هيئة تشجيع الاستثمار الفلسطينية
Palestinian Investment Promotion Agency

مؤتمر فلسطين للاستثمار
Palestine Investment Conference

INSPIRING BUSINESS

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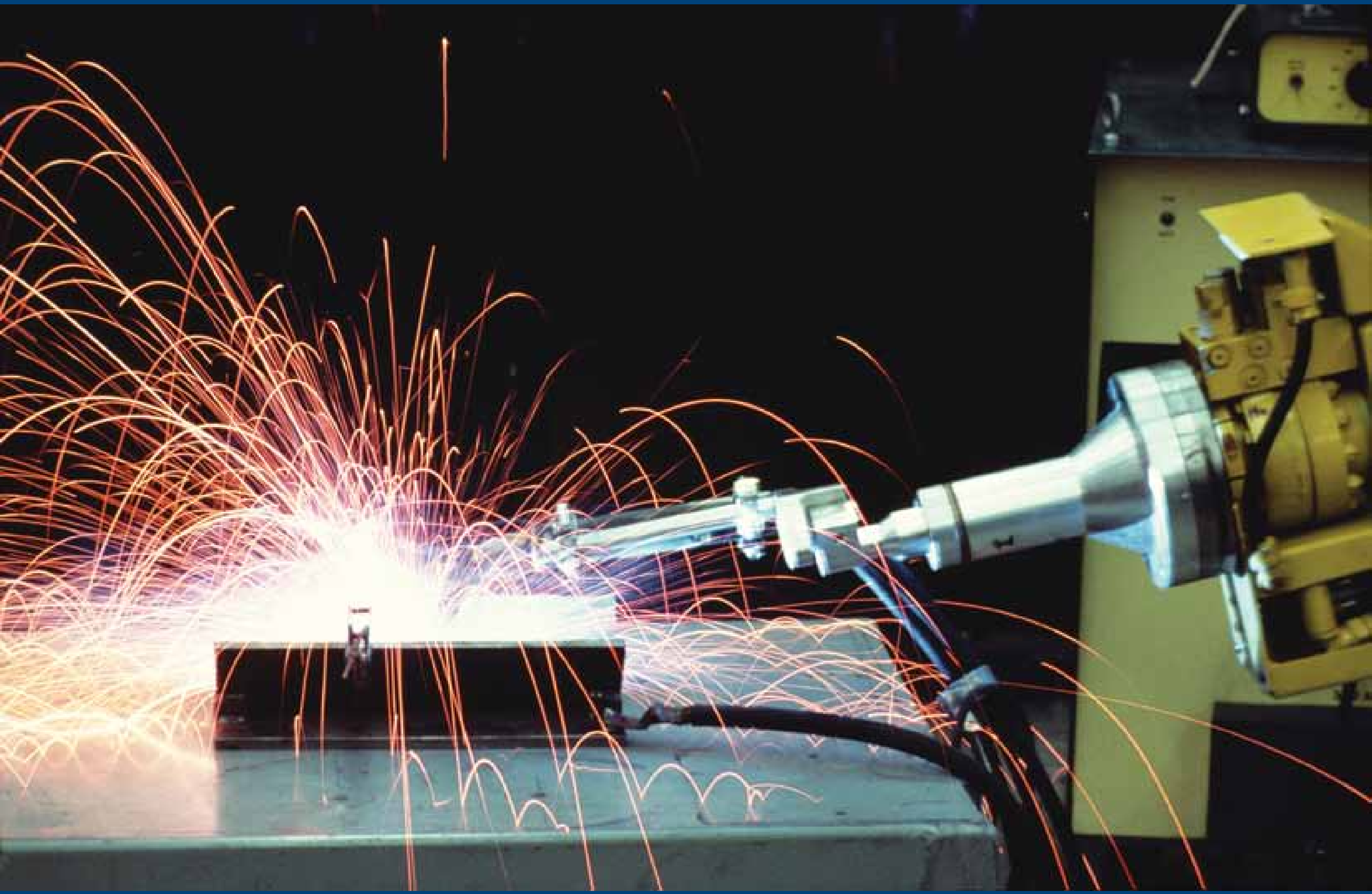

Manufacturing Sector

Obaid Workshop Development

1

Project Number:	**PIC-2010-IO-005**
Project Name:	**Obaid Workshop Development**
Sponsor Company:	**Obaid Workshop**
Contact Details:	**Mr. Samer Obaid** **Salfit, West Bank, Palestine** **Tel: +970-9-2519119** **Mobile: +970-59-8919112** **Email: s_obaid@yahoo.com**
Total Cost of the Project:	**US$ 440,860**
Investment by Current Owners:	**US$ 19,086**
Required Investment:	**US$ 421,774**

Project Description:

Obaid Workshop is seeking a partnership with a strategic/financing partner that can help in improving the quality of its workshop products and to expand the size and volume of its work. The workshop products and services portfolio includes Aluminum products, iron products, maintenance and painting, as well as wholesale of iron products. The workshop mainly targets the Salfit market, nonetheless it supplies a diversified base of customers in Nablus, Ramallah, Jericho in addition to other cities.

Project Development Time Table:

Equipment Order	**First month of funding**
Receiving the Equipment	**3 months after ordering**

Current Owners' Profile:

Obaid Workshop was established in 2008 by Samer and Osama Obaid, and is considered one of the largest workshops in Salfit. Due to the respected quality and punctual delivery of its services to its customer, Obaid's workshop was able to expand its coverage to the north and the middle of the West Bank.

Industry Highlights:

The Palestinian industrial sector is categorized by its wide variety of products and interrelated sub sector branches. The sector lacks severely the adequate continuously available raw materials for the sustainability of the sector. But it has a great advantage of the dedicated hard working and resilient business community. The business community, as a driving force for the industry, was able to achieve several successes during difficult uncertain conditions.

One of the main features of industry was its connectivity to the Israeli economy. On one side this is a fatal threat to industry because its success is subject to the Israeli priorities, not the Palestinian priorities, and it is a known fact that most of these priorities are not business related and highly politicized. On the other hand, industry has benefited from Israeli business connections elsewhere in the world.

The sector is represented by the Palestinian Federation of Industries (PFI). The PFI advocates for better industrial policies and regulations and works on developing and upgrading industrial performance. The federation started its work in 1999 with a representation of six industrial associations. Today, thirteen different industrial associations are members of the federation.

Industry is playing an important role in the economic and social well being of the Palestinian society. It employs about 13% of the total workforce and it contributes 16% to the GDP. Exports were (and still are) a good economic ambassador for the entire Palestinian cause. The rapid growth of industry was notable during the nineties, the political uncertainty and turbulences have affected the industrial sector negatively.

A slight shift was noticed in the structuring of industry that is related to both political changes and international economic changes and globalization sequences. The leather and shoe making industry and the garment and textile industry are examples of badly affected industries. Contrary to that, Pharmaceutical industries and marble and stone industries were good examples of positive change.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The long experience of the owners in the industry	• Lack of additional financial resources from the current owner
• Quality and on-time delivery of the products by the company	
• The workshop classified by the Ministry of Local Government as level 2 workshop and will be upgraded to level 1 when the project is completed	

External Analysis	
Opportunities	**Threats**
• Ability to expand the company market share and geographical coverage	• Political instability

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	241,935	282,258	349,462	376,344	413,978
Gross Profit	143,817	134,409	182,796	215,054	236,559
Net Income	87,061	43,929	76,548	96,871	111,548
Cash Flow Accounts					
Operating Cash Flow	106,142	101,309	135,957	156,280	170,957
Investing Cash Flow	(493,280)	(53,763)	(6,720)		
Financing Cash Flow	493,280	(5,376)	(42,306)	(52,468)	(59,806)
Balance Sheet Accounts					
Total Assets	695,932	734,485	768,727	813,130	864,872
Total Liabilities	22,849	17,473	13,441	9,409	5,376
Total Equity	673,083	717,012	755,286	803,721	859,495
Profitability Indicators					
Return on Assets	13%	6%	10%	12%	13%
Return on Equity	13%	6%	10%	12%	13%

Internal Epoxy Lining Mortar

2

Project Number:	**PIC-2010-IO-007**
Project Name:	**Internal Epoxy Lining Mortar**
Sponsor Company:	**Future Iron Pipes**
Contact Details:	**Mr. Ahmad K. Naser** **Hebron Main Road** **Dura, Hebron, Palestine** **Tel: +970-2-2286808** **Email: ahmad@a-brothers.com**
Total Cost of the Project:	**US $ 4,310,000**
Investment by Current Owners:	**US $ 3,560,000**
Required Investment:	**US $ 750,000**

Project Description:

This is an opportunity to financially assist in the establishment of an additional production line that will produce internal epoxy lining mortar for the steel pipes with the diameters 1”, 2”, 3”, 4”, 6”, 8”, 10”, 12”, and 16”.

The company currently manufactures steel pipes with external 3LPE anti corrosion coating, and internal cement mortar lining.

Future Iron Pipes currently targets the Palestinian market, Jordan, and other Middle Eastern countries. The additional products the company is seeking to manufacture will expand their exporting market to construction companies in the building sector in countries such as Turkey, Europe and Asia. Additionally, the new pipes with internal epoxy mortar lining will allow the company to focus on the public sector since the pipes will have the ability to be used for water, gas and oil lines, which will ultimately assist in the development and organization of Palestine’s infrastructure.

Due to the expansion of the building sector and the increasingly high demand for infrastructure, the company has the opportunity to be the sole provider to the Palestinian market. There is a very high demand for these steel pipes. Future Iron Pipes faces no local Palestinian competition whatsoever, although there are two Israeli manufacturers in which the Palestinian market exclusively rely on.

Future Iron Pipes aims at distributing their products through wholesale companies and agents in the building sector. The company will also export their products internationally, guaranteeing the best price, highest quality and compliance with international standards since their running cost will be a lot cheaper.

Project Development Time Table:

	Expected number of months from finance availability
Establishment of new production line	**12**

Current Owners' Profile:

Future Iron Pipes (FIP) was founded in 2009 using the latest computerized technologies; it is the first privately owned large scale manufacturer of coated steel pipes. It has a diversified customer base and actively participates in the global coating and lining industry.

FIP's policy is to provide the customer with optimum quality and workmanship within their requested delivery schedule. The experienced workforce is dedicated to providing the highest quality product and customer service.

Fully prepared to meet the demands generated by the expansion of water distribution systems, natural gas, oil pipelines and related projects, Future Iron Pipes supplies external anti-corrosive, 3 layered PE/PP coating according to the international and Palestinian standards, and internal cement mortar lining for pipes.

Industry Highlights:

The metal industry is served by an industry association which represents 40 major firms working in the industry. A rough figure of firms working in this industry is estimated at 120. The problem is how to define the working firms and how to recognize the working workshops. The average number of workers in the sector is estimated at 1000 workers.

Sector diversification

The sector is comprised of several diversified fields. These are: metal doors, aluminum profiles, iron and steel rods and drawing, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage

The quality is related to the application and use of the machines and tools produced. It is obvious that the majority of the products are either used for the industry or as complementary parts to other businesses. Hence, quality is an important matter. The PSI standards and specifications are valid only to some of these products; ISO certificates and fire preventing certificates have been acquired by some firms.

There is a lack in fully equipped laboratories and testing, this can be overcome through close cooperation with academic institutions. Also, research and development can help choosing the proper composition of materials. Moreover, the culture of quality standards and specifications has to be widely spread in the sector.

Technical position and capacity

The total production capacity is barely reaching 40% of the sample companies. Technically speaking there is a big variation in the level of technology used in the sector ranging from low to high levels. The industry needs to be equipped with testing facilities and knowledge to cope with the technology and quality needs. Academic networking with the industry is vital to the development of this industry.

Marketing position

Traditionally, the sector has experienced the export practices decades ago and still does. Welding materials and abrasives were the main exports. The opportunity still exists for more exports in to countries. Metal doors, stone machinery and packaging machinery are some major examples. Locally, there is high competition with the Israeli and imported materials, mainly Chinese. PSI is not active in the regard of checking the quality of the imported materials. Local market needs carefully set regulations in order to maintain fair competition in the market.

Financial position

There are no precise figures indicating the total investment in the sector. But some references stated that the total amount of investments exceeds the figure of 100 million USD. According to the sample firms, 100% of them have the desire to invest in new machinery and 80% will invest in seeking new markets.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Sole provider of the Palestinian market	• Lack of financial resources to complete all phases of the project
• New product will assist Palestine's Public sector since the pipes may now be used for oil, gas and water lines	

External Analysis	
Opportunities	**Threats**
• To expand their exporting market to more international markets	• Political instability
• There are no apparent restrictions on importing the needed type of equipment	

Financial Projections in US$

Indicators	2010-2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	400,000	550,000	600,000	630,000	661,500
Gross Profit	320,000	467,000	516,000	541,800	568,890
Net Income	110,000	258,400	308,200	332,960	358,958
Cash Flow Accounts					
Operating Cash Flow	297,000	445,000	495,200	519,960	545,958
Investing Cash Flow	(900,000)	0	0	0	0
Financing Cash Flow	900,000	0	(250,000)	(300,000)	(330,000)
Balance Sheet Accounts					
Total Assets	4,610,000	4,618,400	4,626,600	4,629,5604	4,638,518
Total Liabilities	190,000	190,000	190,000	190,000	190,000
Total Equity	4,420,000	4,428,400	4,436,600	4,439,560	4,448,518
Profitability Indicators					
Return on Assets	2.39%	5.60%	6.66%	7.19%	7.74%
Return on Equity	2.49%	5.84%	6.95%	7.50%	8.07%

Manufacturing of Iron Pipes

3

Project Number:	**PIC-2010-IO-008**
Project Name:	**Manufacturing of Iron Pipes**
Sponsor Company:	**Future Iron Pipes**
Contact Details:	**Mr. Ahmad K. Naser** **Future Iron Pipes** **Hebron Main Road** **Dura, Hebron** **Tel: +970-2-2286808** **Email: ahmad@a-brothers.com**
Total Cost of the Project:	**US $7,800,000**
Investment by Current Owners:	**US $1,500,000**
Required Investment:	**US $6,300,000**

Project Description:

Future Iron Pipes (FIP) is seeking a financing partner to assist in the establishment of a company that will manufacture the following products: steel pipes with diameters 3”,4”,5”,6”,8”, as well as rectangular sections sized 20x20, 20x15, 60x60, 80x40,30x30, 40x20, 80x80, and 120x40.

FIP currently produces coating and lining for steel pipes, while now they wish to venture into manufacturing steel pipes themselves rather than continuing to outsource them exclusively from the only 3 Israeli suppliers in the region. By manufacturing these steel pipes in-house, FIP will significantly cut its shipping and time-related costs while decreasing the company’s overhead. It will enable the company to produce their own high-quality pipes and expedite their existing coating process in a much more cost-efficient and timely manner.

FIP will be the only company in the Palestine to manufacture these steel pipes; it will also seek to increase their exports as there is a high demand for such pipes worldwide. The Palestinian market alone consumes thousands of tons of steel piping annually. Even Israeli manufacturers are importing from Turkey to satisfy their own domestic market demand, as their production capacity can’t keep up. This is due to a boom in real estate development and construction, which constantly require steel piping.

Establishing the first steel piping manufacturing plant of its kind will truly assist in the overall development of Palestinian economy, as it helps it become more self-reliant for all aspects of the construction phase, of which building materials are a crucial component. The Palestinian public sector will rely exclusively on FIP for the steel pipes and their coating process, since these pipes are used for water, gas and oil lines.

Project Development Time Table:

	Expected number of months from finance availability
Establishment of Company	**12**

Current Owners' Profile:

Future Iron Pipes (FIP) was founded in 2009 using the latest technology as the first privately-owned large scale manufacturer of coated steel pipes. It has since come to play a prominent role in the marketplace and actively participates in the global coating and lining industry.

FIP provides 3 types of external anti-corrosive layer coating, and internal cement lining for steel pipes of up to 16" diameter for different applications, including: water, wastewater, gas, and oil. FIP's policy is to provide the customer with optimum quality and workmanship within their requested delivery schedule. Their experience workforce is dedicated to providing the highest quality product and customer service.

Fully prepared to meet the demands generated by the expansion of water distribution systems, natural gas, oil pipelines and related projects, Future Iron Pipes supplies external anti-corrosive, 3 layered PE/PP coating according to the international and Palestinian standards, and internal cement mortar lining for pipes.

Industry Highlights:

The metal industry is served by an association which represents 40 major firms working in the sector. A rough estimate of the number of firms working in this industry is 120. The average number of workers in the sector is estimated to be 1000.

Sector diversification

The sector is comprised of the following diversified fields: metal doors, aluminum profiles, iron and steel rods, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage

Product quality in this sector is usually measured in terms of life-span. The majority of the products are either used in support of the industry itself, or as complementary parts to other businesses. Given how much other working parts in any construction or industrial process rely on their metal counterparts, quality is extremely important. PSI standards and specifications are valid only for some of these products; ISO certificates and fire prevention certificates have been acquired by some but not all of the firms in the sector.

Technical position and capacity

The total production capacity barely reaches 40% among the sampled companies. Technically speaking there is a significant variation in the level of technology used in the sector. The industry needs to be equipped with testing facilities and know-how to cope with increasing technological and quality-related specifications. Academic networking with the industry is also vital to the development of this industry.

Marketing position

The metal sector has been involved in the export market for decades, and continues to be despite the heavy restrictions on movement imposed by Israeli authorities. Welding materials and abrasives have traditionally been the main exports. However, the opportunity exists for moving into new export markets with a wider variety of metal products, such as metal doors, stone machinery and packaging machinery. Locally, there is strong competition from Israeli and imported materials, mainly Chinese. Unfortunately, PSI is not active with regards to verifying the quality of imported materials. It would be beneficial to set strict regulations with regards to competing imports in order to maintain fair competition in the market.

Financial position

There are no precise figures indicating the total level of investment in the sector. However some industry experts have stated that the total amount of investments exceeds US$ 100 million. According to the sample firms, 100% of them would like to invest in new machinery and 80% will invest in seeking new markets.

Industry problems and needs

This industrial sector's most pressing needs can be summarized by the following points:

- Increasing industry regulations in order to promote fair competition;
- Designing a package of promotional and technical assistance to assist in opening new export markets;
- Equipping the industry with proper testing facilities and linking companies properly with relevant academic institutions;
- Investing in development of alternatives energy sources and to decrease power-related costs;
- Encouraging more environmentally-friendly practices such as industrial waste recycling.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The first and only Palestinian company that will manufacture steel pipes	• Lacking sufficient financial resources
• Public sector reliance on steel piping for basic infrastructure needs	
• Construction sector reliance on steel piping and ongoing upward trend in WB real estate development	

External Analysis	
Opportunities	**Threats**
• High regional and international demand	• Political instability
• No Israeli restrictions on importing necessary equipment	

Financial Projections in US$

Indicators	2010-2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	0	13,000,000	16,000,000	16,800,000	17,640,000
Gross Profit	0	4,240,000	5,440,000	5,616,000	5,896,600
Net Income	0	3,021,996	4,202,000	4,305,000	4,793,400
Cash Flow Accounts					
Operating Cash Flow	0	3,801,996	4,982,000	5,085,000	5,573,400
Investing Cash Flow	(7,800,000)	0	0	0	0
Financing Cash Flow	7,800,000	(2,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Balance Sheet Accounts					
Total Assets	7,800,000	8,821,996	10,023,996	11,328,996	13,122,396
Total Liabilities	0	0	0	0	0
Total Equity	7,800,000	8,821,996	10,023,996	11,328,996	13,122,396
Profitability Indicators					
Return on Assets	0%	34%	42%	38%	37%
Return on Equity	0%	34%	42%	38%	37%

New Twine Rope Production Line

4

Project Number:	**PIC-2010-IO-011**
Project Name:	**New Twine Rope Production Line**
Sponsor Company:	**Radwan Hamzeh and Brothers Co.**
Contact Details:	**Mr. Adnan Hamzeh** **Tulkarem, Qalqilya St., Kofr Sor, Palestine** **Tel: +970-9-2683743** **Fax: +970-9-2683744** **E-mail: radwanco@maktoob.com** **Website: http://www.yasserco.com**
Total Cost of the Project:	**US$ 500,000**
Investment by Current Owners:	**US$ 100,000**
Required Investment:	**US$ 400,000**

Project Description:

Radwan Hamzah & Brothers Co. is seeking to cooperate with a strategic investment partner in order to establish the first Palestinian plastic twine rope production line. The main impetus for this initiative is the high domestic demand for twine rope, particularly within the agriculture sector in the northern part of the West Bank. Currently, all twine rope consumed in Palestine is imported via Israel. In addition to the local market, the company sees a strong potential for exporting plastic twine rope to Israeli and regional markets, based on the anticipated competitive advantage in both price and quality.

The company is seeking US$ 400,000 from an investor interested in developing agricultural production in Palestine as well as supporting efforts to market this new product locally and internationally. The company has long term experience in producing and marketing agricultural and construction products, and maintains a solid network of relationships with distributors at the local and regional level.

Project Development Time Table:

Infrastructure Development	**Not Applicable**
Building and Construction Date	**Not Applicable**
Building and Construction Completion Date	**Not Applicable**
Furniture & Equipment Procurement	**6 months**
Operations Start Date	**8 months from finance availability**

Current Owners' Profile:

Radwan Hamzah & Brothers Co. specializes in designing and constructing agricultural turn-key projects, including greenhouses, nurseries and, packing houses for all crops based upon the different types of climates needed. It is also a leading producer of metal and iron components used by the agricultural and construction sectors, in addition to acting as a wholesaler and distributor of building materials. R.H. & B Co. is a local agent for several leading brands.

