tourism to the West Bank. Luongo, a freelance writer based in New York City, was writing a travel story on Ramallah nightlife for *The New York Times* and spent ten days visiting various sites throughout the West Bank. EDIP provided him with various contacts and background information on the tourism sector and its evolution over the last three years. His article can be read here:

<http://travel.nytimes.com/2010/06/06/travel/06next-1.html>

## On-going projects

### *Tourism planning updates*

EDIP tourism consultant Judy Karwachi met with Stefen Szepesi, the tourism coordinator for the Quartet, and received a briefing on its proposed tourism strategy for Palestine and copy of the industry assessment report prepared by Monitor Consulting. EDIP seeks to better coordinate tourism activities and initiatives across donors and the private sector in Palestine. She also with met with the Minister of Tourism and Antiquities regarding potentially partnering with Holy Land Christian Ecumenical Foundation (HLCEF) to reach US faith tourism influencers, including archbishops, bishops and priests. Ms. Karwachi also travelled to Burkin to meet with the Canaan Fair Trade (CFT) group to learn more about their agri-tourism programs. The plan is to include CFT in experiential tourism FAM trips in November and December. A site visit was also conducted to *Al Hotel Al-Yasmeen* in Nablus to inspect it for suitability to include in FAM trips.

### *Project Peace on Earth*

USAID and EDIP are undertaking coordination and assistance for the Project Peace on Earth event to be held in Bethlehem on September 25, the day after the United Nations' International Day of Peace. The event will involve a six-hour international music event to be broadcast from Manger Square, and is designed to bring together music industry professionals and great minds from entertainment, spirituality and education to raise the potential and prospect for peace in the Middle East.

PPOE announced an inspiring call to action it received in June from Father Samuel Fahim, Parish Priest and head of the Franciscan Order at the Church of the Nativity in Bethlehem. In his letter, Father Samuel invites 'Great Musicians of the World' to perform and 'share (their) deepest musical prayers of peace with the world (to) help inspire humanity to live in peace and loving kindness toward one another.'

Father Samuel joined an international who's who of PPOE ambassadors, directors, advisors and other supporters of a worldwide concert for peace. The interfaith concert will bring together the music industry's brightest stars as well as great minds from other fields, including James Cameron (*Avatar*, *Titanic*, *Alien*), Dr. Brian Josephson (Nobel prize-winning quantum physicist), Arun Gandhi (grandson of Mahatma Gandhi), and Grammy- and Emmy-winning composer Mark Isham.

To produce this extraordinary, historic and spiritually diverse event, PPOE has assembled a concert production team comprised of most of the top professionals in the industry, including: Charlie Hernandez, Jr., tour manager for The Police, Sting and the Rolling Stones; Barry Dane, producer of the world's largest Tsunami Relief concert 'Force of Nature'; Marc Scarpa, concert producer (Earth Day 2010, Tibetan Freedom Concerts, Woodstock 1999) and founding producer of CNET; Ralph Simon, producer of mobile phone content for Live 8, Al Gore's LIVE EARTH, and the TED Conference's Pangea Day; Mike Mitchell, producer of eight Olympics, plus LIVE AID (400 million viewers in 60 countries); and Hal Uplinger, producer of LIVE AID's 16-hour broadcast that raised approximately \$283 million (USD).

Other Steering Committee members and key advisors include: Simon Mainwaring (world-renowned advertising/branding expert); Michael Garcia (HBO series development); Ken Rutkowski (media and technology innovator); Kevin Lee, esteemed member of the 2008 Beijing Olympics Committee; and Gregory Markel (CEO of InFuse Creative, Video SEO expert, worked with Led Zeppelin, Gibson Guitars, The BBC).

According to Steve Robertson, CEO & Founder of PPOE, 'Father Samuel's call for action through song could not be more timely and relevant. Music is the most powerful catalysts to touch the heart and help transform thoughts . . . thoughts that ultimately determine all of our actions.' The organization has begun extending personal invitations to a number of high-profile musicians to perform at the event and invites others to contact a PPOE representative today and join the cause. Steve Robertson was in attendance at the Palestinian Investment Conference in Bethlehem on June 2<sup>nd</sup> and 3<sup>rd</sup>.