The company founder has over 14 years of experience in managing and executing large and medium-sized agro-projects worldwide utilizing the most developed technologies, customized to local climates and conditions, including detached media, sophisticated irrigation-fertilization systems, climate control, etc. The company imports all of its raw materials and technologies from the European Union as well as from some Asian countries.

Industry Highlights:

The plastics industry is represented throughout the West Bank with a focus on plastic pipe manufacturing in Hebron and Ramallah. According to the sectors' association records, the total number of industrial facilities is 100 firms employing 1000 workers with a total average of 10 workers per firm. The working labor varies from 5 to 20 workers with an exception of 4 factories employing more than 50 workers.

Sector diversification:

The sector is comprised of a wide range of products. These include: plastic pipes and fittings, sanitation fittings, plastic bags and sacks, multipurpose plastic containers, drinking water containers, polystyrene, rubber and kitchen wear.

Quality as an advantage:

Quality is a matter of high interest for construction related products (water and sanitary applications) and for food packaging materials. For other products, quality is a matter of raising the competitive advantage of the firm. Competition is high among the local producers and less effective with the exported products because of the price considerations; also because many exported items have similar competing products produced locally. There is an increasing tendency towards quality and certification in the sector. Apart from the construction and food related products, firms need not to acquire certificates, but they are more in need of formulating simple and reliable operating procedures to ensure higher rates of quality.

Technical position and capacity:

The industry is working at less than 50% of its total capacity and has great potential to develop and diversify its products. Training for skilled labor is needed, and ways of decreasing the electrical power consumption rate is worth considering as electricity is a major cost component. Disposing of and/or recycling the industry's waste properly has a dual positive impact on the total productivity of the firms and on the environment.

Marketing position:

The industry sales are distributed over the West Bank (66%), Gaza Strip (15%), Jerusalem (2%) and Israel (10%). It is clear that the local market is the core of the industry. Exports are rare, however many industry experts feel that exports to countries like Syria, Jordan and Iraq are possible. Additional research needs to be carried out in order to confirm whether exports are viable or not. This assessment should explore issues such as: regulations, certificates, and competitiveness, quality and marketing channels. Promotional kits for potential firms are seen as an important element for enabling their marketing capabilities. Such kits might include website design, catalogues, and brochures. Participating in international trade fairs could be another tool for building up knowledge of the global and regional industry.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Well established company with vast local and international experience producing and marketing agricultural and construction materials	• No experience specifically with rope production
• Currently sells everything it produces – indicating customer satisfaction as well as strong market demand	• Lacks sufficient capital to achieve desired growth
• High quality achieved with state-of-the-art machinery and adherence to international best practices	

External Analysis	
Opportunities	**Threats**
• Only local producer of plastic twine ropes, with potential to gain market share in Israel and the wider region	• Israeli restrictions on exports and ongoing political unrest
• Provides local alternative to agricultural packaging products	• Price volatility of raw materials

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	449,426	561,783	674,139	775,260	891,549
Expenses	262,654	315,185	354,583	372,312	390,928
Gross Profit	186,772	246,598	319,556	402,948	500,621
Taxes	28,016	36,990	47,933	60,442	75,093
Net Income after Tax	158,756	209,608	271,623	342,506	425,528
Cash Flow Accounts					
Operating Cash Flow	158,756	209,608	271,623	342,506	425,528
Investing Cash Flow	(500,000)	0	0	0	0
Financing Cash Flow	500,000	(104,804)	(135,811)	(171,253)	(212,764)
Balance Sheet Accounts					
Total Assets	658,756	763,560	899,372	1,070,624	1,283,388
Total Liabilities	39,398	47,278	53,187	55,847	58,639
Total Equity	619,358	716,283	846,184	1,014,778	1,224,749
Profitability Indicators					
Return on Assets	24.10%	27.45%	30.20%	31.99%	33.16%
Return on Equity	25.63%	29.26%	32.10%	33.75%	34.74%

Expansion of Saba Co. for Industrial Investment

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Project Number:	**PIC-2010-IO-012**
Project Name:	**Expansion of Saba Co. for Industrial Investment**
Sponsor Company:	**Saba Co. for Industrial Investment**
Contact Details:	**Tel: +970-2-2759277** **Fax: +970-2-2759278** **Mobile: +970-59-9330332** **Email: info@saba-stone.com** **Website: www.saba-stone.com**
Total Cost of the Project:	**US$ 714,000**
Investment by Current Owners:	**US$ 178,500**
Required Investment:	**US$ 535,500**

Project Description:

The project is not the first of its kind in the area but it will be the only one that has the latest machines and equipment that distinguish stone with high qualities. The project will target the local market which is the main market, and it targets the Israeli market, Jordanian market and the US market.

Saba works according to international standards in order to produce high quality stone but this require continuous investment in modern technology, constant upgrading of human skills, and the use of the most efficient machinery. Saba for Industrial Investment has over the past years made remarkable progress and development in these areas hoping to create a new culture in the stone business, one that is based on quality assurance in production and management.

Project Development Time Table:

Land Purchase	**Directly after funding**
Construction	**4 months after funding**
Equipment Procurement	**1 month after funding**
Equipment Installation	**2 months after receiving the equipment**

Current Owners' Profile:

Saba for Industrial Investment is an international company established in 2002. The company's exports cover many countries in the world. The company has taken huge strides in being at the head of the competitive world, and has carved a niche on the international market.

Saba for Industrial Investment sells quality products at competitive prices to satisfy a large share of its markets' tastes and needs. However, consignments of stone are delivered punctually, and in perfect condition that guarantee customers' satisfaction.

Industry Highlights:

The stone and marble industry is considered the biggest industry in terms of number of firms, sales volume, employment rate and total investment. In recent years the industry showed a linear decline in production, sales and returns. The total number of manufacturing firms is around 700 firms, and the total number of workers is estimated at 8000 workers. The industry is spread over the West Bank regions but focused in the regions of Bethlehem and Hebron.

Sector diversification

Stone and marble industry refers to the stone manufacturers and the quarries. The stone manufacturers are categorized as small, medium and large scale producers. Workshops are another category of buying slabs and cutting it into small size pieces. The main composites of final products are external cladding, internal cladding and tiles, cut to size products, decorative products, special products and tomb products.

Quality as an advantage

The sector's major competitive advantage is its dependency on local raw materials. Quality is an important issue in selecting the materials as well as in the surface finish of the final product resulting from proper manufacturing practices. The basic competitive features of the products are color and texture. Quality and price are interchangeable factors in the sector. More quality means more costs in the manufacturing and supply chain.

The sector has invested in testing samples of final locally produced products in internationally recognized laboratories in Italy and the results were published in a product catalogue book for the whole industry. Local tests for certain specifications are being performed in local laboratories. Although 50% of the interviewed sample requested the implementation of ISO standards, but in reality only one out of six companies in the sector was able to keep and maintain the ISO certificate after five years of obtaining it.

Technical position and capacity

Technologically speaking, the sector has an easy access to the most updated and advanced technologies in the international market. Few of the manufacturers develop and upgrade their machinery regularly. There are substantial differences in operating the machines and in the process orders and scheduling. The sector has the capacity to manufacture up to 35 million square meters; actually it operates only at a capacity of about 30% of their total capacity, i.e. 12 million square meters. The sector needs to be better informed about the advancements in abrasives, tools and other needed accessories for production. Maintenance is another problem affecting the continuity of operations.

Marketing position

The marketing mix is shifting towards export in the last 7-8 years. The composition of the market is classified as: 65% Israel, 25% local market in West Bank and 10% for export. The marketing of these products highly depend on the design specification done by engineering offices. So, networking with engineers and contractors is vital for the survival and growth of these companies. Competition among local producers is severe, whereas competition with imported products in the local market is weak, and almost negligible with external cladding products. Competition in the international market is high especially with economies of low manufacturing costs such as Jordan and Turkey. Palestinian stone and marble has built its image in more 33 countries all over the world. Proper promotional tools are not widely used in the sector. Continuously improved product catalogues and other promotional materials are needed.

Financial position

The initial investments in the sector exceeds the amount of 400 million dollars and are mostly generated by own savings and family resources. Severe competition and reductions in total sales have influenced payment terms and affected the cash flow of the industry. Most firms depend on commercial banks for facilitation. When factory owners were asked about their priorities in financing, the answer was to buy new machines and develop new markets.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The use of latest technology in production	• Lack of additional financial resources from the current owner
• Saba already exist and have local and international markets	
• The experience of the owners	

External Analysis	
Opportunities	**Threats**
• Demand for marble and stone is increasing	• Political instability and ongoing conflict
• High demand for houses in the West Bank	• Competition from other regional and international producers

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	-	3,288,000	3,288,000	3,288,000	3,288,000
Gross Profit	-	1,638,720	1,638,720	1,638,720	1,638,720
Net Income	-	220,870	220,870	220,870	220,870
Cash Flow Accounts					
Operating Cash Flow		229,430	104,765	182,927	163,401
Investing Cash Flow	(586,500)	-	-	-	-
Financing Cash Flow	714,000	-	-	-	-
Balance Sheet Accounts					
Total Assets	586,500	807,370	1,028,240	1,249,110	1,469,980
Total Liabilities					
Total Equity	586,500	807,370	1,028,240	1,249,110	1,469,980
Profitability Indicators					
Return on Assets	-	27%	21%	18%	15%
Return on Equity	-	27%	21%	18%	15%

Al-Kassas Factory for Metal Profiles

6

Project Number:	**PIC-2010-IO-013**
Project Name:	**Al-Kassas Factory for Metal Profiles**
Sponsor Company:	**Al Kassas Co. General Trade Import & Export LTD**
Contact Details:	**Mr. Sameer Subhi Al-Qassas** **621/5000 Salah Eldein St., Al Zaytoon, Gaza, Palestine** **Tel: +970-8-2800542** **Tel: +970-8-2800541** **Mobile: +970-59-9328854** **E-mail: info@alkassas.net** **alkassas@alkassas.com** **samirs60@hotmail.com** **Website: http://www.alkassas.com**
Total Cost of the Project:	**US$ 4,000,000**
Investment by Current Owners:	**US$ 2,290,491**
Required Investment:	**US$ 1,709,509**

Project Description:

Al Kassas Co. General Trade Import & Export LTD is seeking a strategic partnership with an investor to help in the establishment of a new factory plant that is totally specialized in producing iron and steel profiles out of rolled steel. The new plant "Al-Kassas Factory for Metal Profiles" will be built on suitable land in Jabaliah and requires a total investment of US$ 4 million.

The mother company "Al Kassas Co. General Trade Import & Export LTD" has extensive experience importing, producing and marketing a wide range of iron and steel products. Profiles are currently produced in limited amounts and cannot cover the increasing demand within the Gaza Strip. The idea of establishing a totally new factory specialized in producing iron profiles came as a result of efforts to cover the widening market gap resulting from the Israeli-imposed restrictions on imports of construction materials.

Mass production of standard and customized profiles within the Gaza Strip is highly recommended and will most certainly prove cost-effective for any rehabilitation and/or re-building projects in the future.

Project Development Phases

The building in which the plant shall be installed already exists. Furniture and equipment are yet to be purchased and will be installed as soon as the necessary financing is available.

The purchase of rolled iron can start as soon as financing is available. The company expects to require 500 tons to start operations.

Current Owners' Profile:

Al Kassas Co. General Trade Import & Export LTD was founded in 1999, and is one of the leading companies operating in Palestine. The importance of Al-Kassas Co. to the Palestinian economy can be seen by the number of products and services it provides to the construction sector, mainly in the Gaza Strip. All products are of the highest available quality, and are made according to international and local standards. This has been achieved by continuously working to improve production techniques, and enforcing strict quality control measures on all imported products to ensure they meet customers' expectations.

Al Kassas Co.'s goal is to obtain recognition for the highest international standards in its field, taking into account environmental and safety considerations. In addition, the company aims to be recognized as the first address for metal profiles for the public and private sectors, as well as international institutions working in Palestine.

Al Kassas Co. supplies its customers with a wide range of reliable roll formings and thin metal-wall sheets, in addition to corrugated sheets and C-channels for construction. The company manufactures products that are customized to customers' needs; including all kinds of pipes, profiles, angles, bridges, belts and beams.

Industry Highlights:

The metal industry is served by an association which represents 40 major firms working in the sector. A rough estimate of the number of firms working in this industry is 120. The average number of workers in the sector is estimated to be 1000.

Sector diversification

The sector is comprised of the following diversified fields: metal doors, aluminum profiles, iron and steel rods, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage

Product quality in this sector is usually measured in terms of life-span. The majority of the products are either used in support of the industry itself, or as complementary parts to other businesses. Given how much other working parts in any construction or industrial process rely on their metal counterparts, quality is extremely important. PSI standards and specifications are valid only for some of these products; ISO certificates and fire prevention certificates have been acquired by some but not all of the firms in the sector.

Technical position and capacity

The total production capacity barely reaches 40% among the sampled companies. Technically speaking there is a significant variation in the level of technology used in the sector. The industry needs to be equipped with testing facilities and know-how to cope with increasing technological and quality-related specifications. Academic networking with the industry is also vital to the development of this industry.

Marketing position

The metal sector has been involved in the export market for decades, and continues to be despite the heavy restrictions on movement imposed by Israeli authorities. Welding materials and abrasives have traditionally been the main exports. However, the opportunity exists for moving into new export markets with a wider variety of metal products, such as metal doors, stone machinery and packaging machinery. Locally, there is strong competition from Israeli and imported materials, mainly Chinese. Unfortunately, PSI is not active with regards to verifying the quality of imported materials. It would be beneficial to set strict regulations with regards to competing imports in order to maintain fair competition in the market.

Financial position

There are no precise figures indicating the total level of investment in the sector. However some industry experts have stated that the total amount of investments exceeds US$ 100 million. According to the sample firms, 100% of them would like to invest in new machinery and 80% will invest in seeking new markets.

Industry problems and needs

This industrial sector's most pressing needs can be summarized by the following points:

- Increasing industry regulations in order to promote fair competition;
- Designing a package of promotional and technical assistance to assist in opening new export markets;
- Equipping the industry with proper testing facilities and linking companies properly with relevant academic institutions;
- Investing in development of alternatives energy sources and to decrease power-related costs;
- Encouraging more environmentally-friendly practices such as industrial waste recycling.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Extensive experience producing and marketing steel and iron products for construction and other purposes	• High initial capital requirement
• Comparatively low prices	
• Direct importing of raw materials reduces production costs	
• Skilled at product customization to suit any and all customer preferences	

External Analysis	
Opportunities	**Threats**
• Eventual major rebuilding effort in the Gaza Strip shall create high demand for construction materials including iron profiles	• Continuation of current Israeli-imposed blockade on Gaza Strip prevents boom in construction
• Potential access to the West Bank market will lead to dramatic increase in sales	• Potential for new rivals entering the market, especially bigger companies from the West Bank

Financial Projections in US$ for the whole project (old and new investments

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	300,000	900,000	900,000	900,000	945,000
Direct Expenses	150,000	450,000	450,000	450,000	472,500
Gross Profit	150,000	450,000	450,000	450,000	472,500
Indirect Expenses	114,359	343,078	343,078	343,078	348,938
Net Income after Tax	35,641	106,922	106,922	106,922	123,562
Cash Flow Accounts					
Operating Cash Flow	(302,333)	278,000	598,000	142,167	665,473
Investing Cash Flow	(3,500,000)	0	0	0	0
Financing Cash Flow	4,000,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	4,035,641	4,182,563	4,249,486	4,360,575	4,479,971
Total Liabilities	0	40,000	0	4,167	0
Total Equity	4,035,641	4,142,563	4,249,486	4,356,408	4,479,971
Profitability Indicators					
Return on Assets	0.88%	2.56%	2.52%	2.45%	2.76%
Return on Equity	0.88%	2.58%	2.52%	2.45%	2.76%

ZmZm Plastic Industries Co.

7

Project Number:	**PIC-2010-IO-014**
Project Name:	**ZmZm Plastic Industries Co.**
Sponsor Company:	**ZmZm Plastic Industries Co.**
Contact Details:	**Mr. Othman Ra'fat Hassouneh** **Beit Kahel, Hebron, Palestine** **P.O.Box: 771 Hebron** **Tel: +970-2-2298818/9** **Fax: +970-2-2298817** **Mobile: +970-59-9203250** **E-mail: manager@zmzmco.com** **info@zmzmco.com** **Website: http://www.zmzmco.com**
Total Cost of the Project:	**US$ 18,322,527**
Investment by Current Owners:	**US$ 13,327,823**
Required Investment:	**US$ 4,994,704 Equity Investment**

Project Description:

ZmZm Plastic Industries Co. is seeking a strategic investment partner that can profit from working with ZmZm to increase its current production capacity, diversify its range of products, and increase its competitive advantage especially within export markets. ZmZm is seeking to leverage economies of scale in its production of plastic products such as plastic bags, plastic plates, and industrial sponge.

ZmZm is anticipating a production capacity growth rate of 56% following a new investment, raising its production value from around US$ 7 million per annum to around US$ 10.8 million. It is expected that the new production capacity can extend ZmZm's target market to cover regional countries in addition to the local Palestinian and Israeli markets, which currently account for 100% of the company's production.

ZmZm is seeking an additional US$ 7.5 million to be injected over the next two years: US$ 5 million during the first year, and US$ 2.5 million in the second year. This will cover the cost of four new machines priced at US$ 1.5 million each.

Project Development Time Table:

	Expected number of months from finance availability:
Infrastructure Development	**3 months**
Building and Construction Date	**3 months**
Building and Construction Completion Date	**8 months**
Furniture & Equipment Purchase	**9 months**
Operations Start Date	**10 months from finance availability**

Current Owners' Profile:

ZmZm for Plastic Industries is one of the main sister companies of Hassouneh Industrial and Commercial Group, which was established in 2005 based on the founders' 32 years of experience in the consumable plastics industry. From day one, ZmZm based its operations on the latest global technology and international best practices for production line management.

ZmZm has procured the finest equipment from around the world in terms of quality and product diversity based on market studies done to cater to various market segments and consumer preferences. In so doing, management has prepared the company to cover regional and potential international markets, in addition to the local Palestinian market. Company management has also addressed concerns to protect the environment from plastic waste by obtaining licenses from international organizations to use sophisticated technology designed to make plastics biodegradable within the environmental cycle; thus rendering plastic waste as environmental friendly as possible.

Industry Highlights:

The plastics industry is represented throughout the West Bank with a focus on plastic pipe manufacturing in Hebron and Ramallah. According to the sectors' association records, the total number of industrial facilities is 100 firms employing 1000 workers with a total average of 10 workers per firm. The working labour varies from 5 to 20 workers with an exception of 4 factories employing more than 50 workers.

Sector diversification:

The sector is comprised of a wide range of products. These include: plastic pipes and fittings, sanitation fittings, plastic bags and sacks, multipurpose plastic containers, drinking water containers, polystyrene, rubber and kitchen wear.

Quality as an advantage:

Quality is a matter of high interest for construction related products (water and sanitary applications) and for food packaging materials. For other products, quality is a matter of raising the competitive advantage of the firm. Competition is high among the local producers and less effective with the exported products because of the price considerations; also because many exported items have similar competing products produced locally. There is an increasing tendency towards quality and certification in the sector. Apart from the construction and food related products, firms need not to acquire certificates, but they are more in need of formulating simple and reliable operating procedures to ensure higher rates of quality.

Technical position and capacity:

The industry is working at 49% of its total capacity and has great potential to develop and diversify its products. Training for skilled labor is needed, and ways of decreasing the electrical power consumption rate is worth considering as electricity is a major cost component. Disposing of and/or recycling the industry's waste properly has a dual positive impact on the total productivity of the firms and on the environment.