### *Experiential FAM trip preparations*

An experiential tourism FAM trip and workshop is being planned for December 2010. The nine-day trip aims to develop a sales and marketing network of leading tour operators in North America and to generate at least five articles in high-profile publications. In addition to a tour to key sites, the trip will include a two-day workshop as part of *Jericho 10,000*, a major event sponsored by the MoTA in celebration of Jericho's 10,000<sup>th</sup> birthday as the oldest continuously inhabited city in the world. The workshop aims to build relationship between the visiting tourism operators and Palestinian public- and private-sector partners, and will discuss the

finer points of product development, marketing, trade partnerships and media relations. EDIP is currently developing and reviewing the project concept.

#### *Development of a branding and graphic identity for MOTA*

EDIP is working with MoTA to prepare a concept note and SOW on the development of a Palestinian national and regional (Bethlehem and Jericho) tourism branding strategy and graphic identity. The strategy would develop the look and feel, colors, fonts, logo and other design elements for MOTA, which will then apply these concepts and guidelines to create collateral marketing materials for Palestine tourism. Jordan's Tourism Authority is a model of success in developing its own graphic identity and MOTA would like to follow Jordan's lead. Once the concept and SOW are finalized, it is envisioned that an international tender will be circulated to solicit proposals for this specialized graphic design service.

#### *Creating a sector profile of Palestine's tourism industry*

The EDIP tourism team has been meeting with the main tourism partners and sector leaders to gather information that will be used to create profiles of all EDIP partners in the tourism sector. The profiles will be used to create a sector guide of Palestine's tourism industry (volume, clients, market, etc.) that will be used in future strategic planning and to tell the story of the industry for local and overseas consumption, as well as to create marketing materials.

On 15 June, EDIP met with Samir Bahbah, the Chairman of the Arab Tourist Guides Union, to discuss Palestine's tourist guides and overall tourism market in East Jerusalem and the West Bank. A meeting was also held with Mohammad Khatib, General Manager of Mt. of Olives Tours, an inbound tour operator located in East Jerusalem. During that meeting, Mr. Khatib discussed the main tourism markets for Palestine, challenges facing the industry, and marketing techniques. EDIP also held individual meetings with additional tourism stakeholders, including hoteliers, tour operators and leaders from HILTOA, AHA and ATG.

#### *ATTA membership and sponsorship*

Assisting Palestine to diversify from the traditional high-volume, low-value pilgrimage tourism market into the high-value experiential tourism that will generate new clients, revenues and business opportunities is a key strategy of the EDIP tourism marketing action plan. Within this strategy, a key tactic for developing a higher profile for Palestine within the experiential tourism market is to develop a close partnership with the [Adventure Travel Trade Association \(ATTA\)](#), an important trade association in the world of experiential tourism. ATTA is a business-to-business focused association comprised of over 600 of the largest and best-known North American and international experiential tour operators. EDIP is also planning to participate in ATTA's [Adventure Travel World Summit \(ATWS\)](#) to be held in Scotland October 4-7.

A proposal for funding the membership and sponsorship is currently under review by the Tourism Working Group.

## Pharmaceuticals

EDIP is supporting local manufacturers of generic drugs to achieve Good Manufacturing Practices (GMP) certification in order to provide potential access to US and European markets. The team is currently working with four leading Palestinian pharmaceutical manufacturers, and has begun to coordinate visits to international conferences and trade shows to enhance direct market linkages with firms in these regions.

## Exhibitions, trade shows and conferences

#### *Generic medicines*

EDIP is working closely with four vetted Palestinian pharmaceutical companies and the Union of Palestinian Pharmaceutical Manufacturers (UPPM) to determine interest and suitability regarding their attendance at one of two conferences:

- World Generic Medicines Congress (Americas) to be held 16-19 November in Washington, DC
- European Generic Medicines Association, to be held in December in Paris

The third annual World Generic Medicines Congress Americas 2010 addresses the health economics, pricing and competition pressures facing the generics sector in US and building scale and value through globalization. Participation in the Congress will allow local pharma companies to position and profile this nascent industry at

the most prestigious generic medicines event in the US. It will grant access to industry leaders and promote improved understanding of their needs and business relationships with them. The event will also provide an opportunity for cost-effective marketing, broad market exposure, branding for target audiences and face-to-face meetings with potential clients and business prospects.

The second possibility is a European-oriented generic drugs trade event organized for December 2010 sponsored by the European Generic Medicines Association (EGMA), to be held in Paris, which may be of greater interest to the UPPM and the four pharmaceutical companies EDIP has targeted.