Marketing position:

The industry sales are distributed over the West Bank (66%), Gaza Strip (15%), Jerusalem (2%) and Israel (10%). It is clear that the local market is the core of the industry. Exports are rare, however many industry experts feel that exports to countries like Syria, Jordan and Iraq are possible. Additional research needs to be carried out in order to confirm whether exports are viable or not. This assessment should explore issues such as: regulations, certificates, and competitiveness, quality and marketing channels. Promotional kits for potential firms are seen as an important element for enabling their marketing capabilities. Such kits might include website design, catalogues, and brochures. Participating in international trade fairs could be another tool for building up knowledge of the global and regional industry.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Well established, productive company	• Low financial possibilities, especially for higher production
• Ability to sell all products while at full output capacity	• The need for long term investments and improvements (coping with international producers and standards)
• High quality through state-of-the-art machinery and adherence to international best practices	

External Analysis	
Opportunities	**Threats**
• Possible market shares in Israel and regional markets	• Israeli-imposed obstacles to exports
• Adding new product lines creates economy-of-scale thereby reducing production costs	• Political unrest
	• Price volatility of raw materials

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	7,100,000	11,120,000	13,344,000	14,011,200	14,711,760
Cost of goods sold	6,528,000	10,095,432	12,003,954	12,656,921	13,262,739
Gross Profit	572,000	1,024,568	1,340,046	1,354,279	1,449,021
Taxes	85,800	153,685	201,006	203,141	217,352
Net Income after Tax	486,200	870,883	1,139,040	1,151,138	1,231,669
Cash Flow Accounts					
Operating Cash Flow	520,234	931,845	1,218,773	1,231,718	1,317,886
Investing Cash Flow	(5,000,000)	(2,500,000)	0	0	0
Financing Cash Flow	5,000,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	12,969,863	13,618,356	14,026,906	14,239,004	14,519,535
Total Liabilities	4,462,910	3,592,028	2,452,989	2,282,989	2,222,989
Total Equity	8,506,953	10,026,328	11,573,917	11,956,015	12,296,546
Profitability Indicators					
Return on Assets	3.75%	6.39%	8.12%	8.08%	8.48%
Return on Equity	5.72%	8.69%	9.84%	9.63%	10.02%

Stretch Factory

8

Project Number:	**PIC-2010-IO-015**
Project Name:	**Stretch Factory**
Sponsor Company:	**ZmZm for Plastic Industries Co.**
Contact Details:	**Mr. Othman Ra'fat Hassouneh** **Beit Kahel, Hebron, Palestine** **P.O.Box: 771 Hebron** **Tel: +970-2-2298818/9** **Fax: +970-2-2298817** **Mobile: +970-59-9203250** **E-mail: manager@zmzmco.com or info@zmzmco.com** **Website: http://www.zmzmco.com**
Total Cost of the Project:	**US$ 25,000,000**
Investment by Current Owners:	**US$ 13,000,000**
Required Investment:	**US$ 12,000,000 equity investment**

Project Description:

Stretch nylon is used in the packaging of goods that are to be transported by truck. It is used for all types of industrial and commercial packaging for plastic products, food, cartons, etc. Its main purpose is to safeguard products' integrity (i.e. to keep them from falling, being damaged, or exposed to pollution).

The local Palestinian (and Israeli) market is in dire need of such a plant as there is currently only one such factory in Israel which meets 15% of both Israeli and Palestinian markets' demand combined. The rest is covered by imports from abroad, primarily from Turkey and Italy.

ZmZm anticipates that the establishment of this new plant will immediately capture a 20% local and Israeli combined market share. ZmZm is seeking a strategic partner to take advantage of this opportunity and support the establishment of this new plant. ZmZm's owner is prepared to invest US$ 13 million, which accounts for more than half the estimated establishment costs, and is seeking an additional investment of US$ 12 million.

Project Development Time Table:

	Expected number of months from finance availability:
Infrastructure Development	**6 months**
Building and Construction Date	**12 months**
Building and Construction Completion Date	**18 months**
Furniture & Equipment Procurement	**18 months**
Operations Start Date	**18 months (January 2012)**

Current Owners' Profile:

ZmZm for Plastic Industries is one of the main sister companies of Hassouneh Industrial and Commercial Group, which was established in 2005 based on the founders' 32 years of experience in the consumable plastics industry. From day one, ZmZm based its operations on the latest global technology and international best practices for production line management.

ZmZm has procured the finest equipment from around the world in terms of quality and product diversity based on market studies done to cater to various market segments and consumer preferences. In so doing, management has prepared the company to cover regional and potential international markets, in addition to the local Palestinian market. Company management has also addressed concerns to protect the environment from plastic waste by obtaining licenses from international organizations to use sophisticated technology designed to make plastics biodegradable within the environmental cycle; thus rendering plastic waste as environmental friendly as possible.

Industry Highlights:

The plastics industry is represented throughout the West Bank with a focus on plastic pipe manufacturing in Hebron and Ramallah. According to the sector's association records, the total number of industrial facilities is 100 firms employing 1000 workers with a total average of 10 workers per firm. The working labor varies from 5 to 20 workers with the exception of 4 factories employing more than 50 workers.

Sector diversification:

The sector is comprised of a wide range of products. These include: plastic pipes and fittings, sanitation fittings, plastic bags and sacks, multipurpose plastic containers, drinking water containers, polystyrene, rubber and kitchen wear.

Quality as an advantage:

Quality is a matter of high interest for construction related products (water and sanitary applications) and for food packaging materials. For other products, quality is a matter of raising the competitive advantage of the firm. Competition is high among the local producers and less effective with the exported products because of the price considerations; also because many exported items have similar competing products produced locally. There is an increasing tendency towards quality and certification in the sector. Apart from the construction and food related products, firms need not to acquire certificates, but they are more in need of formulating simple and reliable operating procedures to ensure higher rates of quality.

Technical position and capacity:

The industry is working at 49% of its total capacity and has great potential to develop and diversify its products. Training for skilled labor is needed, and ways of decreasing the electrical power consumption rate is worth considering as electricity is a major cost component. Disposing of and/or recycling the industry's waste properly has a dual positive impact on the total productivity of the firms and on the environment.

Marketing position:

The industry sales are distributed over the West Bank (66%), Gaza Strip (15%), Jerusalem (2%) and Israel (10%). It is clear that the local market is the core of the industry. Exports are rare, however many industry experts feel that exports to countries like Syria, Jordan and Iraq are possible. Additional research needs to be carried out in order to confirm whether exports are viable or not. This assessment should explore issues such as: regulations, certificates, competitiveness, quality and marketing channels. Promotional kits for potential firms are seen as an important element for enabling their marketing capabilities. Such kits might include website design, catalogues, and brochures. Participating in international trade fairs could be another tool for building up knowledge of the global and regional industry.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Extensive experience in plastic production and distribution	• Currently lacks necessary financing to bring project to fruition
• Sole producer of plastic stretch materials in Palestine	
• Proven ability and distribution network to market products within Israeli market	

External Analysis	
Opportunities	**Threats**
• High demand and low supply of product in local & Israeli markets	• Israeli obstacles to exports due to security measures
	• Political unrest
	• Price volatility of raw materials
	• Moderate Israeli competition and wide availability of imported alternatives

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2010/2011	2012	2013	2014	2015	2016
Income statement Accounts						
Revenues	-	10,405,400	15,608,100	20,810,800	23,412,150	25,753,365
Expenses	-	9,567,141	14,350,712	19,134,282	20,473,682	21,906,839
Gross Profit	-	838,259	1,257,389	1,676,518	2,938,468	3,846,526
Taxes	-	125,739	188,608	251,478	440,770	576,979
Net Income after Tax	-	712,520	1,068,780	1,425,040	2,497,698	3,269,547
Cash Flow Accounts						
Operating Cash Flow	-	712,520	1,068,780	1,425,040	2,497,698	3,269,547
Investing Cash Flow	(20,000,000)	(5,000,000)				
Financing Cash Flow	20,000,000	5,000,000	(534,390)	(712,520)	(1,248,849)	(1,634,773)
Balance Sheet Accounts						
Total Assets	20,000,000	25,712,520	26,246,910	26,959,430	28,208,279	29,843,053
Total Liabilities		7,713,756	6,299,258	5,176,211	4,332,792	3,667,114
Total Equity	20,000,000	17,998,764	19,947,652	21,783,220	23,875,488	26,175,938
Profitability Indicators						
Return on Assets	-	2.77%	4.07%	5.29%	8.85%	10.96%
Return on Equity	-	3.96%	5.36%	6.54%	10.46%	12.49%

Soap Factory Expansion

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Project Number:	**PIC-2010-IO-017**
Project Name:	**Soap Factory Expansion**
Sponsor Company:	**Nablus Soap & Detergent Co.**
Contact Details:	**Mr. Mujtaba Tbeleh** **Beit Foreik** **Nablus Governorate, Palestine** **Tel: +970-9-2501006** **Email: info@nablussoap.ps**
Total Cost of the Project:	**US $ 1,575,000**
Investment by Current Owners:	**US $ 315,000**
Required Investment:	**US $ 315,000**
Debt:	**US$ 945,000**

Project Description:

Nablus olive oil soaps have been renowned in the region for centuries. This initiative by Nablus Soap & Detergent Co. seeks to capitalize on this traditional, historic craft by developing a sophisticated soap manufacturing line to increase production capacity as well as quality. In addition the company plans to introduce new products such as custom-made soap bars for hotels and hospitals.

1. Nablus Soap and detergent products are world-renowned for their usage of virgin olive oil as the main ingredient in the production process. The factory currently produces:

2. All-natural soap from olive oil laced with organic materials and herbs used for skin care and treatment;

3. Al-Nabulsi soap, "the original", traditional soap-bar that has been produced according to the same method and ingredients for centuries.

   The addition of high-capacity production lines as well as diversifying its product portfolio will help the company capitalize on the growing demand for its natural soap and skin care products for both the local and export markets.

Current Owners' Profile:

Over 400 years ago, the "Tubeileh" family began working in the soap industry, originally specializing in cutting the vast tubs of soap into small individual blocks. The 'cutting man' eventually came to be referred to as the "Tubeili" throughout the olive oil soap industry. Today, the descendants of the original Tubeileh family still own the only factory in the world to still use virgin olive oil in Nabulsi soap manufacturing. The company applies various techniques to the soaps:

- Developing the shape of the soap block to match consumer preferences.
- Adding new herbal components to give skin softening and other natural & medical components to cure some skin diseases and sensitive skin.
- Packing the Nabulsi Soap in a new packaging style and design.

Some of the ingredients the company uses in the production of natural soaps are honey, ginger, lemon, pomegranate, lavender, black cumin, saffron, tea tree oil, fig, thyme, grape, dates, milk, mint, avocado, cinnamon, sage, and Dead Sea mud.

The company's export markets currently include Malaysia, Indonesia, Canada and Japan. Nablus Soap & Detergent Co. looks forward to expanding its operations to achieve higher export sales, and penetrate new markets which would include: the Gulf region, the United States and Europe.

Industry Highlights:

The cosmetics sector is represented by an industrial association that needs to be strengthened and institutionalized. The estimated number of regulated companies working in the industry is 60, five in producing cosmetics, five in the production of paints and inks and the remaining are working in the detergents production. The actual number of unregulated producers is much more than that. Some factories produce both detergents and cosmetics.

Sector diversification:

This sector is comprised of three major categories; paints and ink, detergents and cosmetics. Traditional olive oil-based cosmetic products are sometimes categorized as traditional industries. A growing tendency in developing these products is being noticed. There is an overlap in industries which produce detergents and cosmetics with companies which produce medicines, veterinary products, detergents and cosmetics.

Quality as an advantage:

The chemical industry deserves more attention because of its direct correlation with human health. Therefore increasing awareness among both manufacturers and consumers is vitally important for the development of the industry. Quality is a demand at the manufacturers' side according to 33% of the questioned factories. Quality will help increase the fair competitiveness of the locally regulated licensed industries.

Marketing position:

There is a potential for exporting certain cosmetic products. Markets like Jordan, Algeria, Gulf States and Yemen need to be pursued for export along with the necessary prerequisites in terms of standards, quality, certificates and promotion. Packaging and labeling is an issue of concern to the industry in building the image and brand. Companies need to learn how to more effectively position themselves. In addition, promotional materials should be heavily invested in within the sector at large.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The use of natural ingredients in the production process	• Low production capacity due to the time consuming traditional production process
• Low production costs when compared with similar competitors	• Weak distribution channels
• Nabulsi olive oil soap's brand equity dates back centuries	• Limited experience with marketing, branding, and promotional strategies
• Availability of raw materials	

External Analysis	
Opportunities	**Threats**
• Increasing production capacity to meet local and export markets demand	• Tight Israeli restrictions on Nablus, limiting movement of people and goods

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	764,505	1,068,750	1,650,000	1,831,250	2,014,375
Gross Profit	288,178	406,132	720,486	814,572	896,029
Net Income	228,278	139,511	462,016	593,723	681,683
Cash Flow Accounts					
Operating Cash Flow	52,128	338,682	651,663	773,308	850,6390
Investing Cash Flow	(1,650,000)				
Financing Cash Flow		1,358,393.00	(216,607)	(216,607)	(216,607)
Balance Sheet Accounts					
Total Assets	600,0280	2,145,693	2,429,339	2,834,629	3,317,251
Total Liabilities		776,154	597,783	409,351	210,290
Total Equity	600,028	1,369,539	1,831,556	2,425,279	3,106,961
Profitability Indicators					
Return on Assets	38.04%	6.50%	19.02%	20.95%	20.55%
Return on Equity	38.04%	10.19%	25.23%	24.48%	21.94%

Tissue Paper Manufacturing

10

Project Number:	**PIC-2010-IO-018**
Project Name:	**Tissue Paper Manufacturing**
Sponsor Company:	**Diamond Group Company**
Contact Details:	**Mr. Hisham M. M. Dawoud Omar Al-Mukhtar St. Hebron, Palestine Mobile: +970-59-9679448 Email: diamond_group_pal@yahoo.com**
Total Cost of the Project:	**US$ 425,000**
Investment by Current Owners:	**US$ 175,000**
Required Investment:	**US$ 250,000**

Project Description:

Diamond Group Company is seeking a financing partner that will assist in the establishment of a company that will manufacture toilet and tissue paper.

In Palestine the recycling process is a new concept and recent studies show that an average Palestinian dispose approximately 2 KG per year, out of those 2 kilos, 15% is in the form of paper products waste. Only 1% of total solid waste is recycled, 30% is disposed in landfills and 60% in dumps.

The company intends to recycle paper waste and transform them into toilet and tissue paper. There are no companies in the Palestinian market that recycle cardboard boxes to produce toilet and tissue paper; however there are several Israeli companies doing that.

The company will target the local Palestinian market as well as the Israeli market since the running costs of this company will be lower, mainly due to cheaper labor force and lower expenses.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	**12 months**

Current Owners' Profile:

Diamond Group Co. was established in Hebron, in February 1999. Diamond Group Company started its operations as a distributor of small ceramic, specifically designed for kitchens and bathrooms, and later the company became a distributor of ceramic tiles.

In 2003, the owner of the company expanded the operations of the company to the design and manufacture of fountains. Diamond Group was the pioneer in this field in Palestine.

In 2006, the company further expanded its operations to the field of stone decorations as well as other marble based products.

Industry Highlights:

The Palestinian industrial sector is categorized by its wide variety of products and interrelated sub sector branches. The sector lacks severely the adequate continuously available raw materials for the sustainability of the sector. But it has a great advantage of the dedicated hard working and resilient business community. The business community, as a driving force for the industry, was able to achieve several successes during difficult uncertain conditions.

One of the main features of industry was its connectivity to the Israeli economy. On one side this is a fatal threat to industry because its success is subject to the Israeli priorities, not the Palestinian priorities, and it is a known fact that most of these priorities are not business related and highly politicized. On the other hand, industry has benefited from Israeli business connections elsewhere in the world.

The sector is represented by the Palestinian Federation of Industries (PFI). The PFI advocates for better industrial policies and regulations and works on developing and upgrading industrial performance. The federation started its work in 1999 with a representation of six industrial associations. Today, thirteen different industrial associations are members of the federation.

Industry is playing an important role in the economic and social well being of the Palestinian society. It employs about 13% of the total workforce and it contributes 16% to the GDP. Exports were (and still are) a good economic ambassador for the entire Palestinian cause. The rapid growth of industry was notable during the nineties, the political uncertainty and turbulences have affected the industrial sector negatively.

A slight shift was noticed in the structuring of industry that is related to both political changes and international economic changes and globalization sequences. The leather and shoe making industry and the garment and textile industry are examples of badly affected industries. Contrary to that, Pharmaceutical industries and marble and stone industries were good examples of positive change

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Pioneer in Palestine in recycling cardboard boxes to produce toilet and tissue paper	• Owners lack financial resources
• Raw materials are available in large quantities and its cost is very low, since the main raw materials (Cardboard boxes) are waste products	

External Analysis	
Opportunities	**Threats**
• Demand is increasing for similar products	• Political instability
• Reduce dominance of similar products from Israel and international countries	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	320,000	409,600	524,288	550,502	578,028
Gross Profit	215,300	283,960	373,520	392,196	411,806
Net Income	166,808	229,520	310,862	327,928	345,846
Cash Flow Accounts					
Operating Cash Flow	194,100	257,920	341,312	358,378	376,296
Investing Cash Flow	(10,000)	(12,000)	(15,000)	0	0
Financing Cash Flow	425,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	591,808	821,328	1,132,190	1,460,118	1,805,964
Total Liabilities					
Total Equity	591,808	821,328	1,132,190	1,460,118	1,805,964
Profitability Indicators					
Return on Assets	28.19%	27.94%	27.46%	22.46%	19.15%
Return on Equity	28.19%	27.94%	27.46%	22.46%	19.15%

Concrete Pipes and Manhole Factory

11

Project Number:	**PIC-2010-IO-019**
Project Name:	**Concrete Pipes and Manhole Factory**
Sponsor Company:	**El-Khaesie Co. for Industry, General Trading & Contracting Ltd.**
Contact Details:	**Mr. Yaser El-Khaesie Sha'af Embead, Gaza, Palestine Tel: +970-8-2802614 Fax: +970-8-2802614 Email: alkhasi_co@hotmail.com**
Total Cost of the Project:	**US$ 820,000**
Investment by Current Owners:	**US$ 420,000**
Required Investment:	**US$ 400,000**

Project Description:

El-Khaesie Co. for Industry, General Trading & Contracting Ltd. is seeking a partnership with a strategic/financing partner that can help in the establishment of concrete pipes and manhole factory in the city of Gaza.

The factory will be offering a family of concrete pipes (80cm and 100cm) and manholes in different sizes to be used mainly in infrastructure projects for both private and public sectors that are implemented in the different cities of the Gaza Strip. The main prospective clients of the factory include: contractors, municipalities, Ministry of Housing, engineers and project developers.

Project Development Time Table:

	Expected number of months from finance availability
Preparing the Land	**July 2010**
Building and Construction Starting Date	**July 2010**
Building and Construction Completion Date	**September 2010**
Equipment and Furniture Procurement	**August 2010**
Operations Start Date	**September 2010**

Current Owners' Profile:

El-Khaesie Co. for Industry, General Trading & Contracting Ltd. was established in 1995 by Mr. Yaser El-Khaesie, as a company working in the field of construction. Today, Mr. El-Khaesie is considered one of the leading contractors in the Gaza Strip.

El-Khaesie Co. is classified by Palestinian Contractors Union in the following field:

- Public work: First
- Electro Mechanics: First
- Water and Sewerage: First
- Roads: First B
- Building: Second

The company is owned by Yaser El-Kaesie (70%) and Abdel Hakeem El-Khaesie (30%).

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Long experience in construction and contracting	• Large funds is needed
• The company will provide 50% of the initial fund needed	

External Analysis	
Opportunities	**Threats**
• Demand on construction and infrastructure material is growing	• Current political and security conditions in Gaza
• Rebuilding Gaza following the Israeli military operation	• Economical and political instability in the Gaza Strip
• Medium level of local competition	• Lack of raw materials (cement) due to Israeli blockade on the Gaza Strip

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	333,333	1,400,000	1,848,000	2,106,720	2,212,056
Expenses	229,368	928,104	1,199,589	1,361,391	1,429,090
Gross Profit	103,965	471,896	648,411	745,329	782,966
Depreciation	21,867	65,600	65,600	65,600	65,600
Net Income	82,099	406,296	582,811	679,729	717,366
Cash Flow Accounts					
Operating Cash Flow	(89,368)	98,563	426,277	616,937	653,698
Investing Cash Flow	(740,000)	0	0	0	0
Financing Cash Flow	820,000	0	(500,000)	(500,000)	(500,000)
Balance Sheet Accounts					
Total Assets	942,099	1,348,395	1,435,205	1,617,135	1,836,810
Total Liabilities	40,000	40,000	44,000	46,200	48,510
Total Equity	902,099	1,308,395	1,391,205	1,570,935	1,788,300
Profitability Indicators					
Return on Assets	8.71%	30.13%	40.61%	42.03%	39.05%
Return on Equity	9.10%	31.05%	41.89%	43.27%	40.11%

Iron Pipes Manufacturing

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Project Number:	**PIC-2010-IO-020**
Project Name:	**Iron Pipes Manufacturing**
Sponsor Company/ Individual:	**Mr. Faraj Ahmed Al Khesi**
Contact Details:	**Al Shagth Street** **Al-Shaja'eya, Gaza, Palestine** **Tel: +970-8-2802614** **Mobile: +970-59-9301806**
Total Cost of the Project:	**US$ 1,380,000**
Investment by Current Owners:	**US$ 380,000**
Required Investment:	**US$ 1,000,000**

Project Description:

Faraj Ahmed Al Khesi is seeking a financing partner to assist in establishing a company that will manufacture iron pipes in various sizes and profiles.

The iron pipes specifications will range from 16-115 mm in length with a width of 0.04 - 4.00 mm display and rolls of 155 cm. These iron pipes can be used for industrial, agricultural, commercial and domestic roofing purposes such as greenhouses, parking lots, homes, etc.

The company aims to target construction companies, wholesalers, retail shops, building material dealers, and contractors in the Gaza Strip.

The company will face no local competition in Gaza, therefore the company will increase its market share to more than 95%. There are no local companies in Gaza that currently manufacture these roofing iron pipes, however there are few companies that manufacture plastic pipes.

The company's products will be priced in a competitive range with a reasonable profit margin in order to compete with similar imported products from Israeli companies as well as other countries. Additionally, the company's final products will ensure high quality in order to establish an excellent reputation for the company and increase the customer base.