## Global standards and certification

### *Good Manufacturing Practices (GMP) certification*

EDIP is continuing its discussions with representatives of the Palestinian pharmaceutical sector and Globepharm Consulting concerning providing technical assistance for GMP certification for four pharmaceutical companies. The scope of work for this consultant was finalized in cooperation with the Union of Palestinian Pharmaceutical Manufacturers (UPPM), and several conference calls have been held with potential consultants. Negotiations are on-going about the number of days needed for each phase of the proposed scope of work and budget. Globepharm specializes in the practical implementation of GMPs and Quality Systems by healthcare manufacturers throughout the world. Establishing standards is fundamental to building capacity of the Palestinian pharmaceutical sector to improve both quality and export capacity.

## Business analyses

### *Sector analysis*

The Union of Palestinian Pharmaceutical Manufacturers (UPPM), with the help of Lina Masrouje from Jerusalem Pharmaceuticals, recently developed a concept paper to explore the need for local pharmaceutical companies to acquire EU GMP certification. Among the studies conclusions are the following:

- The local pharmaceutical market is approximately \$105 million: 71% of this is private-sector, 20% public sector and the remainder is NGOs, including UNRWA (The study indicates that the local pharmaceutical market is estimated to be \$105 million (2007), \$75 million for the private sector, \$21 million for the public sector and \$9 million for NGOs including UNRWA)
- Of the 10 most popular medicines in pharmacies in the West Bank and Gaza, seven are Palestinian, two Israeli and one foreign. Out of 2,373 products registered by the Palestinian Ministry of Health, 1,204 of them are produced by local companies, making the local product a key component of the Palestinian health-care system.
- As for market expansion, the study finds that attractive markets for local companies appear to be European markets as well as neighboring Arab markets, especially markets of the Gulf Cooperation Council. It also estimates that the value of the global pharmaceutical market in 2010 to be growing at a rate of 4–6%, exceeding \$825 billion, and \$975+ billion by 2013. Of that market, Europe's share is roughly one third—32% in 2008.
- The industry employs close to 1,000 people (approximately one-third of whom are women) in different activities of production, marketing and quality assurance. While it contributes to less than 1% of Palestinian GDP, pharmaceuticals is considered one of the highest in worker productivity.
- Between 2000 and 2007, the local pharma companies invested heavily in upgrading facilities and equipment and various other developmental activities related to management and quality production; investments are estimated at over \$50 million. More than 70% of the companies' assets are equities. Four companies have earned Palestinian GMP certification and are ISO 9000 and ISO 14000 certified.

The study goes on to explain that there are technical and practical obstacles to the Palestinian manufacturers. The gap between the status quo and technical international standards has to be bridged so that manufacturing is in compliance with internationally approved GMPs. Accreditation by an internationally recognized body is therefore essential. The study quotes Saleh Ba Wazer, the head of Saudi FDA, as saying to Awad Abu Ullaya, UPPM Executive Director, 'It is mandatory to visit the manufacturing site of your member companies. It is very difficult for us to do the visit and we cannot trust anybody to do our job other than the EMEA or US FDA.'

Finally, the study concludes that the pharma industry in Palestine will only gain momentum if regional markets are opened for export as a start, with other potential markets further on. Without a certificate from a

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regulatory body that is recognized globally, the industry will witness a slow growth, if any, during the coming years.

The UPPM concept paper provides base information as EDIP continues its discussions with representatives of the Palestinian pharmaceutical sector and Globepharm Consulting concerning technical assistance for GMP certification.

## Palestine Investment Partnership (PIP)

The Palestine Investment Partnership (PIP) supports established, medium-sized, private businesses with cost-sharing grants of up to 35% for new equipment to expand their businesses. Businesses are selected for the grants based on a number of factors: actual and projected sales, export potential, job creation, positive cash flow, creativity and innovation. The PIP does not support infrastructure or working capital, and all equipment purchases must come from the USA, Europe, Turkey, Israel or Palestine. Grants are awarded in amounts between \$80,000 and \$350,000 (with a total investment of \$240,000-\$1,000,000). There are two committees for the PIP: EDIP receives and screens online applications, then forwards recommended company candidates to the USAID grant committee.