These iron pipes will be very cost effective, light in weight and most important they will be fast and easy to install.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	**5 months**

Current Owners' Profile:

Faraj Ahmed Al Khesi was born in Gaza in 1975. Mr. Al-Khesi founded and established Al-Khesi Company in 1994 which develops and builds water systems and water wells. Additionally, Mr. Al-Khesi has been working for Gaza's Government to improve and better develop Gaza's roads and water systems. Mr. Al-Khesi has extensive experience in this industry and is always attempting to find ways to better develop Gaza, create job opportunities and improve the people's standards of living.

Industry Highlights:

The metal industry is served by an association which represents 40 major firms working in the sector. A rough estimate of the number of firms working in this industry is 120. The average number of workers in the sector is estimated to be 1000.

Sector diversification

The sector is comprised of the following diversified fields: metal doors, aluminum profiles, iron and steel rods, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage

Product quality in this sector is usually measured in terms of life-span. The majority of the products are either used in support of the industry itself, or as complementary parts to other businesses. Given how much other working parts in any construction or industrial process rely on their metal counterparts, quality is extremely important. PSI standards and specifications are valid only for some of these products; ISO certificates and fire prevention certificates have been acquired by some but not all of the firms in the sector.

Technical position and capacity

The total production capacity barely reaches 40% among the sampled companies. Technically speaking there is a significant variation in the level of technology used in the sector. The industry needs to be equipped with testing facilities and know-how to cope with increasing technological and quality-related specifications. Academic networking with the industry is also vital to the development of this industry.

Marketing position

The metal sector has been involved in the export market for decades, and continues to be despite the heavy restrictions on movement imposed by Israeli authorities. Welding materials and abrasives have traditionally been the main exports. However, the opportunity exists for moving into new export markets with a wider variety of metal products, such as metal doors, stone machinery and packaging machinery. Locally, there is strong competition from Israeli and imported materials, mainly Chinese. Unfortunately, PSI is not active with regards to verifying the quality of imported materials. It would be beneficial to set strict regulations with regards to competing imports in order to maintain fair competition in the market.

Financial position

There are no precise figures indicating the total level of investment in the sector. However some industry experts have stated that the total amount of investments exceeds US$ 100 million. According to the sample firms, 100% of them would like to invest in new machinery and 80% will invest in seeking new markets.

Industry problems and needs

This industrial sector's most pressing needs can be summarized by the following points:

- Increasing industry regulations in order to promote fair competition;
- Designing a package of promotional and technical assistance to assist in opening new export markets;
- Equipping the industry with proper testing facilities and linking companies properly with relevant academic institutions;
- Investing in development of alternatives energy sources and to decrease power-related costs;
- Encouraging more environmentally-friendly practices such as industrial waste recycling.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Limited local competition	• Lack of financial resources needed to complete all phases of the project
• Limited local competition	• Lack of financial resources needed to complete all phases of the project

External Analysis	
Opportunities	**Threats**
• Increasing demand in export market	• Political instability and blockade on Gaza
• Limited number of companies in the region manufacturing these products	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	1,136,800	3,410,400	3,751,440	4,135,963	4,342,761
Gross Profit	165,256	495,768	545,345	572,612	601,243
Net Income	93,389	279,168	321,005	344,118	368,374
Cash Flow Accounts					
Operating Cash Flow	101,653	357,000	392,232	413,326	434,682
Investing Cash Flow	(1,380,000)	0	0	0	0
Financing Cash Flow	1,380,000	(400,000)	(400,000)	(400,000)	(400,000)
Balance Sheet Accounts					
Total Assets	1,569,389	1,848,557	1,779,262	1,728,660	1,702,578
Total Liabilities	96,000	96,000	105,600	110,800	116,424
Total Equity	1,473,389	1,752,557	1,673,662	1,617,780	1,586,154
Profitability Indicators					
Return on Assets	5.95%	15.10%	18.05%	19.91%	21.64%
Return on Equity	6.34%	15.93%	19.19%	21.27%	23.22%

Palestine Aluminum Manufacturing

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Project Number:	**PIC-2010-IO-023**
Project Name:	**Palestine Aluminum Manufacturing**
Sponsor Company:	**Al – Orobah for Import and Export and Industry Co.**
Contact Details:	**Mr. Ala' Abu Ein – General Manager** **Tel: +970-2-2900742** **Fax: +970-2-2900750** **Email: alaabuein@yahoo.com** **Website: www.abueingroup.com**
Total Cost of the Project:	**US$ 900,000**
Investment by Current Owners:	**US$ 600,000**
Required Investment:	**US$ 300,000**

Project Description:

Al-Orobah company is looking for a partner to invest in a project for producing kitchenware from Aluminum and Tefal materials, starting from the production of the raw materials themselves that are used in the production process, both from pure and recycled materials. When produced locally, these raw materials will be cheaper than importing, helping to reduce the cost of production for Al-Orobah, as well as other Palestinian manufacturers, wishing to purchase their raw materials from the company. The project will mainly target the Palestinian market, but it will also target the Israeli market, the Jordanian market and the Gulf markets.

Project Development Time Table:

Land Purchase	**Directly after funding**
Building Construction	**4 months after funding**
Equipment Order	**1 months after funding**
Receiving Equipment	**3 months after funding**
Equipment Installation	**1 month after receiving the equipment**

Current Owners' Profile:

Al-Orobah for Import & Export & Industry Co. is one of Abu Ein Group companies. Overseeing the management of the factory today, Al Orobah Co. specializes in importing, manufacturing and distribution of all forms of household appliances, in addition to plastic garden furniture.

The project will be closely managed by the General Manager of Al- Orobah for Investment & General Trading Co. and Al-Orobah for Import & Export & Industry Co., Mr. Ala Abu Ein. Mr. Abu Ein was the general manager of the Jordan Aluminum & Copper Factory.

Industry Highlights:

The Palestinian industrial sector is categorized by its wide array of products and interrelated sub-sectors. The sector is severely hampered by the lack of consistent raw material availability due to stringent Israeli restrictions on imports. However, one major mitigating factor has been dedicated, hard working, and resilient nature of the local business community. The highly adaptable Palestinian private sector as a whole has been the driving force for the industry, allowing it to achieve some level of success despite the harsh economic environment created by the Israeli occupation.

One of the main features of industrial sector has been its close connection to the Israeli economy. On one hand this is an unhealthy dynamic as it creates a certain reliance on Israeli economic ties, which are not forged on a level playing field. On the other hand, the industrial sector has undeniably reaped some benefits from Israeli business connections both locally and internationally.

The sector is represented by the Palestinian Federation of Industries (PFI). The PFI advocates for better industrial policies and regulations while working on improving Palestinian industrial performance. The federation began its work in 1999 by representing six industrial associations. Today, the federation counts thirteen different industrial associations as members.

Industry plays an important role in the economic and social well-being of Palestinian society. It employs about 13% of the total workforce and contributes 16% to the GDP. Exports have been a positive economic ambassador for the entire Palestinian cause. The rapid growth of industry was notable during the nineties; however political turmoil has since had an adverse impact on the industrial sector. The leather and shoe making industry as well as the garment and textile industry are examples of badly affected industries. On the other hand, the pharmaceutical and marble & stone industries are examples of sub-sectors that have managed to thrive despite the challenging economic and political circumstances

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Excellent performance during the past period	• Lack of additional financial resources from the current owner
• None of the products is locally produced	

External Analysis	
Opportunities	**Threats**
• The opportunity to export to other markets such as the Israeli and Jordanian markets	• Political instability

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	-	672,000	772,800	888,720	1,022,028
Gross Profit	-	272,400	319,656	369,782	427,646
Net Income	-	,141,792	176,145	212,374	254,515
Cash Flow Accounts					
Operating Cash Flow	-	181,792	208,417	243,487	284,295
Investing Cash Flow	(700,000)	-	-	-	-
Financing Cash Flow	700,000	200,000	(88,072)	(106,187)	(127,257)
Balance Sheet Accounts					
Total Assets	700,000	1,041,792	1,129,864	1,236,051	1,363,309
Total Liabilities	-	-	-	-	-
Total Equity	700,000	1,041,792	1,129,864	1,236,051	1,363,309
Profitability Indicators					
Return on Assets	-	14%	16%	17%	19%
Return on Equity	-	14%	16%	17%	19%

Decorative Tiles and Bricks Manufacturing

14

Project Number:	**PIC-2010-IO-026**
Project Name:	**Decorative Tiles and Bricks Manufacturing**
Sponsor Company Individual:	**Mr. Shehada M. H. Elnajjar**
Contact Details:	**Main Street Khan Younis, Gaza Mobile: +970-59-9429977 Email: smhnajjar@hotmail.com**
Total Cost of the Project:	**US$ 221,711**
Investment by Current Owners:	**US$ 66,513**
Required Investment:	**US$ 155,198**

Project Description:

Shehada M. H. Elnajjar is seeking a strategic investment partner that will assist in establishing a company to manufacture floor tiles, roof tiles and decorative bricks which will be used for walkways, sidewalks and the roofs of residential and commercial buildings.

The company will target the local market to include all provinces in Gaza since this company will have no local competition in Gaza, therefore the company will have 95% of the local market share.

The company's clients will consist of decorative tile and brick businesses, construction companies, retail stores and whole sale agents of building materials.

The company will distribute the products to all provinces in the Gaza Strip through wholesale dealers ensuring that their price will be competitive and at least 20% cheaper than Israeli companies. The company intends to produce high quality tiles and bricks at very reasonable prices. Tiles and bricks manufactured from Israel are not less than 4 NIS per tile while the company intends to manufacture and sell their tiles at a price of 3.25 NIS or less.

The company will also have of transportation vehicles for delivering the products in order to expedite clients' orders in a professional manner and ensure customers satisfaction.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	**3 months**

Current Owners' Profile:

Shehada M. H. Elnajjar was born in Khan Younis, Gaza in 1950. Mr. Elnajjar was the Sales Executive for British Caledonian Airlines for ten years. Mr. Elnajjar founded and established Cairo 2000 Company which specializes in importing and exporting of goods as well as jewelry trading.

Mr. Elnajjar was the president of Khouza Khan Younis's Municipality and held this responsibility for 5 years. In 2001, Mr. Elnajjar established ELAF Company which specializes in trading and contracting.

Mr. Elnajjar has more than twenty five years of extensive experience in the industry and intends to achieve his goal that is assisting to better develop Gaza.

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Limited local competition	• Owners lacks financial resources
• Minimize Palestinian companies' reliance on Israeli and International companies	
• The company will have its' own transportation vehicles to deliver products in a timely manner to their clients	

External Analysis	
Opportunities	**Threats**
• There is a growing demand for these products	• Political instability and blockade on Gaza

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	411,184	472,862	520,148	546,155
Gross Profit	0	178,592	205,381	225,919	237,215
Net Income	(14,457)	102,421	120,644	134,614	142,298
Cash Flow Accounts					
Operating Cash Flow	(6,000)	79,220	97,132	107,345	113,148
Investing Cash Flow	(214,961)	0	0	0	0
Financing Cash Flow	221,711	0	(100,000)	(100,000)	(100,000)
Balance Sheet Accounts					
Total Assets	207,254	317,675	339,519	375,053	417,857
Total Liabilities	0	8,000	9,200	10,120	10,626
Total Equity	207,254	309,675	330,319	364,933	407,231
Profitability Indicators					
Return on Assets	(7%)	32%	36%	36%	34%
Return on Equity	(7%)	33%	37%	37%	35%

Reinforcing Bars Manufacturing

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Project Number:	**PIC-2010-IO-029**
Project Name:	**Reinforcing Bars Manufacturing**
Sponsor Company:	**Watan for Investment and Development**
Contact Details:	**Al-Irsal Street** **Ramallah** **Tel: 970-2-2965215** **Email: jeri@palnet.com**
Total Cost of the Project:	**US$ 23,555,000.00**
Investment by Current Owners:	**US$ 23,555,000.00**

Project Description:

Watan for Investment and Development is seeking a financing partner to assist in establishing a company that will manufacture reinforcing bars, also known as rebar, which are produced all over the world and are used for various construction applications. The reinforcing bars are most commonly used to reinforce concrete and masonry units. Rebar is manufactured from steel billets through hot rolling mills. The company intends to manufacture the rebar in different sizes that range from 8 mm to 32 mm in length and from 6 m and above depending on the clients' requested size(s).

The company's primary target market will be the local construction industry, residential and housing, social, commercial and industrial construction sectors. The estimated size of the Palestinian market in 2007 was 336,000 tons, of which 236,000 tons were consumed by the West Bank and about 100,000 tons were imported by the Gaza Strip. In 2009, the construction and real estate markets were growing and the projects introduced new cities and neighborhoods along with affordable housing. As a result of new developments, the demand has increased and the consumption is estimated at 450,000 tons.

The company's competitive advantages include the following:

1. Location: The proximity of low labor costs, and low average income families makes Jenin suitable for a production facility;

2. Palestinian National Interests & Sustainable Development: The company will market the product as high quality steel for construction products, touting the strategic benefits of developing the local steel industry for the sake of Palestinian national interests and sustainable development;

3. Excellent Customer Service: Currently, local rebar producers suffer from a bad reputation following years of poor customer service;
4. Economies of Scale: Leveraging economies of scale will allow the company to keep operating costs down, passing the savings onto customers;
5. Wide Product Range: The factory will produce small-size diameters of 8 mm and 10 mm which are currently being imported at very high prices.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	**18 months**

Current Owners' Profile:

Watan for Development and Investment, an offshore holding company was founded in 2009, is involved in various commercial activities in Palestine and other Arab countries, including agriculture and industries such as construction and real estate development. Watan aims to contribute to the economic and social development of Palestine by building the economy and enhancing its competitiveness through the establishment of companies with potential for strong economic returns and positive community development impact.

Watan was registered in Palestine as a public shareholding company with a capital of US$ 100 million. The founders and strategic partners own 75%, while the remaining 25% equity stake is shared among public shareholders.

Industry Highlights:

The metal industry is served by an association which represents 40 major firms working in the sector. A rough estimate of the number of firms working in this industry is 120. The average number of workers in the sector is estimated to be 1000.

Sector diversification:

The sector is comprised of the following diversified fields: metal doors, aluminum profiles, iron and steel rods, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage:

Product quality in this sector is usually measured in terms of life-span. The majority of the products are either used in support of the industry itself, or as complementary parts to other businesses. Given how much other working parts in any construction or industrial process rely on their metal counterparts, quality is extremely important. PSI standards and specifications are valid only for some of these products; ISO certificates and fire prevention certificates have been acquired by some but not all of the firms in the sector.

Technical position and capacity:

The total production capacity barely reaches 40% among the sampled companies. Technically speaking there is a significant variation in the level of technology used in the sector. The industry needs to be equipped with testing facilities and know-how to cope with increasing technological and quality-related specifications. Academic networking with the industry is also vital to the development of this industry.

Marketing position:

The metal sector has been involved in the export market for decades, and continues to be despite the heavy restrictions on movement imposed by Israeli authorities. Welding materials and abrasives have traditionally been the main exports. However, the opportunity exists for moving into new export markets with a wider variety of metal products, such as metal doors, stone machinery and packaging machinery. Locally, there is strong competition from Israeli and imported materials, mainly Chinese. Unfortunately, PSI is not active with regards to verifying the quality of imported materials. It would be beneficial to set strict regulations with regards to competing imports in order to maintain fair competition in the market.

Financial position:

There are no precise figures indicating the total level of investment in the sector. However some industry experts have stated that the total amount of investments exceeds US$ 100 million. According to the sample firms, 100% of them would like to invest in new machinery and 80% will invest in seeking new markets.

Industry problems and needs:

This industrial sector's most pressing needs can be summarized by the following points:

- Increasing industry regulations in order to promote fair competition;
- Designing a package of promotional and technical assistance to assist in opening new export markets;
- Equipping the industry with proper testing facilities and linking companies properly with relevant academic institutions;
- Investing in development of alternatives energy sources and to decrease power-related costs;
- Encouraging more environmentally-friendly practices such as industrial waste recycling.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Reinforcing bars are used worldwide and are essential for building	• Lack of fully equipped testing laboratories
• Extensive industry experience	
• Real estate development is booming in Palestine	

External Analysis	
Opportunities	**Threats**
• Growing demand for construction materials	• Political instability
• No end in sight for Palestinian residential and commercial real estate boom = ongoing demand for rebar	• Difficulty to insure industrial investments in light of political risk
	• Fluctuation of metal prices

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	82,160,000	116,800,000	154,940,000	162,687,000
Gross Profit	0	1,800,000	4,480,000	15,930,000	16,726,500
Net Income	0	796,500	3,466,500	14,906,500	15,698,500
Cash Flow Accounts					
Operating Cash Flow	0	(1,351,000)	3,101,000	14,409,750	16,341,488
Investing Cash Flow	(13,225,000)	0	0	0	0
Financing Cash Flow	23,555,000	0	(10,000,000)	(10,000,000)	(10,000,000)
Balance Sheet Accounts					
Total Assets	23,550,000	24,351,000	27,818,000	32,724,500	38,423,000
Total Liabilities	0	0	0	0	0
Total Equity	23,550,000	24,351,000	27,818,000	32,724,500	38,423,000
Profitability Indicators					
Return on Assets	0	3.27%	12.46%	45.55%	40.86%
Return on Equity	0	3.27%	12.46%	45.55%	40.86%

Natural Textile Manufacturing

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Project Number:	**PIC-2010-IO-031**
Project Name:	**Natural Textile Manufacturing**
Sponsor Company:	**Qalqilya Municipality**
Contact Details:	**Qalqilya Municipality** **Mr. Samer Dwabash** **Mobile: +970-59-7916585** **Email: abdalmom@yahoo.com**
Total Cost of the Project:	**US$ 1,065,000**
Investment by Current Owners:	**US$ 265,000**
Required Investment:	**US$ 800,000**

Project Description:

Qalqilya's Municipality is seeking a financing partner to assist in establishing a company that will manufacture natural textiles. The company will also house a natural products laboratory and agricultural research center.

The project aims to increase Qalqilya's revenues as well as to improve public services. Additionally the project intends to create employment and trade opportunities by providing competitive high quality natural textiles.

The project aims to target all agricultural centers, farmers and all countries in the Middle East.

The expected local competition the project might face is very limited, and the market share in the Northern part of Palestine is currently about 25% only, while the projects share will reach up to 75%.

The City of Qalqilya has lots of land where many farmers are producing a wide variety of goods yearly. Qalqilya is very close to the green line therefore the project will be able to attract Palestinians living in Israel to purchase their products. Additionally the farmers in Qalqilah have extensive experience in farming, and the lands' soil is appropriate to produce many goods.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	**18 months**

Current Owners' Profile:

Qalqilya Municipality was established in 1912 by the first local council in accordance with a specific structure of the family under the chairmanship of the late Omar Hussein Younis.

Qalqilya Municipality provides various services to its citizens and those in the surrounding villages through its various departments that work under the supervision of the mayor and the municipal council which consists of 15 members.

Qalqilya Municipality has been developing the educational system in the city through its substantial contribution of building schools as a result of the growing need for educational units and constant maintenance of all schools and educational facilities. The Municipality also supports the city's health sector by tackling the environmental pollution, and finding appropriate waste management methods. Additionally, the municipality is trying to overcome the high level of unemployment rates, by creating job opportunities and connecting to donor countries to assist in the agricultural sector since Qalqilya's land is very well known for its healthy soil and quality produce. Despite the Municipality's efforts to improve the citizen's standard of living and Qalqilya's overall economy, they still suffer tremendously from the political situation which has lead to the closure and the economic embargo on the Palestinian territories and in particular the city of Qalqilya. However, Qalqilya's Municipality is making great efforts to maintain the quality and efficiency of the services it provides to its citizens.

Industry Highlights:

The Palestinian industrial sector is categorized by its wide variety of products and interrelated sub sector branches. The sector lacks severely the adequate continuously available raw materials for the sustainability of the sector. But it has a great advantage of the dedicated hard working and resilient business community. The business community, as a driving force for the industry, was able to achieve several successes during difficult uncertain conditions.

One of the main features of industry was its connectivity to the Israeli economy. On one side this is a fatal threat to industry because its success is subject to the Israeli priorities, not the Palestinian priorities, and it is a known fact that most of these priorities are not business related and highly politicized. On the other hand, industry has benefited from Israeli business connections elsewhere in the world.

The sector is represented by the Palestinian Federation of Industries (PFI). The PFI advocates for better industrial policies and regulations and works on developing and upgrading industrial performance. The federation started its work in 1999 with a representation of six industrial associations. Today, thirteen different industrial associations are members of the federation.

Industry is playing an important role in the economic and social well being of the Palestinian society. It employs about 13% of the total workforce and it contributes 16% to the GDP. Exports were (and still are) a good economic ambassador for the entire Palestinian cause. The rapid growth of industry was notable during the nineties, the political uncertainty and turbulences have affected the industrial sector negatively.

A slight shift was noticed in the structuring of industry that is related to both political changes and international economic changes and globalization sequences. The leather and shoe making industry and the garment and textile industry are examples of badly affected industries. Contrary to that, Pharmaceutical industries and marble and stone industries were good examples of positive change.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The City of Qalqilya has lots of land where many farmers are producing a wide variety of goods yearly	• Lack of financial resources
• Qalqilya is very close to the green line therefore the project will be able to attract Palestinians living in Israel to purchase their products	
• The lands soil is appropriate to produce a large range of goods	

External Analysis	
Opportunities	**Threats**
• Opportunity to create employment and trade opportunities by providing excellent high quality natural textiles	• Political instability

Financial Projections in US$

Indicators	2010-2011	2012	2013	2014	2015
Income statement Accounts					
Revenues		132,000	138,600	145,530	152,807
Gross Profit		66,000	69,300	72,765	76,403
Net Income		33,000	34,650	36,383	38,202
Cash Flow Accounts					
Operating Cash Flow		36,300	38,115	40,021	42,022
Investing Cash Flow	(1.015.000)	0	0	0	0
Financing Cash Flow	1,065,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	1,065,000	1,098,000	1,132,650	1,169,033	1,207,234
Total Liabilities	0	0	0	0	0
Total Equity	1,065,000	1,098,000	1,132,650	1,169,033	1,207,234
Profitability Indicators					
Return on Assets	0.00%	3.01%	3.06%	3.11%	3.16%
Return on Equity	0.00%	3.01%	3.06%	3.11%	3.16%

Plastic Recycling Plant

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Project Number:	**PIC-2010-IO-032**
Project Name:	**Plastic Recycling Plant**
Sponsor Company:	**Al-Khudari Plastic Co.**
Contact Details:	**Mr. Reyad Yehya Atta Al-khodari** **Al-Naser St., Gaza City** **Gaza Strip, Palestine** **Tel: +970-8-2871675** **Email: knk02@hotmail.com**
Total Cost of the Project:	**US$ 442,722**
Investment by Current Owners:	**US$ 88,544**
Required Investment:	**US$ 354,178**

Project Description:

The owner's strong awareness of the plastic waste problem in the Gaza Strip led him to develop an initiative to help solve it, while generating a commercially viable return. Given the lack of plastic materials in Gaza due to the Israeli-imposed closure, there is a major economic incentive to use new and innovative recycling methods.

The factory will produce agricultural pipes, plastic water pipes, and plastic coating for electrical lines. It will use recycled plastic solid waste, which is estimated by UNRWA reports to amount to 50 tons of plastic and rubber waste per day. The recycled plastic will then be reproduced into the final desired product.

Under the current circumstances, market demand outstrips supply by 65% and with no end in sight to the crippling siege, the demand for such products increases. The company can achieve significant returns by utilizing the resources available. Management plans to adopt a marketing campaign to attract customers through newspaper advertisements, radio jingles, billboards and workshops aimed at highlighting the company's mission and products. One of the company's main intangible assets is the management's extensive knowledge both in recycling and marketing.

Al-Khudari Plastic Co. is seeking a strategic partnership with an investor that is willing to enter the Gazan market of plastic recycling. The level of investment sought after by company owners is US$ 1,310,457.

Project Development Time Table:

Land Development & Improvement	**June 2010**
Building and Construction Completion Date	**August 2010**
Machine Installation	**September 2010**
Operations Start Date	**October 2010**
Inauguration Date	**October 2010**

Current Owners' Profile:

Al-Khodary for Plastic was established in 1990. Over the years, the company has managed to withstand the harsh economic and political circumstances that have affected the Gaza Strip. Management's dedication and experience over the years helped to create the strong reputation that the company and its products currently enjoy. The company's creative designers have managed to invent new products and through modern production techniques in order to meet the growing market demand.

Industry Highlights:

Approximately 1.4 million tones of municipal solid waste is estimated to have been generated in the Palestinian Territories in 2010 (875,000 tons in the West Bank, and 525,000 tons in the Gaza Strip). Waste composition varies widely. The majority of waste (up to 67%) is organic waste; paper/paperboard and plastics comprise up to 19% and 17% respectively of waste in the West Bank, but a much lower percentage in Gaza. Other materials comprise small fractions of the waste stream except in Gaza, where sand comprises 25% of waste.

Average growth in waste generation is estimated at 4% per year. This figure depends on population & economic growth and the extent to which people adopt "consumer" and "disposable" lifestyles. Waste collection coverage varies. In urban areas, waste collection coverage is estimated at 85%, while in rural areas it is much lower (35%); up to 25% of the population is estimated to remain uncovered by this service. The majority of municipal solid wastes (99%) are managed through land disposal, 30% in landfills (both in the Gaza Strip) and 69% in dumps. Open dumps have proliferated in recent years, particularly in the West Bank, as a result of restrictions on access to established waste disposal sites; at least 450 illegal dumps have been established even as municipalities have being taking steps to rehabilitate established dumps. The disposal of hazardous wastes in municipal waste dumps occurs in the West Bank, where biomedical wastes, waste oil and other hazardous wastes (possibly including munitions) are known to be disposed of in these ways; in Gaza, a hazardous waste cell is used for disposal of hazardous wastes generated in the Gaza Strip. Composting and recycling are not undertaken in a formal sense; recycling by the informal sector occurs, but its impact on the waste stream has not been quantified.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Extensive knowledge in Plastic recycling	• Inability to control raw material collection levels
• High owner profile and company reputation	
• Low raw material costs (Plastic waste)	

External Analysis	
Opportunities	**Threats**
• Increasing market demand, and low supply due to current siege on Gaza	• Ongoing blockade and political instability
• High product prices	

Financial Projections in US$ for the whole project

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	108,108	324,324	340,540	357,568	375,446
Gross Profit	27,895	63,685	94,226	105,294	110,558
Net Income	3,886	12,876	23,368	34,484	36,365
Cash Flow Accounts					
Operating Cash Flow	(27,505)	(32,649)	(16,703)	310	462
Investing Cash Flow	(39,506)	0	0	0	0
Financing Cash Flow	442,722	0	0	0	0
Balance Sheet Accounts					
Total Assets	449,311	462,187	485,604	520,088	556,588
Total Liabilities	2,703	2,703	2,703	2,703	2,838
Total Equity	446,608	459,484	482,901	517,385	553,750
Profitability Indicators					
Return on Assets	0.87%	2.79%	4.82%	6.63%	6.53%
Return on Equity	0.87%	2.80%	4.85%	6.67%	6.57%

Hakoura Gold Chains Production

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Project Number:	**PIC-2010-IO-035**
Project Name:	**Hakoura Gold Chains Production**
Sponsor Company:	**Ghattas Hakoura & Sons Jewellery**
Contact Details:	**Mr. Yacoub Ghattas Yacoub Hakoura / Manager** **Omar Al Mokhtar St. Gaza, Palestine** **Tel: +970-8-2869843** **Mobile: +970-59-9100051, +970-59-9408653** **Email: jacknjewellery@hotmail.com**
Total Cost of the Project:	**US$ 1,050,000**
Investment by Current Owners:	**US$ 525,000**
Required Investment:	**US$ 525,000**

Project Description:

Mr. Yacoub Hakoura is seeking a strategic partnership with an investor to produce gold chains and other jewellery. The idea of this project is to produce gold chains that are needed by jewellery factories and retail stores. The production of gold will include chains to be used as part of sets and other jewellery items, chains to be used for pendants, and necklaces.

The owner of the idea has extensive experience working as a goldsmith, producing a wide variety of necklaces, rings and bracelets. Market assessments reveal that Gaza Strip lacks any automated production of gold chains. The project will benefit from the following advantages as part of its operational and marketing strategy:

- High product quality, based on the usage of very sophisticated fully automated chain machines (Italian Machinery);
- Leveraging Hakoura's strong reputation in the Gazan goldsmith market;
- Utilizing past successful marketing strategies to sell gold products; and
- Updating current designs in line with European (Italian) and international manufacturers.

The project's customers are gold shops in the Gaza Strip in addition to individuals. Ghattas Hakoura & Sons Jewellery is seeking a strategic partnership with an investor who is willing to collaborate on the establishment of this new line of gold production in the Gaza strip.

Project Development Time Table:

Infrastructure Development	**Not Applicable**
Building and Construction Date	**Not Applicable**
Building and Construction Completion Date	**Not Applicable**
Furniture & Equipment Purchase	**August 2010**
Operations Start Date	**August 2010**

Current Owners' Profile:

It was in 1939 when Ghattas Yacoub Hakoura at the age of nineteen, started to lay the foundations for a life-long business, starting as a simple goldsmith, who travelled from Gaza to Beer Sheeba with his mother as she searched for a place to earn some money for her family by making dresses for bedouin women. From Beer Sheeba he travelled to the city of Ramleh and finally to Jaffa where he was trained to work as a goldsmith. Upon his return to Gaza, Hakoura quickly established himself as one of the two leading goldsmiths; eventually opening his own jewellery shop.

Mr. Hakoura was well known as one of the foremost two jewellers and goldsmiths in Gaza. His knowledge and experience matured in this field, leading him to become one of the most successful jewellers in recent Gazan history. Today the tradition continues thanks to the legacy he left with his sons, who founded Ghattas Hakoura and Sons Jewellery Company. They now own the largest two branches of the leading jewellery business in Gaza; a dynamic company with a natural talent for creating new and beautiful designs. The company satisfies the various requirements of different consumer tastes, offering its clients a wide assortment of items in 24 kt, 22 kt, 21 kt, and 18 kt.

Ghattas Hakoura & Sons Company's market share within the Gaza Strip exceeds 80%, and is currently employing 27 employees, three administrative employees, one certified mechanical engineer, 20 certified jewellery technicians, one executive secretary, and one advertising specialist.

Industry Highlights:

Palestine's Jewellery sector has witnessed major growth since the establishment of the Palestinian National Authority. Investments were undertaken in the establishment of many new workshops, particularly in Hebron to supply the local market with jewellery.

The market is monitored by the Ministry of National Economy whose reports indicate an average of approximately 370 Kg of golden jewellery production per month.

Gold and silver jewellery is deep rooted in Palestinian tradition, particularly for brides and accordingly the market is expected to continue its natural growth. Yet, the dramatic increase in gold price on the global market has had repercussions on the Palestinian market. Traditionally, brides are given certain amounts of gold as part of their marriage dowry, as gold prices have risen, grooms' families have begun giving money as a dowry instead of gold.

On the other hand however, gold is seeing a resurgence as a popular investment commodity. Due to recent price increase, investors have begun purchasing gold in the hopes that it will maintain its long-term value more consistently than currencies such as the US Dollar or the Jordanian Dinar.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Utilization of sophisticated production machinery	• High upfront capital requirements
• Decades' experience in the production and marketing of gold products	
• Excellent reputation among merchants and customers	

External Analysis	
Opportunities	**Threats**
• Constant natural increase of demand on Gold	• Israeli-imposed blockade on Gaza
• Potential for export to the Egypt	• Inability to import raw materials, or other needed tools and equipment

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	83,333	600,000	600,000	630,000	661,500
Direct Expenses	60,533	332,616	332,616	349,247	366,709
Gross Profit	22,800	267,384	267,384	280,753	294,791
Indirect Expenses	41,100	119,875	116,875	119,429	122,700
Net Income	(18,300)	147,509	150,509	161,324	172,091
Cash Flow Accounts					
Operating Cash Flow	(11,133)	309,676	318,509	334,924	351,971
Financing Cash Flow	(600,000)				
Investing Cash Flow	1,050,000	(36,877)	(37,627)	(40,331)	(43,023)
Balance Sheet Accounts					
Total Assets	1,033,700	1,144,332	1,257,214	1,378,307	1,507,480
Total Liabilities	2,000	2,000	2,000	2,100	2,205
Total Equity	1,031,700	1,142,332	1,255,214	1,376,207	1,505,275
Profitability Indicators					
Return on Assets	-1.77%	12.89%	11.97%	11.70%	11.42%
Return on Equity	-1.77%	12.91%	11.99%	11.72%	11.43%

ICT

Sector

Mishwar

1

Project Number:	**PIC-2010-IO-039**
Project Name:	**Mishwar**
Sponsor Company:	**Speedtech Investment Company**
Contact Details:	**Mr. Iyad Dweikat** **Tel: +970-9-2333111** **Fax: +970-9-2336581** **Mobile: +970-59-9579463** **Email: iyad@speedtech.ps** **Website: www.speedtech.ps**
Total Cost of the Project:	**US$ 64,470**
Investment by Current Owners:	**US$ 5,420**
Required Investment:	**US$ 59,050**

Project Description:

The project consists of two interrelated components, Mishwar Channel and the web material part of the website, which is already under development.

Mishwar is a tourism portal proposed to gather a wide variety of tourist information in Palestine in one place. The portal covers different travel, tourism and entertainment data such as travel and transport, accommodation, food and dining, luna parks, swimming, gaming and playing, events and activities, banking and money change, phone and internet services information.

Under the Mishwar Channel, the website will function as a gateway for receiving proposed materials for publishing from different sources. A media and awareness campaign will be conducted to encourage tourism agencies to produce and broadcast their materials on the channel.

The project will run over the period of 24 weeks starting from the date of signing the agreement.

Project Development Time Table:

Define and hire project team	**Week 1 and 2**
Design the concept page (Mishwar)	**Week 3**
Prepare infrastructure, domains, hosting and servers	**Week 3**
Update programming of Mishwar	**From week 3 to 5**
Prepare Tourism Mishwar Channel / design	**From week 4 to 5**
Design and prepare media plan	**From week 3 to 5**
Media and newspaper ads, TVs, radios, bill inserts, SMS and events	**From week 6 to 20**
Conduct Awareness workshops in all major cities	**From week 6 to 10**
Receiving, rating and broadcasting entries	**From week 6 to 24**
Visits to major tourism sites / ventures	**From week 10 to 16**
Review and evaluation	**Week 1, 8, 12 and 24**
Final evaluation, reporting and project closure	**From week 22 to 24**

Current Owners' Profile:

Established in the city of Nablus in January 2007, Speedtech Investment Co. is a private shareholding company owned by a group of professionals in the fields of IT, finance, management, as well as commerce and strategy. The company is headquartered in Nablus with operations in all West Bank and Gaza, in addition to some activities conducted outside Palestine, mainly related to web services. Speedtech has a network of agents and dealers spread all over the West Bank, thus giving the company a comprehensive geographical coverage. This network provides support to the company's customers in ADSL and web services in addition to hardware maintenance when needed. In 2007, Speedtech established and managed an e-entertainment centre for youth in Nablus focused on providing a new gaming environment built on electronic games.

Speedtech has a reputable record of achievement in web services and has already initiated and developed tens of professional web sites in different sectors with emphasis on tourist facilities like hotels and restaurants.

Industry Highlights:

The Information and Communications Technology (ICT) sector has a significant influence on the development of Palestinian infrastructure and on general quality of life standards. The ICT sector plays a critical role in shaping the future of Palestine as it facilitates the ability for Palestinians to communicate with others locally and globally.

Economic experts gave high marks to the Palestinian ICT sector for its viability and ability to aid the development of the Palestinian economy. International outsourcing experts attested "that the Palestinian outsourcing industry is capable of sustaining multiple concurrent IT development projects at levels of quality, timeline and customer satisfaction as buyers would expect from a global IT outsourcing services provider." Experts stress that despite the current political situation and heavy-handed Israeli restrictions, the ICT sector stands on top of other economic sectors in terms of its readiness to boost the Palestinian economy and significantly penetrate regional and international markets.

Palestine is leaping forward in the ICT world as statistics show a huge increase in the number of households that use ICT technology. According to the Palestinian Central Bureau of Statistics, 32.1% of households have a computer at home and 15.6% have access to the internet; a 72.8% increase from 2004. Other significant statistics such as the number cell phone users indicate that the sector has more than doubled since 2004.

As of 2007 year-end, the ICT sector contributed about 10-12% of GDP with a market size of around $500 million. There are approximately 250 ICT companies, 150 small computer stores, more than 150 internet cafés and over 5,300 individuals working in the sector in the West Bank and Gaza. Palestinian ICT companies cover a wide spectrum of the ICT market including hardware distributors, software development firms, office automation vendors, internet service providers, telecommunication companies, as well as ICT consulting and training companies.

Broadband penetration is mainly dominated by Paltel presently and by having other companies that provide the service with quality emphasis, this will lead to higher internet penetration while lowering the cost. Indeed, due to its heavy cross-sectoral impact, a competitive broadband service industry has the potential to become a main economic driver for future economic, social and democratic change.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Speedtech has extensive experience in website development	• Lack of additional financial resources from the current owner
• The website will form the first reference of information for internet users who browse the net for information on Palestine	
• Speedtech has a well defined and solid media plan	

External Analysis	
Opportunities	**Threats**
• There is no direct competitor for the same service	• Low barrier entries due to ease of imitation

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	100,200	108,300	108,300	108,300	108,300
Gross Profit	66,200	77,300	75,300	73,300	71,300
Net Income	16,500	27,600	25,600	23,600	21,600
Cash Flow Accounts					
Operating Cash Flow	17,325	28,980	26,880	27,780	22,600
Investing Cash Flow	(30,000)	(34,470)	-	-	-
Financing Cash Flow	64,470	-	(30,000)	(50,000)	(80,000)
Balance Sheet Accounts					
Total Assets	46,500	108,570	104,170	107,770	99,370
Total Liabilities	-	-	-	-	-
Total Equity	46,500	108,570	104,170	107,770	99,370
Profitability Indicators					
Return on Assets	35%	25%	25%	22%	22%
Return on Equity	35%	25%	25%	22%	22%

Courts.Net – A Case and Court Management System and e-Justice Portal

2

Project Number:	**PIC-2010-IO-043**
Project Name:	**Courts.Net – A Case and Court Management System and e-Justice Portal**
Sponsor Company:	**JAFFA.NET Computer Systems**
Contact Details:	**Dr. Yahya Al-Salqan** **Al-Mobaadin St.** **P.O. Box 2435, Ramallah, West Bank, Palestine** **Tel: +970-2-241-2020** **Fax: +970-2-241-3030** **Email: alsalqan@i-jaffa.net** **Website: http://www.i-jaffa.net**
Total Cost of the Project:	**US$ 2,200,000.00**
Investment by Current Owners:	**US$ 1,100,000.00**
Required Investment:	**US$ 1,100,000.00 equity investment**

Project Description:

Jaffa.Net is seeking a strategic/financing partner that can help Jaffa.Net extend its market share and reach to become a worldwide offering. In addition, the strategic partner can also help Courts.Net position itself vis-à-vis international software companies such as Oracle or Microsoft with the long term goal of having them adopt Courts.Net as a vertically integrated e-Justice application.

The Courts.Net court & case management system is a one-of-a-kind planning, tracking, organizational, execution, and archiving platform that systematically tracks court workflow. Because Palestinian and Jordanian courts have highly complex structures and tracking procedures, they adopted Courts.Net in their respective judicial systems. Aside from nearly eliminating all paperwork, and the associated nuisance of tracking documents and clauses, it acts as a self-monitoring and legal reference tool for the court's daily planning, operations and tasks.

With its user friendly interface and settings, Jaffa.Net's judicial innovation eliminates the need for real programmers to make any changes or updates to its numerous workflow modules. The multi-step case life cycle and request management includes numerous judicial processes, including the registration book of operations, the case life cycle management, case accounting, case types and fees, case workflow, case archiving, hearing and minutes, scheduling, and reporting.

The Courts.Net architecture allows the customer to have major flexibility on the type of database, application server, workflow engine, portal server, they wish to use. It has been tested in multiple environments on state-of-the-art model-driven architecture utilizing the best practices in the industry. Currently the system is implemented in Palestinian and Jordanian courts.

Project Development Time Table:

	Palestine	International
Infrastructure Development	N/A	N/A
Building and Construction Date	N/A	N/A
Building and Construction Completion Date	N/A	N/A
Furniture & Equipment Purchase	N/A	Upon opening of new branches
Operations Start Date	June 2008	Upon opening of new branches

Current Owners' Profile:

Jaffa.Net Computer Systems (www.i-jaffa.net) is a software company established in 1998 with an emphasis on quality IT solutions. Jaffa.Net's portfolio of products include: The Courts.Net, Check Clearing System for Commercial Banks, Human Resources Management System; Financial Management, ERP, and CRM solutions, School.Net, Archiving.Net and Document Management System, as well as MoneyEx.Net.

Jaffa.Net was ranked by the CBI, an independent IT evaluation company based in The Netherlands, as "the most advanced IT company in Palestine." Jaffa.Net is an Oracle Certified Solution Partner, and a Microsoft Partner.

After almost seven years of working in the judicial market, very few companies have Jaffa.Net's experience in terms of comprehensive justice and case management solutions, not just in the Middle East but internationally as well. Jaffa.Net has proven expertise to build courts and case management systems on state-of-the-art IT architecture and tools from n-tier architecture, to database dependency, to web interface, and workflow engine powers. Jaffa.Net sees a trend in emerging markets to reform judicial systems, and the company believes it can play a significant role in achieving this noble goal.

Jaffa.net is lead and co-owned by Dr. Yahya Al-Salqan, who has extensive management and technical experience acquired in the Middle East and in the Silicon Valley, where he worked as a senior engineer at Sun Microsystems. Dr. Al-Salqan has a Ph.D. from the University of Illinois and 9 patents registered in his name internationally.

Finally, Jaffa.Net is a World Bank Registered Vendor. A Dun Bradstreet evaluated the company as "Excellent and Stable" standing under number 53-208-5669. Jaffa.Net is a founding Member of PITA (www.pita.ps), as well as of PICTI (www.picti.ps), and a member of Paltrade (www.paltrade.org).

Industry Highlights:

The Information and Communications Technology (ICT) sector has a significant influence on the development of Palestinian infrastructure and on general quality of life standards.

The ICT sector plays a critical role in shaping the future of Palestine as it facilitates the ability for Palestinians to communicate with others locally and globally.