PIP's accomplishments so far include the following:

- Six Business Analysis Reviews (BARs) presented to the USAID committee; a seventh is to be presented in the near future.
- Six BARs were approved by USAID, for a total of \$1,178,000.
- Six new applications were received for PIP Program this quarter but were not considered due to budgetary constraints with the PIP program.
- Total applications received and analyzed to date is 309.
- PIP has signed 18 out of a total of 37 approved grants. The commitments total \$4 million.
- Seven companies have received their equipment (via PIP cost-share grants) so far; the rest are on their way.

## Gaza Program

USAID and EDIP are supporting an on-going project to provide 100 beneficiaries in Gaza with greenhouses and drip irrigation systems in order to help alleviate some of the food-insecurity problems that are rife among the people of Gaza.

According to the FAO, food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life. Food insecurity exists when people do not have adequate physical, social or economic access to food as defined above.

The recent FAO/WFP *Socio-economic and Food Security Survey Report for the Gaza Strip* stated that 61% of people in the Gaza Strip are considered to be food-insecure and are reliant on food assistance from humanitarian agencies for their health and well-being. An additional 16.2% are considered vulnerable to food insecurity. Of those food-insecure, 65% are children under 18 years. For these children, long-term food insecurity is linked to rising levels of acute malnutrition and stunted growth. In addition, health conditions such as watery diarrhea and iron deficiency anemia result from the ongoing lack of access to clean water or balanced diet. In February 2009, the level of anemia in babies (9-12 months) was as high as 65.5%, as reported in a WHO Gaza Strip Health assessment.



EDIP aims to provide assistance to qualified beneficiaries throughout the Gaza Strip by installing greenhouse units and/or drip irrigation systems for each identified and vetted beneficiary. The activity is designed to facilitate the production of fresh vegetables by families to meet their own consumption needs and introduce additional produce into the local Gaza market, which will help compensate for the ongoing shortage of fresh, healthy vegetables. The production and sale of produce will also create jobs for poor farming families, leading to supplemental household income.

Even though Gaza remains temporarily closed to EDIP activities, the project remains optimistic that USAID will receive approval from COGAT to begin delivering greenhouse units and drip irrigation systems. Currently, 171 beneficiaries in Gaza have been vetted by USAID for greenhouse units and drip irrigation systems, 25 of which will receive both. EDIP has signed four sub-contracts for this operation:

1. Netafim, one of the world's largest suppliers of greenhouses, to supply and install 100 greenhouses in Gaza.
2. Save the Children, to identify beneficiaries, provide site selection and site preparation to support the supply and installation of greenhouse and drip irrigation units in Gaza.
3. Saqqa and Khoudary, to supply and install drip irrigation units in Gaza
4. Sepi-Sun Holdings, a transportation and logistics company, which will deliver both the greenhouse units and drip irrigation units through the Kerem Shalom Checkpoint to Gaza.

The USAID/EDIP teams have examined the samples for the greenhouses and drip irrigation systems. EDIP has also discussed packaging and shipment details and specifications required by COGAT with the sub-contractors.

## PMP Results (through June 2010)

Indicator Code	Code	Type	PE Name	Indicator Name	FY 2010
OPE0051	4.2.2	OP-std	Trade and Investment	Number of firms receiving capacity building assistance to export	117
OPE0053	4.2.2	OP-std	Trade and Investment	Number of trade and investment capacity building diagnostics conducted	685
TIC0017	4.2.2	Mgmt	Trade and Investment	Value of exports for assisted non-agriculture firms (disaggregated by industry)	\$25,482,000
OPE0056	4.5.2	OP-std	Agricultural Productivity	Value agriculture exports from assisted firms	\$10,600,000.00
OPE0057	4.5.2	OP-std	Agricultural Productivity	Number of agriculture related firms benefiting directly from USG interventions	57
OPE0058	4.5.2	OP-std	Agricultural Productivity	No. of vulnerable households benefiting directly from USAID assistance	TBD
OPE0059	4.6.2	OP-std	Private Sector Capacity	No. of firms receiving USG assistance to invest in improved technologies	31
PSC0012	4.6.2	Mgmt	Private Sector Capacity	Number of firms assisted through all EDIP interventions	440
PSC0013	4.6.2	Mgmt	Private Sector Capacity	Number of jobs created in firms directly resulting from project activities (disaggregated by gender and industry)	1,767
PSC0014	4.6.2	Mgmt	Private Sector Capacity	Number of policies and regulations created or improved to enhance the role of the private sector	10
PSC0015	4.6.2	Mgmt	Private Sector Capacity	Number of workshops and trainings conducted by business and industry associations	44
PSC0016	4.6.2	Mgmt	Private Sector Capacity	Number of assisted firms achieving international industry standard certifications	12
MEP0018	4.7.3	Mgmt	Strengthen Micro-Enterprise	Number of applications submitted for the Fixed Capital Financing Component	310
MEP0020	4.7.3	Mgmt	Strengthen Micro-Enterprise	Number of firms receiving BDS technical assistance including marketing, accounting, product development, management and quality control	66