Economic experts gave high marks to the Palestinian ICT sector for its viability and ability to aid the development of the Palestinian economy. International outsourcing experts attested "that the Palestinian outsourcing industry is capable of sustaining multiple concurrent IT development projects at levels of quality, timeline and customer satisfaction as buyers would expect from a global IT outsourcing services provider." Experts stress that despite the current political situation and heavy-handed Israeli restrictions, the ICT sector stands on top of other economic sectors in terms of its readiness to boost the Palestinian economy and significantly penetrate regional and international markets.

Palestine is leaping forward in the ICT world as statistics show a huge increase in the number of households that use ICT technology. According to the Palestinian Central Bureau of Statistics, 32.1% of households have a computer at home and 15.6% have access to the internet; a 72.8% increase from 2004. Other significant statistics such as the number cell phone users indicate that the sector has more than doubled since 2004.

As of 2007 year-end, the ICT sector contributed about 10-12% of GDP with a market size of around $500 million. There are approximately 250 ICT companies, 150 small computer stores, more than 150 internet cafés and over 5,300 individuals working in the sector in the West Bank and Gaza. Palestinian ICT companies cover a wide spectrum of the ICT market including hardware distributors, software development firms, office automation vendors, internet service providers, telecommunication companies, as well as ICT consulting and training companies.

Broadband penetration is mainly dominated by Paltel presently and by having other companies that provide the service with quality emphasis, this will lead to higher internet penetration while lowering the cost. Indeed, due to its heavy cross-sectoral impact, a competitive broadband service industry has the potential to become a main economic driver for future economic, social and democratic change.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• CourtsNet has proven success following its deployment in Palestine and Jordan	• Needs considerable governmental engagement and approvals, which can prolong the sales process
• Innovative approach that can suit civil and Sharia courts	• High initial capital requirements for targeting international markets
• JaffaNet is a well established name, and is ranked by international IT evaluation companies as “No 1 IT Company in Palestine”	

External Analysis	
Opportunities	**Threats**
• Took the initiative and is currently pursuing opportunities in Ethiopia	• Competition from other multilingual international software providers
• Wide range of potential client beneficiaries within each country including civil and Sharia courts	
• Being an independent database while still applicable on Oracle, Microsoft, and SQL servers makes it highly adaptable system	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	790,000	1,560,000	2,450,000	3,600,000	4,700,000
Expenses	300,000	570,000	590,000	750,000	1,200,000
Gross Profit	490,000	990,000	1,860,000	2,850,000	3,500,000
Taxes	88,200	178,200	334,800	513,000	630,000
Net Income after Tax	401,800	811,800	1,525,200	2,337,000	2,870,000
Cash Flow Accounts					
Operating Cash Flow	401,800	811,800	1,143,900	1,752,750	2,152,500
Investing Cash Flow	(1,100,000)	0	381,300	584,250	717,500
Financing Cash Flow	1,100,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	2,601,800	3,413,600	4,557,500	6,310,250	8,462,750
Total Liabilities	650,450	853,400	1,139,375	1,577,563	2,115,688
Total Equity	1,951,350	2,560,200	3,418,125	4,732,688	6,347,063
Profitability Indicators					
Return on Assets	15%	24%	33%	37%	34%
Return on Equity	21%	32%	45%	49%	45%

Technology Educational Kits

3

Project Number:	**PIC-2010-IO-045**
Project Name:	**Technology Educational Kits**
Sponsor Company:	**Palestine ICT Incubator (PICTI)**
Contact Details:	**Mr. Hasan Omar Ramallah-Jerusalem Street- Al Sheikh Tower, 4th Floor, Palestine Tel: 970-59-9225092 Email: hasan.omar@picti.ps Website: www.picti.ps**
Total Cost of the Project:	**US$ 250,000**
Investment by Current Owners:	**US$ 50,000**
Contributions by Project's Revenues	**US$ 100,000**
Required Investment:	**US$ 100,000**

Project Description:

Palestine ICT Incubator (PICTI) is seeking a financing partner to support the establishment of a company that aims to provide the following products and services: Technology Educational Kits, training students and teachers on how to use their kits, and encouraging Palestinian youths to come up with innovative ideas using their kits.

The company aims to target the local Palestinian market which will include schools, universities, educational Institutions and vocational training centers. Additionally, the company's customers will include students, educators and technology hobbyists. The two types of kits available will be the Sysco Lab-MCU Kit Level 1 (priced under $50) and the Sysco Lab-MCU Kit Level 2 (priced under $60).

The company's kits are very competitive in international markets in terms of price and functionality. Their competitive advantage is that they will be the first company in Palestine to design these "Digital Kits". They will be designed in an affordable and easy-to-use way, which will allow those interested to better understand the technology curriculum. These kits will also stimulate Palestinian youth to invent technological solutions and applications that benefit the long-term development of Palestine.

Project Development Time Table:

	Expected number of months from finance availability
Phase 3 (Final prior to completion)	**6 months**

Current Owners' Profile:

Palestine Information & Communications Technology Incubator (PICTI) designs, develops and implements initiatives that lead to the creation of innovative entrepreneurial enterprises focused on Information and Communications Technology (ICT). PICTI's main competitive advantages include its management's strong network extending throughout the Palestinian private sector, its dedicated staff with incubation know-how, its clients (some close to graduation), and a pioneering initiative underway to create a seed fund for the benefit of pre-revenue start-up companies incubated at PICTI. PICTI aims to develop the Palestinian Micro, Small and Medium Enterprises (MSME) sector as a means to generate new jobs, attract foreign investment and improve the economic situation in the Palestinian territories.

Palestine is entering a new era. It faces a changing political environment which is constantly bringing about new economic, social and technological challenges. Access to finance, business advisory services, equipment and reliable telecommunications are all challenges for established businesses and entrepreneurs wishing to participate in the growing private sector.

PICTI's mission is to design, develop, implement, and promote initiatives that support entrepreneurial business ventures with high growth potential by providing them with an integrated package of world-class business development services that nurture and support the commercialization of their ideas while enhancing their development and growth.

PICTI has created many programs such as outreach (awareness campaign with the Palestinian universities and communities on issues related to entrepreneurship, innovation and PICTI services), pre-incubation programs, incubation programs, seed fund investment (fund under establishment and ongoing fundraising), marketing (annual participation in Expotech www.expotech.ps and regional marketing campaigns and fundraising), a matchmaking program to link start-ups with business and investment opportunities, industry-university linkage programs as well as training and policy work.

PICTI also provides entrepreneurs with office space and business development services to transform their commercially viable ideas into established products and businesses, provides job opportunities for talented Palestinians, develops the information and communications sector, helps establish new start-up companies, plays an important role in revitalizing an entrepreneurial culture and capacity building, links Palestinian entrepreneurs with investors, develops business plans and provides business development services for its clients.

Industry Highlights:

The Information and Communications Technology (ICT) sector has a significant influence on the development of Palestinian infrastructure and on general quality of life standards. The ICT sector plays a critical role in shaping the future of Palestine as it facilitates the ability for Palestinians to communicate with others locally and globally.

Economic experts gave high marks to the Palestinian ICT sector for its viability and ability to aid the development of the Palestinian economy. International outsourcing experts attested “that the Palestinian outsourcing industry is capable of sustaining multiple concurrent IT development projects at levels of quality, timeline and customer satisfaction as buyers would expect from a global IT outsourcing services provider.” Experts stress that despite the current political situation and heavy-handed Israeli restrictions, the ICT sector stands on top of other economic sectors in terms of its readiness to boost the Palestinian economy and significantly penetrate regional and international markets.

Palestine is leaping forward in the ICT world as statistics show a huge increase in the number of households that use ICT technology. According to the Palestinian Central Bureau of Statistics, 32.1% of households have a computer at home and 15.6% have access to the internet; a 72.8% increase from 2004. Other significant statistics such as the number cell phone users indicate that the sector has more than doubled since 2004.

As of 2007 year-end, the ICT sector contributed about 10-12% of GDP with a market size of around $500 million. There are approximately 250 ICT companies, 150 small computer stores, more than 150 internet cafés and over 5,300 individuals working in the sector in the West Bank and Gaza. Palestinian ICT companies cover a wide spectrum of the ICT market including hardware distributors, software development firms, office automation vendors, internet service providers, telecommunication companies, as well as ICT consulting and training companies

Broadband penetration is mainly dominated by Paltel presently and by having other companies that provide the service with quality emphasis, this will lead to higher internet penetration while lowering the cost. Indeed, due to its heavy cross-sectoral impact, a competitive broadband service industry has the potential to become a main economic driver for future economic, social and democratic change.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Benefits from PICTI's support services	• Lack of financial resources
• PICTI's technical and managerial experience	
• Digital kits will stimulate Palestinian youths to invent and innovate technological solutions and applications	

External Analysis	
Opportunities	**Threats**
• Invented technological solutions will boost Palestine's ICT sector	• ICT industry subject to quick changes
• Ability to sell products to all NGO's dealing with Palestinian youths	• Competitors can easily duplicate
• Schools and universities can encourage product as core requirement in their curricula	
• Increasing number of internet application users	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	150,000	500,000	1,000,000	2,000,000	2,100,000
Gross Profit	140,000	350,000	680,000	1,260,000	1,323,000
Net Income	133,229	282,500	567,500	1,082,500	1,137,250
Cash Flow Accounts					
Operating Cash Flow	140,000	295,0000	580,000	1,095,000	1,149,750
Investing Cash Flow	(250,000)	0	0	0	0
Financing Cash Flow	150,000	0	(500,000)	(1,000,000)	1,000,000)
Balance Sheet Accounts					
Total Assets	283,229	565,729	633,229	715,729	852,979
Total Liabilities	0	0	0	0	0
Total Equity	283,229	565,729	633,229	715,729	852,979
Profitability Indicators					
Return on Assets	47%	50%	90%	151%	133%
Return on Equity	47%	50%	90%	151%	133%

Security and Surveillance Systems

4

Project Number:	**PIC-2010-IO-046**
Project Name:	**Security and Surveillance Systems**
Sponsor Company:	**Palestine ICT Incubator (PICTI)**
Contact Details:	**Mr. Hasan Omar** **Ramallah-Jerusalem Street- Al Sheikh Tower, 4th Floor, Palestine** **Tel: 970-59-9225092** **Email: hasan.omar@picti.ps** **Website: www.picti.ps**
Total Cost of the Project:	**US$ 100,000**
Investment by Current Owners:	**US$ 25,000**
Required Investment:	**US$ 75,000**

Project Description:

Palestine ICT Incubator (PICTI) is seeking a financing partner that can assist in the establishment of a company that will provide the following products and services: visual bell, security and surveillance systems, access systems and industrial machinery remote control systems.

The company will target the local Palestinian market including residential, private industrial institutions as well as governmental organizations. Its competitive advantage is that it will provide locally built, customized systems. The company will analyze clients' needs and design the system accordingly (custom made services).

Highly trained technicians will install the systems, which they have created. This is a major advantage because they will have a high degree of familiarity with the products and will therefore be able to provide the highest possible level service to clients. Additionally, all installed systems will be accessible remotely, so that clients are able to control them from multiple access points.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	**2-3 months depending on needs of the client**

Current Owners' Profile:

Palestine Information & Communications Technology Incubator (PICTI) designs, develops and implements initiatives that lead to the creation of innovative entrepreneurial enterprises focused on Information and Communications Technology (ICT). PICTI's main competitive advantages include its management's strong network extending throughout the Palestinian private sector, its dedicated staff with incubation know-how, its clients (some close to graduation), and a pioneering initiative underway to create a seed fund for the benefit of pre-revenue start-up companies incubated at PICTI. PICTI aims to develop the Palestinian Micro, Small and Medium Enterprises (MSME) sector as a means to generate new jobs, attract foreign investment and improve the economic situation in the Palestinian territories.

Palestine is entering a new era. It faces a changing political environment which is constantly bringing about new economic, social and technological challenges. Access to finance, business advisory services, equipment and reliable telecommunications are all challenges for established businesses and entrepreneurs wishing to participate in the growing private sector.

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Industry Highlights:

The Information and Communications Technology (ICT) sector has a significant influence on the development of Palestinian infrastructure and on general quality of life standards. The ICT sector plays a critical role in shaping the future of Palestine as it facilitates the ability for Palestinians to communicate with others locally and globally.

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Broadband penetration is mainly dominated by Paltel presently and by having other companies that provide the service with quality emphasis, this will lead to higher internet penetration while lowering the cost. Indeed, due to its heavy cross-sectoral impact, a competitive broadband service industry has the potential to become a main economic driver for future economic, social and democratic change.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Extensive industry experience	• Lack of financial resources
• Major components needed are available in the local market	• Products may be slightly expensive, but effective
• PICTI's support services	
• PICTI's technical and managerial experience	

External Analysis	
Opportunities	**Threats**
• Growing demand for security & surveillance products	• Political instability
	• Competition from Israeli and foreign imports (especially china)

Financial Projections in US$

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	90,000	150,000	200,000	260,000	273,000
Gross Profit	30,000	75,000	105,000	160,000	168,000
Net Income	1,832	333	46,500	101,500	106,825
Cash Flow Accounts					
Operating Cash Flow	6,832	5,333	51,500	106,500	111,825
Investing Cash Flow	(100,000)	0	0	0	0
Financing Cash Flow	100,000	0	(45,000)	(100,000)	(100,000)
Balance Sheet Accounts					
Total Assets	101,832	102,165	103,665	105,165	111,990
Total Liabilities	0	0	0	0	0
Total Equity	101,832	102,165	103,665	105,165	111,990
Profitability Indicators					
Return on Assets	2%	0%	45%	97%	95%
Return on Equity	2%	0%	45%	97%	95%

Agribusiness
Sector

Al-Ard Palestinian Agri-Products Ltd.

1

Project Number:	**PIC-2010-IO-049**
Project Name:	**Al-Ard Palestinian Agri-Products Ltd.**
Sponsor Company:	**Anabtawi Group**
Contact Details:	**Eng. Ziad Anabtawi** **Western Industrial Zone, Nablus, Palestine** **P.O.Box 313 Nablus** **Tel: +970-9-2348035** **Fax: +970-9-2348035** **Email: z.anabtawi@anabtawigroup.com** **Website: http://www.anabtawigroup.com**
Total Cost of the Project:	**US$ 13,000,000**
Investment by Current Owners:	**US$ 3,000,000**
Required Investment:	**US$ 10,000,000**

Project Description:

Al-Ard Palestinian Agri-Products Ltd. (Al Ard) is seeking a partnership with a strategic investment partner that can help in the reclamation of about 5,000 Dunums (acres) of agricultural land and cultivating it with olive trees, and providing all technical and technological elements needed for that purpose including increasing land productivity through irrigation.

The implementation of this project and its infrastructure will nurture lands planted with olive trees that are neglected due to the absence of their owners and the dispersion of ownership, which allows Al-Ard Palestinian Agri-Products Ltd. to lease such lands and reclaim them. The project also includes establishing a modern olive mill, that will offer its services to various farmers in compliance with international standards, with a possibility to add flavors to the oil while in the milling process. It would be possible to market the produced oil through Al-Ard Ltd. since it exported and marketed high quality olive oils in the past years. Another part product of this project as well; a portion of the dried olive waste (Jift) would be collected and converted into organic fertilizer through a process of degradation passed by certain types of bacteria and enriched with basic nutrients with expected amount of fertilizers that could reach about 42 tons per annum.

The company is currently working on developing and marketing other types of Palestinian agri-products such as traditional olive soap, dried thyme, and other products. Al-Ard Palestinian Agri-Products Ltd. obtained a number of national and international quality certifications: ISO 22000 Food Safety Standards, Palestinian Standards Certificate, Organic Certification, and SA8000 Global Social Accountability standard for decent working conditions, Social Accountability International (SAI).

Project Development Time Table:

Infrastructure Development	**August 2010**
Building and Construction	**August 2010**
Building and Construction Completion	**November 2010**
Furniture and Equipment Procurement	**December 2010**
Operations Start Up	**January 2011**

Current Owners' Profile:

Anabtawi Group is one of the first companies to operate in Palestine. The beginning was in 1963 when Anabtawi General Trade Company was established. Its business then was restricted to the distribution of foodstuff items and consumer goods, with sub-agencies for international brands like Nestlé and Philip Morris. The start of the company, characterized by perseverance, clear objectives and a sharp awareness of the conditions of the Palestinian market, was the launch pad for a number of companies specialized in certain fields. However, the Group's expansion did not stop at its commercial, industrial and investment activities; it moved beyond to acquire shares in a number of national economic firms which played the most distinctive role in the rise and development of the Palestinian economy. Anabtawi Group has now turned into a holding group operating through its companies in a number of basic economic activities, through which it made important achievements and reached a high level of competitiveness. In addition, the Group manages its investments with the aim of diversifying and expanding its economic activities, and achieving better returns and building the best investment portfolio.

Al Ard was established in 2008 as an offshoot of the Near East Industry and Trade Company. It is located in Nablus, the business center of investment in the agricultural production sector. The company owns the largest olive oil storage capacity that reaches 1,350 MT under adequate and standard conditions. The company derives its experience from the long history of the Anabtawi Group of companies, particularly, their special experience in marketing, crisis and logistics management, which makes Al Ard the most efficient in distributing and marketing in the Palestinian market (West Bank, Gaza Strip, and Jerusalem), and best capable in investing these experiences to export and market Palestinian products in the international markets. Anabtawi Group companies firmly believe that whoever succeeds in producing, distributing, and marketing in Palestine, despite all the complexity, can easily succeed internationally.

Industry Highlights:

The food sector is growing rapidly both vertically and horizontally. The official figures of the sector indicate that there are more than 1,600 working firms in this sector including bakeries. Excluding bakeries, the actual number of firms becomes 224 manufacturing firms including the large scale milk cow farms (>50 cows). 152 of them are active members of the food industry association, which is a strong association. The large number of female cooperatives working in food processing sector and traditional sweets and confectionary makers are not included. The labor force is estimated at 8,000 workers. The industry is spread all over the West Bank. The importance of the sector is its direct organic relation the food security of the nation. Food and beverage sector participate with 4.8% of the Palestinian GDP.

Sector diversification

The sector is comprised of a wide variety of products. These are: meats, vegetables (fresh and frozen), oils and fats, dairy, flour mills, animal feed, chocolates and confectionaries, spaghetti, water and soft drinks and beverages, chips and snacks, and others.

Quality as an advantage

Food products are directly related to human health and safety; hence they deserve special attention in terms of quality assurance and quality control. Short expiry dates are another factor concerning quality. The accumulated experience of the industry helped in the consolidation of quality culture. The public awareness at the consumer's side and severe competition has created a challenge for continuous improvement of quality. Many firms have acquired the necessary certifications of ISO versions and HACCP. About 95% of foodstuffs are covered by the technical specifications of the Palestinian standards. Many firms have also acquired the necessary national certificates PS, and the international HACCP, ISO 22000 standards.

Marketing position

The average purchasing food basket of any Palestinian household is around 42% of all other living expenses. This indicates the importance of this sector. The majority of sales are targeting the Palestinian population in the West Bank and Gaza, few products are sold in Jerusalem and less are being sold in Israel. The closure of Gaza and Jerusalem has resulted in depriving the sector from 55% of its normal constituencies. The market share of food products varies between 90% for meat products to 30% for dairy products; the average is around 50%. The food industry has experienced export mainly to Arab countries. Olive oil and other fair trade products have been exported to many countries around the world.

Financial position

The total investments in the sector are estimated at US$ 480 million. Many firms have set their own plans for development and growth. Research shows that 70% of factory owners need to invest in machinery and developing products. Investing in developing new markets is a second priority for the new investments.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Various sources of income: increase in land price after reclamation, sales of olive, olive oil, organic fertilizer, olive wood	• The need for significant funds
• Possibility of getting donor funds as part of land and heritage preservation	• 4 years lead time until the olive trees start producing
• Experience working on marketing and exporting olive oil and other agri-products	
• Acquiring local and international quality standards	
• Al-Ard company owns a high storage capacity of about 1000 tons in Palestine, and a high storage capacity in the USA	

External Analysis	
Opportunities	**Threats**
• Expectations of higher oil and olive consumption both locally and in the export markets	• Israeli confiscation of land, and Israeli aggression
• Palestinian olive oil has a competitive advantage both for its quality and heritage and religious connections	• Israeli obstacles on Palestinian exports
• Storage capacity of Al-Ard company creates the opportunity of maintaining good prices	

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	3,150,000	3,460,000	4,100,000	6,052,460	6,657,706
Expenses	2,547,467	2,798,170	3,315,751	4,894,744	5,384,218
Gross Profit	602,533	661,830	784,249	1,157,716	1,273,488
Depreciation	175,000	183,750	188,344	192,111	192,111
Net Income	427,533	478,080	595,906	965,606	1,081,377
Cash Flow Accounts					
Operating Cash Flow	602,533	661,830	784,249	1,157,716	1,273,488
Investing Cash Flow	(8,000,000)	(1,000,000)	(500,000)	(500,000)	0
Financing Cash Flow	0	0	0	0	0
Balance Sheet Accounts					
Total Assets	12,372,533	13,943,613	15,231,518	17,282,862	18,545,814
Total Liabilities	945,000	1,038,000	1,230,000	1,815,738	1,997,312
Total Equity	11,427,533	12,905,613	14,001,518	15,467,124	16,548,502
Profitability Indicators					
Return on Assets	3.5%	3.4%	3.9%	5.6%	5.8%
Return on Equity	3.7%	3.7%	4.3%	6.2%	6.5%

Near East Industries and Trade Ltd.

2

Project Number:	**PIC-2010-IO-050**
Project Name:	**Near East Industries and Trade Ltd.**
Sponsor Company:	**Anabtawi Group**
Contact Details:	**Eng. Ziad Anabtawi Western Industrial Zone, Nablus, Palestine P.O.Box 313 Nablus Tel: +970-9-2348035 Fax: +970-9-2348035 Email: z.anabtawi@anabtawigroup.com Website: http://www.anabtawigroup.com**
Total Cost of the Project:	**US$ 10,000,000**
Investment by Current Owners:	**US$ 6,000,000**
Required Investment:	**US$ 4,000,000**

Project Description:

Near East Industries and Trade Ltd. is seeking a strategic partnership with an investor that can help in developing its vegetable oil manufacturing plant. The manufacturing process is as follows: imported raw oils are stored in special tanks before entering into the preparation phase, followed by the refining phase during which impurities are removed, before reaching the final bleaching and deodorization phase. There also exists a special unit for margarine production. The end products are margarine and vegetable oils of high standard, packaged and sold in the market under some registered trademarks and under new trademarks to be created. In addition, vegetable oil is sold in bulk to factories as well as vegetable fats to food and confectionary industries, which are currently supplied by neighboring countries such as Israel and others.

The company's current capital of US$ 6 million is expected to rise to US$ 10 million upon expansion based on the planned new production line. It is expected that the new facility will employ additional 15 workers in addition to the current 45 employees. In addition to the new production line which includes the bleaching and deodorization section, the expansion requires new machinery, equipment, and tools, as well as infrastructure upgrades, new vehicles and a laboratory.

Project Development Time Table:

Infrastructure Development	**July 2010**
Building and Construction	**September 2010**
Building and Construction Completion	**March 2011**
Furniture and Equipment Procurement	**March 2011**
Operations Start Up	**April 2011**

Current Owners' Profile:

Anabtawi Group is one of the first companies to operate in Palestine. It all began in 1963 when Anabtawi General Trade Company was established. At the time, its activities were restricted to the distribution of foodstuffs and consumer goods, with sub-agencies for international brands like Nestlé and Philip Morris. The Group's humble beginnings were characterized by perseverance and a clear focus on objectives combined with a sharp awareness of the Palestinian market, providing the launching pad for a number of companies specialized in certain fields. However, the Group's expansion did not stop at its commercial, industrial and investment activities; it moved beyond to acquire shares in a number of national economic firms which played a prominent role in the development of the Palestinian economy. Anabtawi Group is now a holding company operating through its various subsidiaries in a number of economic sectors as well as managing its investment portfolio with the aim of diversifying and expanding its activities while continually achieving higher returns.

Near East Industries is based in Nablus, the commercial heart of Palestine. As the industrial arm of the Anabtawi Group of Companies, it is considered the leader in the field of packing and distributing vegetable oils under well known trade-marks. Near East Industries has a Gaza branch that complements the main office in Nablus and covers the needs of the local market in Gaza Strip. The company stresses the importance of scientific research to develop its products in order to achieve the highest quality standards. Production and packing operations are supervised by a team of experts, supported by the most modern technology available. Rigorous scientific methods are employed to ensure product quality and safety standards. In addition to the Palestinian Quality Certificate awarded by the Palestine Standards Institution, the company was awarded the ISO 22000 food safety certificate for its production of Palestinian olive oil, thereby becoming the first company in the world to obtain this certificate in the field of olive oil storage and packing.

Industry Highlights:

The food sector is growing rapidly both vertically and horizontally. The official figures indicate that there are more than 1,600 firms in the sector including bakeries. Excluding bakeries, the number goes down to 224 manufacturing firms including the large scale milk cow farms (>50 cows). 152 of them are active members of the food industry association. The large number of female cooperatives working in the food processing sector combined with traditional sweets and confectionary makers are not included. The total labor force is estimated at 8,000 workers. The importance of the sector is its direct relation to the nation's food security. The food and beverage sector accounts for 4.8% of the Palestinian GDP.

Sector diversification

The sector is comprised of a wide variety of products. These are: meats, vegetables (fresh and frozen), oils and fats, dairy, flour mills, animal feed, chocolates and confectionaries, spaghetti, water and beverages, chips and snacks, and others.

Quality as an advantage

Food products are directly related to human health and safety; hence they deserve special attention in terms of quality assurance and control. Short expiry dates, an increased awareness among consumers, and severe competition are all factors that continue to push producers towards higher quality standards. Many firms have acquired the necessary certifications of ISO versions and HACCP. Approximately 95% of foodstuffs are covered by the technical specifications of the Palestinian standards. Many firms have also acquired the necessary national certificates PS, as well as the international HACCP, ISO 22000 standards.

Marketing position

The average food purchases of Palestinian households make up around 42% of all other living expenses. This figure highlights the importance of the sector. The majority of sales target the Palestinian population in the West Bank and Gaza, few products are sold in Jerusalem while even less are being sold in Israel. The closure of Gaza and Jerusalem has resulted in depriving the sector of 55% of its normal constituencies. The market share for food products varies between 90% for meat products to 30% for dairy products; the average is around 50%. The food industry has experienced exports mainly to Arab countries. Olive oil and other fair trade products have been exported to many countries around the world.

Financial position

Total investments in the sector are estimated at US$ 480 million. Many firms have set their own plans for development and growth. Research shows that 70% of factory owners need to invest in machinery and developing products. Developing new markets is a second priority for the new investments.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The company has a long experience in producing and marketing vegetable oils	• The company has no refinery experience
• Currently, the company's local market share of vegetable oils and margarine is around 55%	• High investment is needed for fixed costs
• The company has already developed a production line for plastic packages	
• The project has the necessary quality certifications	

External Analysis	
Opportunities	**Threats**
• Working throughout the whole production process to include refining then filling shall reduce the overall cost of production, thus increase the mark-up	• Volatility of raw material prices
• There is a growing demand for vegetable oils in local and regional markets	• Israeli obstacles and restrictions on movement and exports
• Trade agreements with some foreign countries exempt Palestinian origin products from customs	• There exists tough foreign competition

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	7,400,000	7,700,000	8,000,000	8,500,000	8,500,000
Expenses	4,700,000	4,890,541	5,081,081	5,398,649	5,398,649
Gross Profit	2,700,000	2,809,459	2,918,919	3,101,351	3,101,351
Depreciation	600,000	630,000	645,750	658,665	658,665
Net Income	2,100,000	2,179,459	2,273,169	2,442,686	2,442,686
Cash Flow Accounts					
Operating Cash Flow	2,700,000	2,809,459	2,918,919	3,101,351	3,101,351
Investing Cash Flow	(5,000,000)	(500,000)	(250,000)	(250,000)	0
Financing Cash Flow	0	0	0	0	0
Balance Sheet Accounts					
Total Assets	13,320,000	16,089,459	18,702,628	21,545,315	23,988,001
Total Liabilities	2,220,000	2,310,000	2,400,000	2,550,000	2,550,000
Total Equity	11,100,000	13,779,459	16,302,628	18,995,315	21,438,001
Profitability Indicators					
Return on Assets	15.8%	13.5%	12.2%	11.3%	10.2%
Return on Equity	18.9%	15.8%	13.9%	12.9%	11.4%

Fruit and Vegetable Farm

3

Project Number:	**PIC-2010-IO-052**
Project Name:	**Fruit and Vegetable Farm**
Sponsor Company / Individual:	**Mr. Haitham Shurab**
Contact Details:	**Mr. Haitham Shurab** **Tel: +970-8-2864119** **Mobile: +970-59-9408908**
Total Cost of the Project:	**US$ 500,000**
Investment by Current Owners:	**US$ 288,000**
Required Investment:	**US$ 212,000**

Project Description:

This project will provide the market a yearlong production to help meet local market need for various products such as cherry tomatoes, strawberries, citrus, medical herbs and flowers.

The main inputs for the project are seeds and seedlings and the project will use drip water irrigation system in addition to utilization of mechanical equipment for farming.

Fifty dunums will be planted with vegetables producing 225 tons of vegetables yearly. Additionally, 35 dunums will be planted with fruits and citrus trees that would start producing in the 4th year yielding an estimated 60 tons yearly. The surplus of production will be used to produce juice pulp and concentrate.

The envisioned project will strive to acquire the highest of industry standards, including the Global Gap to facilitate growing first grade products suitable for the local, regional and global markets.

Revenues are estimated at USD 290,000 in the first year with an expected cash flow in the third year generating a yearly profit of 80,000 USD.

Project Development Time Table:

Company Registration	**3rd Quarter 2010**
Equipment Purchase	**4st Quarter 2010**
Starting Operations	**1st Quarter 2011**

Current Owners’ Profile:

Mr. Haitham Shurab is a young Palestinian businessman who is a partner in a successful medicine and medical supplies company. He comes from a family with a long heritage in farming with proven success in growing, packaging and exporting Gazan citrus.

Mr. Shurab, with other family members who are partnering together for this project own large areas of fertile pieces of land in Gaza.

Industry Highlights:

A leading sector of the Palestine economy is the Palestine Agriculture. The Palestine Agriculture symbolizes a major constituent of the GDP of the economy. The agricultural sector in Palestine gives the possibility of employment to a large number of people of Palestine.

Agriculture in Palestine is the chief earner of the overseas exchange and provides the essential needs of the most of the local population. Agriculture in Palestine is separated into rain-fed and irrigated cultivation.

The Palestinian agriculture zone shares the joint distinctiveness of both concentrated irrigated farming as well as the widespread rain-fed farming which is prevailing in the highlands of the West Bank. The rain-fed farming forms the primary cultivated area of the total cultivated Palestinian land.

The cultivation of fruit trees is the key segment of production of plant in Palestine. The main fruit trees of Palestine are grapevines, olive trees, citrus, figs, almonds. In the West Bank of Palestine the grapevines form the second among the major fruit crops. In Palestine more than 30 different vegetable crops have been planted.

The type of agriculture that takes place in Palestine is yearly and cyclic agricultures such as grains and vegetables. In the Gaza Plain, Marj Ben Amer and some of the inner plains grain plantation was grown.

Statistically:

- In 2008, the total area of cultivated land in Palestine was about 1,513 km2; representing 25.1% of the total area in Palestine, while the percentage in the West Bank was 24.8%, and 30.1% in the Gaza Strip.
- The total area of cultivated land cultivated permanent crops reached about 1,172 km2, and 340.8 km2 planted with temporary crops.
- The total area of irrigated planted land was 69.6 km2, while the area of rain-fed either planted land reached 1,343.4 km2.
- The productivity of irrigated farmlands in Palestine reached 6,743.2 tons / km2 as the productivity of rain-fed cultivated land reached 196.5 tons/km2.
- Fruit trees form the major bulk of area cultivated reaching 63.2%, while the area planted with vegetables reached 10.1%, and field crops cultivated area was 26.7%.
- Labor force in the agricultural sector was estimated at about 16.1% of the total labor force in Palestine, with a total number of 130,000 workers.
- The value of total exports was US$ 10.9 million, with the exports of tomatoes reaching about 27% of all exports, representing the highest export of all vegetables.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Land ownership	• Limited financial resources
• Prior family success in farming and exporting quality agriculture products	

External Analysis	
Opportunities	**Threats**
• Future access to West Bank and export markets	• Current political and security conditions in Gaza
	• Inability to bring in equipment
	• Natural conditions affecting agricultural production

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	290,000	295,000	310,000	325,500
Expenses	15,155	85,474	112,476	124,470	130,600
Gross Profit	(5,600)	249,200	237,880	245,000	257,250
Depreciation	3,567	15,120	26,700	26,700	26,700
Net Income	(18,722)	189,406	155,824	158,830	168,200
Cash Flow Accounts					
Operating Cash Flow	(46,355)	151,693	134,441	134,920	141,764
Investing Cash Flow	(187,000)	(100,000)	(100,000)	0	0
Financing Cash Flow	500,000	0	(80,000)	(80,000)	(80,000)
Balance Sheet Accounts					
Total Assets	482,078	671,484	747,308	826,178	914,420
Total Liabilities	800	800	800	840	882
Total Equity	481,278	670,684	746,508	825,338	913,538
Profitability Indicators					
Return on Assets	(3.88%)	28.21%	20.85%	19.22%	18.39%
Return on Equity	(3.89%)	28.24%	20.87%	19.24%	18.41%

Expansion of Jabal Al Zaytoon Products & Markets

4

Project Number:	**PIC-2010-IO-053**
Project Name:	**Expansion of Jabal Al Zaytoon Products & Markets**
Sponsor Company:	**Jabal Al Zaytoon**
Contact Details:	**Mr. Khaled Hidmi** **Tel: +970-2-2954289** **Fax: +970-2-2965545**
Total Cost of the Project:	**US$ 1,211,664**
Investment by Current Owners:	**US$ 82,632**
Required Investment:	**US$ 591,398**
Debt:	**US$ 537,634**

Project Description:

Jabal Al Zaytoon is seeking a partnership with a strategic investment partner that can help the company in expanding the size of work and increasing the number of products offered by the company. Currently Jabal Al Zaytoon is mainly exporting olive oil and few other agriculture products. Jabal Al Zaytoon in its expansion plan is attempting to export the olive oil to new markets and to increase the quantity exported. The company is also planning to export new products that are derivatives from olive oil and/or other agricultural products. Additionally, Jabal Al Zaytoon is working on increasing its sales in the local market.

Project Development Time Table:

Land Purchase	**Directly after the funding**
Finishing the Construction Work	**9 months after the purchase of the land**
Furnishing the new Office	**Directly after finishing the construction work**

Current Owners' Profile:

Jabal Al Zaytoon was established in Ramallah in 2005 and started operating in 2006; the company produces and exports olive oil and other agriculture products. Jabal Al Zaytoon is a profit company that provides Palestinian farmers and the Palestinian economy with high quality products.

Industry Highlights:

The food & beverage sector is growing rapidly both vertically and horizontally. The official figures indicate that there are more than 1,600 firms in the sector including bakeries. Excluding bakeries, the number goes down to 224 manufacturing firms including the large scale milk cow farms (>50 cows). 152 of them are active members of the food industry association. The large number of female cooperatives working in the food processing sector combined with traditional sweets and confectionary makers are not included. The total labor force is estimated at 8,000 workers. The importance of the sector is its direct relation to the nation's food security. The food and beverage sector accounts for 4.8% of the Palestinian GDP.

Sector diversification

The sector is comprised of a wide variety of products. These are: meats, vegetables (fresh and frozen), oils and fats, dairy, flour mills, animal feed, chocolates and confectionaries, spaghetti, water and beverages, chips and snacks as well as others.

Quality as an advantage

Food products are directly related to human health and safety; hence they deserve special attention in terms of quality assurance and control. Short expiry dates, an increased awareness among consumers, and severe competition are all factors that continue to push producers towards higher quality standards. Many firms have acquired the necessary certifications of ISO versions and HACCP. Approximately 95% of foodstuffs are covered by the technical specifications of the Palestinian standards. Many firms have also acquired the necessary national certificates PS, as well as the international HACCP, ISO 22000 standards.

Marketing position

The average food purchases of Palestinian households make up around 42% of all other living expenses. This figure highlights the importance of the sector. The majority of sales target the Palestinian population in the West Bank and Gaza, few products are sold in Jerusalem while even less are being sold in Israel. The closure of Gaza and Jerusalem has resulted in depriving the sector of 55% of its normal constituencies. The market share for food products varies between 90% for meat products to 30% for dairy products; the average is around 50%. The food industry has experienced exports mainly to Arab countries. Olive oil and other fair trade products have been exported to many countries around the world.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The strong relationship between the company and the Union of Agriculture Work Committees	• Lack of additional financial resources from the current owner
• The company long experience in dealing with farmers	• The fluctuation in the olive oil quality, prices and availability
• The ability to adapt the products to the market needs	• The lack of enough space for filling and storing
• The company has annual orders from customers in the European Union, Japan, North Korea and Bahrain	
• Palestinian olive oil is certified by international expertise because of its distinguished taste and smell	

External Analysis	
Opportunities	**Threats**
• The external market attracted by "made in the Holy Lands" logo	• Political instability
• The opportunity to benefit from the Fair Trade Organization and its promotional programs	• Continued uprooting of olive oil trees to build settlements
• The existence of many organizations and programs that support the Palestinian olive oil	• The cost of production in Palestine is higher than the cost of production in other countries
	• Increasing competition from new producers of neighboring countries
	• The lack of national strategies to market the olive oil and to brand it in the exporting markets

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	1,161,552	2,065,906	2,474,109	3,030,660	3,333,726
Gross Profit	151,665	403,573	618,039	772,585	849,844
Net Income	(175,037)	65,749	261,750	400,847	461,168
Cash Flow Accounts					
Operating Cash Flow	(393,006)	(183,867)	388,045	475,827	531,944
Investing Cash Flow	(207,222)	(193,853)	-	-	-
Financing Cash Flow	836,498	139,332	(246,490)	(328,144)	(371,679)
Balance Sheet Accounts					
Total Assets	935,925	1,192,688	1,223,152	1,328,319	1,435,487
Total Liabilities	680,921	627,947	527,536	432,280	308,864
Total Equity	255,004	564,741	695,616	896,039	1,126,623
Profitability Indicators					
Return on Assets	(19%)	6%	21%	30%	32%
Return on Equity	(67%)	12%	38%	45%	41%

Abu Hasera Fishing Farm

5

Project Number:	**PIC-2010-IO-054**
Project Name:	**Abu Hasera Fishing Farm**
Sponsor Company / Individual:	**Mr. Mohamed Abu Hasera**
Contact Details:	**Mr. Mohamed Abu Hasera** **Mobile: +970-59-9401819**
Total Cost of the Project:	**US$ 1,000,000**
Investment by Current Owners:	**US$ 500,000**
Required Investment:	**US$ 500,000**

Project Description:

This venture provides the opportunity to take an equity stake in a new salt water fish farm. The farm will consist of five main pools located on a piece of land directly adjacent to the beach of Gaza.

The farm will produce several types of fish with a focus on varieties that are not commonly available in the local market. Targeted clients will mainly be fish markets in the Gaza Strip and the West Bank as well as Israeli markets when production levels and movement conditions allow. Existing fish farms in Gaza currently meet around 50% of the local market demand. Equipment providers and other production inputs are already identified.

Production capacity in the first and second year of operations is anticipated to be at 25% with US$ 48,000 in annual revenues; increasing to US$ 60,000 in the 3rd year and onwards with 100% of production capacity utilized.

Project Development Time Table:

Company Registration and licensing	**3rd Quarter 2010**
Purchasing equipment and setting up facility	**4rd Quarter 2010**
Operations Start Date	**1st Quarter 2011**

Current Owners' Profile:

Mr. Mohamed Abu Hasera is a successful businessman and investor in the real estate and hospitality sectors. He owns and manages a well-known restaurant in the heart of Gaza city. Mr. Abu Hasera comes from a family with a long history of Mediterranean sea fishing, fish farming and fish restaurants.

Industry Highlights:

Fishing is a vital industry in the Gaza Strip, and one that dates back to the time of the ancient port of Gaza. However the sector has suffered tremendously since the resumption of armed clashes in 2000. Palestinian fishing vessels are restricted to sailing only 5km from the shore and the economic blockade since 2007 has prevented the importing of many materials necessary for the fishing sector.

Before the latest war on Gaza, the number of fishermen working in Gaza was around 6,000, whose annual output was approximately 3,000 tons of fish, most of which was exported to Israel. Since the year 2000, the number of fishermen has dwindled to several hundreds only, given the difficulty of earning a livelihood under the strict blockade imposed by the Israelis.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Immediate demand for higher fish supply	• Relatively long lead time (up to 12 months) before the first batch of fish will be ready
• Extensive experience as a businessman as well as in fishing industry	
• Availability of land adjacent to sea	

External Analysis	
Opportunities	**Threats**
• Future ability to service the West Bank and Israeli markets	• Ongoing political and security conditions in Gaza
	• Risk of inability to import production inputs
	• Fish are highly sensitive to the growing process and can be disturbed by a number of factors

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	12,000	48,000	60,000	60,000	63,000
Expenses	36,342	50,184	44,559	44,229	40,817
Gross Profit	(13,200)	20,100	34,500	34,500	40,950
Depreciation	9,720	19,440	19,440	19,440	19,440
Net Income	(34,062)	(21,624)	(3,999)	(3,669)	2,744
Cash Flow Accounts					
Operating Cash Flow	(32,792)	(2,454)	19,711	20,271	16,684
Investing Cash Flow	(941,500)	0	0	0	0
Financing Cash Flow	1,000,000	0	(27,482)	(23,877)	(20,280)
Balance Sheet Accounts					
Total Assets	966,388	944,494	912,983	885,437	868,001
Total Liabilities	450	180	150	150	250
Total Equity	965,938	944,314	912,833	885,287	867,751
Profitability Indicators					
Return on Assets	(3.52%)	(2.29%)	(0.44%)	(0.41%)	0.32%
Return on Equity	(3.53%)	(2.29%)	(0.44%)	(0.41%)	0.32%

Al Khozondar Salt Water Fishing Farm

6

Project Number:	**PIC-2010-IO-056**
Project Name:	**Al Khozondar Salt Water Fishing Farm**
Sponsor Company / Individual:	**Jarallah Al-Khozondar & Sons Trading Co.**
Contact Details:	**Mr. Salah Al-Khozondar** **Tel: +970-8-2822550** **Mobile: +970-59-9430400** **Email: salah_eldeen_56@yahoo.com**
Total Cost of the Project:	**US$ 2,630,000**
Investment by Current Owners:	**US$ 2,200,000**
Required Investment:	**US$ 430,000**

Project Description:

The opportunity is to take an equity stake in a new venture to establish a salt water fish-farm. The farm will consist of eight main pools utilizing a piece of land with a total area of 13 Dunums directly adjacent to the beach allowing the use of sea water.