MEP0021	4.7.3	Mgmt	Strengthen Micro-Enterprise	Number of assisted firms participating in market linkage activities (e.g. trade shows, conferences, etc)	293
OPE0065	4.7.3	OP_cust	Strengthen Micro-Enterprise	No. of jobs created and sustained by the Fixed Capital Financing Component	NA
OPE0066	4.7.3	OP-cust	Strengthen Micro-Enterprise Productivity	No. of Palestinian firms accessing financial services through assisted financial institutions	NA

## Risks and Challenges

### Gaza

Given the turn of events regarding the military intervention against the flotilla headed for Gaza, EDIP was forced to delay greenhouse and drip irrigation delivery until COGAT could approve the first list of Gaza beneficiaries. Therefore, until USAID hears from COGAT, the first shipment of greenhouse units remains on hold. However, the greenhouses and drip irrigation are ready to ship as soon as approval is provided. EDIP will proceed with its work with *Netafim* (the producer of greenhouses) as soon as it has approval from COGAT via USAID.

EDIP will provide assistance to qualified beneficiaries throughout the Gaza Strip by installing greenhouse units and/or drip irrigation systems for each identified and vetted beneficiary. The activity is designed to facilitate the production of fresh vegetables by families to meet their own consumption needs and introduce additive produce into the local Gaza market.

### Ministry of National Economy (MNE)

At the behest of USAID, EDIP has begun discussions with the Ministry of National Economy to provide human resource support to the Ministry. Numerous program initiatives and technical assistance interventions have been discussed, including WTO policy studies and legal review and promoting the AGIP process through the MNE. Based on these ongoing discussions and shifting priorities within the MNE and USAID, it remains to be seen how EDIP will support the MNE going forward.

### Palestinian Investment Partnership (PIP)

EDIP continues to support the ESAF Palestinian Investment Partnership through its business analysis reports (BARs). To date, EDIP has produced 309 BARs and made 51 recommendations to ESAF regarding viable business grants to be sent to committee with USAID for review. Of the 51 recommendations, 37 companies have been approved by USAID to receive grants, but only 18 grants have been finalized, with seven companies actually receiving the needed equipment. The rate ESAF is able to move the EDIP BARs and recommendations to committee and in turn disburse the final grants remains slow. The slow pace of the PIP process often places EDIP in a difficult position. By default, as the initiator of the BAR process, EDIP serves as the frontline service representative for would-be PIP grantees. EDIP is hopeful that the PIP grant process will move more quickly once EDIP has made its recommendations.

## EDIP News and Developments

In April, Brian McCotter joined the EDIP Team to serve as resident Strategic Communications and Monitoring and Evaluation Director. Mr. McCotter hit the ground running and reviewed all implementation activities of the EDIP Project to assess results and the impact on local beneficiaries. He has worked with the technical activity managers to gather and evaluate information and ensure that these findings are accurately captured and presented in various USAID reporting and tracking tools including, the PMPs, annual work plan, Monthly Reports and GEO-MIS system. Mr. McCotter also leads EDIP's public relations and marketing efforts, coordinating various media and marketing programs and maintaining information about the EDIP project on key public relations platforms such as the project's collateral information materials, profiles, website, Weekly Report, and other mediums. He was instrumental in scripting and editing the Palestine Information Conference video and has worked closely with the tourism activity manager and the tourism working group about creating a brand strategy for Palestine.

In June, Ms. Sara Engleka from CARANA's headquarters traveled to the West Bank to work with stone and marble sector companies on follow-up activities from the Coverings Trade Show held in Orlando, Florida. She also worked with specialty food companies on preparation for the upcoming Fancy Food Show in New York and was engaged in multimedia projects to highlight and promote EDIP's work in each of the four sectors.

Also, in June, Mr. Kirk Smock traveled to the West Bank to assist with media-related planning and execution of projects supporting key tourism events - Seven Wonders of the World and Adventure Travel Trade Association Regional Conference. He also worked on creating, producing, and editing company profiles, itineraries, and collateral materials for the tourism sector. On an on-going basis, Mr. Smock will be developing and maintaining a multi-media database of media coverage generated by the EDIP tourism sector through its media and tour operator familiarization (FAM) trips, e.g. photos, videos, footage, interviews and other multimedia developed through the project. It is envisioned that Kirk will prepare a bank of high-quality images for use by tour operators in their brochures, presentations, websites, and by the media in articles, presentations, TV and radio segments, and other media items and other initiatives that promote Palestine tourism. Finally, Mr. Smock accompanied the EDIP sponsored Faith-based Travel Media FAM, which facilitated the development of relationships between the Palestinian tourism sector and important tour operators, media and other partners from around the world.

## Administration and Operations

The EDIP project hosted several short-term technical consultants over the last quarter including R. William Phelps, EVP and EDIP Home Office Project Manager, Emre Cilem, EDIP Project Specialist and Maria Martinkov, VP, Contract Administration.

The purpose of Mr. Phelps's trip was to prepare EDIP staff for performance audits and plan and budget for strategic alternatives. Mr. Phelps met with Carl Larkins, COP, Roman S Ponos DCOP and Joe Blubaugh, Director, Grants, Procurement and Compliance, which covered the week's agenda and a briefing on the status of the greenhouse and drip irrigation procurements. During his trip, Mr. Phelps:

- Met with compliance staff to review status of existing procurements and reviewed the possible audit scopes for performance audits, where he reemphasized the need for strict compliance with all USAID requirements and coordination with CARANA HQ.
- Worked with EDIP staff to review current budget situation, develop alternative budget options and prepare work sheets. Met in afternoon with Scott Kleinberg, COTR to review project status and discuss certain strategic options.
- Completed strategic budget options that included: (a) full funding of 900 greenhouses and 600 drip irrigations; (b) partial funding of greenhouses with two options of 400 and 100; and, (c) developed new initiative. Reviewed the PAPA grants to the Gaza strawberry cooperative and reviewed various options for an EDIP grant.

Mr. Cilem, CARANA Project Specialist, traveled to the West Bank for a three-week temporary duty assignment May 27-June 18, 2010. Mr. Cilem's scope of work for the trip included producing a video for the Palestinian

Investment Conference, video production training of EDIP staff and site visits to agribusinesses for an upcoming agricultural sector video.

The EDIP project contributed significant funding towards the 2010 Palestinian Investment Conference (PIC) that took place in Bethlehem, June 2-3. In order to capture the investment in the conference and as part of the improving communication strategy of the project, EDIP recorded video highlights of the event. The resulting PIC video dynamically illustrates USAID's impact through testimonials from participating Palestinians who received USAID support for their businesses in information technology, agribusiness, and stone and marble. In addition to the testimonials, the video communicates overall assistance objectives through interviews with Dr. Howard Sumka, USAID West Bank/Gaza Mission Director, and Alonzo Fulgham, USAID's Chief Operating Officer. Finally, the video demonstrates USAID's outreach with partners such as Ismail Deiq, the Palestinian Authority's Minister of Agriculture, and Zika Abzuk of CISCO.

Following post-production work for the PIC video, Mr. Cilem participated in site visits and interviewed a number of companies participating in the Fancy Food Show in New York City. The interview testimonials, along with the video of the Fancy Food Show, will help to illustrate EDIP's impact on the Palestinian agribusiness value chain. During site visits, Mr. Cilem began training Mr. Ezz Al-Metwalli from the EDIP project to use camera equipment for future EDIP video deliverables. The final edited video is expected at the beginning of August.

Mr. Cilem will return to the West Bank in August and September for brief assignments to continue video equipment training and to begin work on other sector videos, including stone and marble and tourism activities.

Ms. Martinkov traveled to the West Bank to conduct a review of the EDIP project grants and procurement processes and train EDIP personnel on the issues of compliance as per CARANA's policies and procedures. Besides meeting with USAID (COTR, OCM, PSU), Ms. Martinkov also met with one of CARANA's subcontractors, Netafim, and representatives from their legal department. Ms. Martinkov worked closely with Mr. Blubaugh and Mr. Ponos on the EDIP Vetting and Sub-award Report Manual, the EDIP Procurement Manual and the EDIP Grants Manual, which was submitted to USAID for approval.