The farm will produce a variety of fish types especially two types (Porgy and Sea Bream), which are usually imported into Palestine. Customers will be fish markets in the Gaza Strip and potential markets within the West Bank. This is expected to happen once production levels are high enough, and movement conditions permit immediate transferring of fish to the West Bank through Israel.

Equipment providers have been identified, and shall be contacted immediately once financing is confirmed. The first year of operations is estimated to be at 25% of production capacity with US$ 26,000 in annual revenues, ramping up to reach US$ 80,000 in the second year and reaching US$ 100,000 in the 3rd year and onwards with 100% of production capacity utilized. The land for the project has been acquired and required licensing is being obtained.

Project Development Time Table:

Company Registration	**3rd Quarter 2010**
Equipment Procurement	**3rd Quarter 2010**
Starting operations	**4st Quarter 2010**

Current Owners' Profile:

Mr. Jarallah Al-Khozondar in partnership with his five sons are owners of Jarallah Al Khozondar & Sons Trading Co. The company was established in 1979 and has been active in the agriculture sector, trade, manufacturing and construction sectors in the Gaza Strip.

Mr. Salah Al-Khozondar is the deputy manager of the company and has a Bachelors degree in accounting, with extensive experience in starting up new investments. The partners own the 13 Dunums of land proposed for the fish farm project.

Industry Highlights:

Fishing is a vital industry in the Gaza Strip, and one that dates back to the time of the ancient port of Gaza. However the sector has suffered tremendously since the resumption of armed clashes in 2000. Palestinian fishing vessels are restricted to sailing only 5km from the shore and the economic blockade since 2007 has prevented the importing of many materials necessary for the fishing sector.

Before the war the number of fishermen working in Gaza was around 6,000, whose yearly output was approximately 3,000 tons of fish, most of which was exported to Israel. Since 2000, the number of fishermen has dwindled to several hundred, given the difficulty of earning a livelihood under the strict embargo imposed by the Israelis.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Partners own the land	• Limited financial resources
• Family has proven success in starting up new investments	

External Analysis	
Opportunities	**Threats**
• Future access to West Bank and export markets	• Current political and security conditions in Gaza
	• Inability to bring in equipment
	• Natural conditions affecting agricultural production

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	26,668	80,000	100,000	100,000	105,000
Direct Expenses	40,380	55,750	60,750	60,800	62,613
Gross Profit	(1,334)	49,000	65,000	65,000	68,250
Indirect Expenses	10,800	21,600	21,600	21,600	21,600
Net Income	(24,512)	2,650	17,650	17,600	20,788
Cash Flow Accounts					
Operating Cash Flow	(23,670)	24,025	38,954	39,200	43,054
Investing Cash Flow	(2,565,000)	0	0	0	0
Financing Cash Flow	2,630,000	0	(58,852)	(49,026)	(46,041)
Balance Sheet Accounts					
Total Assets	2,605,863	2,608,288	2,567,124	2,535,698	2,510,444
Total Liabilities	375	150	188	188	188
Total Equity	2,605,488	2,608,138	2,566,936	2,535,510	2,510,257
Profitability Indicators					
Return on Assets	(0.94%)	0.10%	0.69%	0.69%	0.83%
Return on Equity	(0.94%)	0.10%	0.69%	0.69%	0.83%

Sinokrot Agricultural Sector

Project Number:	**PIC-2010-IO-057**
Project Name:	**Sinokrot Agricultural Sector**
Sponsor Company / Individual:	**Sinokrot Global Group (SGG)**
Contact Details:	**Mr. Mazen Sinokrot, Chairman of the Board of Directors** **Tel: +970-2-2955701** **Fax: +970-2-2955702** **Mobile: +970-59-9279006** **Email: ceo@sinokrot.com** **Website: www.sinokrot.com**
Historical Cost of the Project:	**US$ 9,250,000**
Investment by Current Owners:	**US$ 7,000,000**
Market Value of the Project:	**US$ 35,000,000**
Offered Ownership Share:	**25%**

Project Description:

SGG Agricultural Sector is comprised of three existing companies working under the umbrella of SGG; the companies are:

1-Palestine-Garden Company; established in early 2008 in a Jordan valley oasis; specifically at Al-Ouja district. It consists of 300 greenhouses built on an area of 300 dunums. The company is supported by a technical team of agronomists, technicians, and supervisors who provide technical training, supervision and advisory services for local farmers to assist them in complying with the Global EuroGap and BCR standards. The company has the largest and most modern center for packing and packaging cherry tomatoes, colored peppers, and dates that are carefully sorted through fully automated production lines that work in compliance with international standards. The company enjoys strong relationships with a large number of local farmers. The company has also signed contracts with local farmers to cultivate about 500 dunums in the first phase of the project, so as to export their products to Europe, USA, Russia, and Arab countries.

2-Zadona Agro-Industrial Company; established in early 2006 as an agro-industrial company that focuses on agricultural production and marketing. SGG's strategic goal was to support Palestinian farmers on their farmland through assisting them in providing a suitable and permanent market for their production. Thus, the company was established in Tubas on an area of approximately 2000 hectares. The area is distinguished by an abundance of water, and thus, the ability to grow various kinds of agricultural products year round. The modern technologies employed in the factory have expanded its capacity to deal with the numerous fruits and vegetables from the region and canning them in different ways to accommodate the varied tastes of consumers. The company's main products include cucumber pickles, pepper pickles, and olive pickles.

3- Fresh Herbs Company; established as an extension of Zadona Agro-Industrial Company to focus on producing and exporting fresh herbs. The company currently exports 20 different types of fresh herbs to various export markets. Approximately 40 percent of the company's total product output is exported directly.

SGG is aiming to benefit from its existing facilities, accumulated experiences and know-how to expand its range of products as well as targeted export markets by pursuing specific expansion initiatives and programs in each of the 3 companies comprising SGG Agricultural Sector.

Project Development Time Table:

Building the commercial brand of the companies' products	**2010**
Increasing the percentage of direct exporting	**2011**
Adding new production lines to the 3 companies	**2011**
Increasing the area of owned / contracted farmlands	**2011**
Increasing the number of export markets	**2012**

Current Owners' Profile:

Sinokrot Global Group (SGG) is the largest family owned business group in Palestine, established in 1982 and based in Ramallah. SGG has state of the art infrastructure over 35,000 m^2. of buildings, 800 employees supported by a modern management systems, as well as a retail network covering more than 30 export markets in addition to the local market. The chairman of SGG, Mr. Mazen Sinokrot, was appointed as the Minister of National Economy until March 2006. In addition he served as the Chairman of the Board for the Palestine Standards Institute, Palestine Investment and Promotion Agency, Palestine Industrial Zones, and the Free Zones Authority.

SGG works in the manufacturing, trade, tourism, agriculture, and services sectors. Companies working under the umbrella of SGG include Sinokrot Food Company, Sinokrot Company for Animal and Agricultural Products, Zadona Agro-Industrial Company, Sultan Telepherique and Tourist Center, Palestinian Gardens Company and Fresh Herbs Project, Grand National Markets, Sultan Company for Mineral Waters, Palestinian Company for Industrial Supplies, and Ajyal Trading Company.

Industry Highlights:

The food sector is growing rapidly both vertically and horizontally. The official figures indicate that there are more than 1,600 firms in the sector including bakeries. Excluding bakeries, the number goes down to 224 manufacturing firms including the large scale milk cow farms (>50 cows). 152 of them are active members of the food industry association.

The large number of female cooperatives working in the food processing sector combined with traditional sweets and confectionary makers are not included. The total labor force is estimated at 8,000 workers. The importance of the sector is its direct relation to the nation's food security. The food and beverage sector accounts for 4.8% of the Palestinian GDP.

Sector diversification

The sector is comprised of a wide variety of products. These are: meats, vegetables (fresh and frozen), oils and fats, dairy, flour mills, animal feed, chocolates and confectionaries, spaghetti, water and beverages, chips and snacks as well as others.

Quality as an advantage

Food products are directly related to human health and safety; hence they deserve special attention in terms of quality assurance and control. Short expiry dates, an increased awareness among consumers, and severe competition are all factors that continue to push producers towards higher quality standards. Many firms have acquired the necessary certifications of ISO versions and HACCP. Approximately 95% of foodstuffs are covered by the technical specifications of the Palestinian standards. Many firms have also acquired the necessary national certificates PS, as well as the international HACCP, ISO 22000 standards.

Marketing position

The average food purchases of Palestinian households make up around 42% of all other living expenses. This figure highlights the importance of the sector. The majority of sales target the Palestinian population in the West Bank and Gaza, few products are sold in Jerusalem while even less are being sold in Israel. The closure of Gaza and Jerusalem has resulted in depriving the sector of 55% of its normal constituencies. The market share for food products varies between 90% for meat products to 30% for dairy products; the average is around 50%. The food industry has experienced exports mainly to Arab countries. Olive oil and other fair trade products have been exported to many countries around the world.

Financial position

Total investments in the sector are estimated at US$ 480 million. Many firms have set their own plans for development and growth. Research shows that 70% of factory owners need to invest in machinery and developing products. Developing new markets is a second priority for the new investments.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Quality certificates	• Low utilization rate of production capacity
• Technical experiences and know-how	• Limited marketing and branding activities
• Diversification of products	• High percentage of waste
• Relationships with export markets	• Reliance on indirect exporting
• High production capacity	
• Ownership of farmlands	

External Analysis	
Opportunities	**Threats**
• Demand for fresh and natural products	• High export costs
• Limited number of competitors	• Seasonal nature of the industry
• Donor and government support	• Short shelf-life of the products
• Low cost of labor	• Sophisticated logistical arrangements
• Availability of farmlands	• Increasing cost of water
• Services for other companies	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	10,300,000	16,800,000	26,500,000	30,600,000	35,200,000
Gross Profit	4,532,000	7,056,000	11,130,000	13,158,000	15,136,000
Net Income	721,000	2,352,000	5,035,000	6,120,000	7,040,000
Cash Flow Accounts					
Operating Cash Flow	1,400,000	2,900,000	7,500,000	6,400,000	8,300,000
Investing Cash Flow	(540,000)	(810,000)	(540,000)	0	0
Financing Cash Flow	1,120,000	(960,000)	(190,000)	(190,000)	(250,000)
Balance Sheet Accounts					
Total Assets	13,100,000	14,400,000	21,200,000	26,600,000	34,000,000
Total Liabilities	3,500,000	3,200,000	5,000,000	4,500,000	5,000,000
Total Equity	9,600,000	11,200,000	16,200,000	22,100,000	29,000,000
Profitability Indicators					
Return on Assets	6%	14%	24%	20%	21%
Return on Equity	8%	22%	31%	27%	24%

Cattle Farm

8

Project Number:	**PIC-2010-IO-060**
Project Name:	**Cattle Farm**
Sponsor Company:	**Rasem Sawan**
Contact Details:	**Mr. Rasem Sawan** **Mobile: +970-59-8903728** **Email: rasem.sawan@hotmail.com**
Total Cost of the Project:	**US$ 714,286**
Investment by Current Owners:	**US$ 255,000**
Required Investment:	**US$ 459,286**

Project Description:

The project is to start a modern, environmentally sustainable farm on over 30 Dunum of land in Immatain village between Nablus and Qalqilya. The farm will raise 200-300 sheep, and will sell all types of sheep products, including meat and dairy. Targeted clients will be dairy manufacturers, while the lambs will be sold in the local market.

Mr. Sawan passionately believes that Palestinians are capable of competing with Israelis in the agricultural sector, given the ability to utilize modern technologies and techniques to maximize their land and resources. Part of the impetus in seeking funding for this project is to take advantage of unused lands in poor rural areas between Nablus and Qalqilya to raise the livestock at. There is an abundant source of labor in this area, and the project will provide much-needed jobs. The hope is that the establishment of this commercially viable, highly modern, and environmentally sustainable farm can highlight to others the sector's potential.

Project Development Time Table:

Land Purchase	**Completed**
Construction	**6 months after funding**
Equipment Procurement	**8 months after funding**

Current Owners' Profile:

Rasem Sawan is an Agricultural Engineer specialized in animal health and animal production, with the vision to raise Palestinian farming standards through the implementation of advanced engineering and state-of-the-art technology. His extensive experience in this field dates back decades, as his family owned a number of farms where they raised chickens and cows. They also owned a store in Nablus where they imported and sold chicks, animal feed, veterinary equipment and drugs, as well as providing consulting services to farmers.

Industry Highlights:

The food & beverage sector is growing rapidly both vertically and horizontally. The official figures indicate that there are more than 1,600 firms in the sector including bakeries. Excluding bakeries, the number goes down to 224 manufacturing firms including the large scale milk cow farms (>50 cows). 152 of them are active members of the food industry association. The large number of female cooperatives working in the food processing sector combined with traditional sweets and confectionary makers are not included. The total labor force is estimated at 8,000 workers. The importance of the sector is its direct relation to the nation's food security. The food and beverage sector accounts for 4.8% of the Palestinian GDP.

Sector diversification

The sector is comprised of a wide variety of products. These are: meats, vegetables (fresh and frozen), oils and fats, dairy, flour mills, animal feed, chocolates and confectionaries, spaghetti, water and beverages, chips and snacks as well as others.

Quality as an advantage

Food products are directly related to human health and safety; hence they deserve special attention in terms of quality assurance and control. Short expiry dates, an increased awareness among consumers, and severe competition are all factors that continue to push producers towards higher quality standards. Many firms have acquired the necessary certifications of ISO versions and HACCP. Approximately 95% of foodstuffs are covered by the technical specifications of the Palestinian standards. Many firms have also acquired the necessary national certificates PS, as well as the international HACCP, ISO 22000 standards.

Marketing position

The average food purchases of Palestinian households make up around 42% of all other living expenses. This figure highlights the importance of the sector. The majority of sales target the Palestinian population in the West Bank and Gaza, few products are sold in Jerusalem while even less are being sold in Israel. The closure of Gaza and Jerusalem has resulted in depriving the sector of 55% of its normal constituencies. The market share for food products varies between 90% for meat products to 30% for dairy products; the average is around 50%. The food industry has experienced exports mainly to Arab countries. Olive oil and other fair trade products have been exported to many countries around the world.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Owner has extensive experience as an agricultural engineer	• Lack of sufficient financial resources from the current owner
• Reliance on local resources in feeding / growing the sheep	

External Analysis	
Opportunities	**Threats**
• Limited competition in North West Bank market	• Ongoing political instability
• Potential to develop future export markets	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	-	142,857	171,429	205,714	226,286
Gross Profit	-	71,429	92,857	124,286	136,714
Net Income	-	4,067	23,133	44,869	53,927
Cash Flow Accounts					
Operating Cash Flow	-	49,420	68,490	92,369	101,427
Investing Cash Flow	(685,714)	-	(42,857)	-	-
Financing Cash Flow	685,714	28,571	(14,286)	(28,571)	(28,571)
Balance Sheet Accounts					
Total Assets	685,714	718,354	727,200	743,497	768,851
Total Liabilities	-	-	-	-	-
Total Equity	685,714	718,354	727,200	743,497	768,851
Profitability Indicators					
Return on Assets	-	1%	3%	6%	7%
Return on Equity	-	1%	3%	6%	7%

Bottling Mineral Water

9

Project Number:	**PIC-2010-IO-062**
Project Name:	**Bottling Mineral Water**
Sponsor Company:	**Al Zaytoon Agricultural Industrial Company**
Contact Details:	**Mr. Sameer Masri** **Al-Karmel Street, Salfit, Palestine** **Tel: +970925154444 / +97092517059** **Email: info@alzaytoon.ps** **Website: www.alzaytoon.ps**
Total Cost of the Project:	**US$ 281,527**
Investment by Current Owners:	**US$ 70,381**
Required Investment:	**US$ 211,145**

Project Description:

Al Zaytoon Agricultural Industrial Co. is seeking a partnership with a strategic/financing partner to assist in establishing a project to bottle and sell purified water that is filtered and enriched with natural minerals, where the products will be made in Palestine using Palestinian natural resources.

The project is at a proximity to 99 natural water wells in Salfit, which will supply the project with sufficient water to cover its needs.

Project Development Time Table:

Land Purchase	**First month of funding**
Building	**3 months from funding**
Equipment Procurement	**First month of funding**
Vehicles and Forklift Procurement	**First month of funding**

Current Owners' Profile:

Al Zaytoon is a democratic cooperative with its legal character and quality, members are connected upon their full liberty and understanding, having the character of main producers in the agricultural fields.

The cooperative is financed, managed and monitored by the members, in a transparent and democratic way, having as a target to fulfill the needs for the economical production and the future plans, according to the principles and regulations of cooperatives.

Al Zaytoon mission statement is to enable the farmers, including women and those with special needs, economically, socially and politically, through specific programs and initiatives aiming to strengthen the technical, managerial, and financial aspects of their projects.

Industry Highlights:

The food & beverage sector is growing rapidly both vertically and horizontally. The official figures indicate that there are more than 1,600 firms in the sector including bakeries. Excluding bakeries, the number goes down to 224 manufacturing firms including the large scale milk cow farms (>50 cows). 152 of them are active members of the food industry association. The large number of female cooperatives working in the food processing sector combined with traditional sweets and confectionary makers are not included. The total labor force is estimated at 8,000 workers. The importance of the sector is its direct relation to the nation’s food security. The food and beverage sector accounts for 4.8% of the Palestinian GDP.

Sector diversification

The sector is comprised of a wide variety of products. These are: meats, vegetables (fresh and frozen), oils and fats, dairy, flour mills, animal feed, chocolates and confectionaries, spaghetti, water and beverages, chips and snacks as well as others.

Quality as an advantage

Food products are directly related to human health and safety; hence they deserve special attention in terms of quality assurance and control. Short expiry dates, an increased awareness among consumers, and severe competition are all factors that continue to push producers towards higher quality standards. Many firms have acquired the necessary certifications of ISO versions and HACCP. Approximately 95% of foodstuffs are covered by the technical specifications of the Palestinian standards. Many firms have also acquired the necessary national certificates PS, as well as the international HACCP, ISO 22000 standards.

Marketing position

The average food purchases of Palestinian households make up around 42% of all other living expenses. This figure highlights the importance of the sector. The majority of sales target the Palestinian population in the West Bank and Gaza, few products are sold in Jerusalem while even less are being sold in Israel. The closure of Gaza and Jerusalem has resulted in depriving the sector of 55% of its normal constituencies. The market share for food products varies between 90% for meat products to 30% for dairy products; the average is around 50%. The food industry has experienced exports mainly to Arab countries. Olive oil and other fair trade products have been exported to many countries around the world.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The location of the project near 99 water wells	• Lack of additional financial resources
• The products made with Palestinian resources	• Lack experience in this field

External Analysis	
Opportunities	**Threats**
• Growing demand for safe sources of water	• Political instability
• Products competitive prices because raw materials are locally available	• The market fragmented between many competitors

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	697,255	732,117	768,723	807,159	887,749
Gross Profit	228,448	239,869	251,862	264,455	290,901
Net Income	176,327	195,931	206,542	217,683	596,848
Cash Flow Accounts					
Operating Cash Flow	185,143	205,728	216,869	228,567	626,690
Investing Cash Flow	(267,000)	0	0	0	0
Financing Cash Flow	281,527	0	0	0	0
Balance Sheet Accounts					
Total Assets	443,327	639,258	845,800	1,063,483	1,660,331
Total Liabilities	0	0	0	0	0
Total Equity	443,327	639,258	845,800	1,063,483	1,660,331
Profitability Indicators					
Return on Assets	40%	31%	24%	20%	36%
Return on Equity	40%	31%	24%	20%	36%

Tourism Sector

Bethlehem City Tour

1

Project Number:	**PIC-2010-IO-064**
Project Name:	**Bethlehem City Tour**
Sponsor Company:	**Laila Tours & Travel**
Contact Details:	**Ms. Laila M. Asfoura** **Laila Tours & Travel** **Middle East Building, Manger Str.** **P.O.Box 516, Bethlehem, Palestine.** **Tel: +970-2-2777997** **Fax: +970-2-2777996** **E-mail: laila@lailatours.com** **Website: http://www.lailatours.com**
Total Cost of the Project:	**US$ 1,500,000 (additional US$ 750,000 after two years of operation)**
Investment by Current Owners:	**US$ 375,000**
Required Investment:	**US$ 1,125,000 equity investment**

Project Description:

Bethlehem City Tour is a new idea that aims to give tourists a closer and more realistic view of the Holy City and its surroundings. Private buses with tour guides on board will make tours across Bethlehem district, stops are to be made at the most attractive and important sites where tourists will have the opportunity to interact with local people, see the factories of handcrafts and have a closer look at the historical and religious sites.

Route Network: A licensed tour guide from the Ministry of Tourism & Antiquities will guide the tourists through the religious sites of Bethlehem. After Bethlehem, the tour continues to Beit Sahour to visit the Shepherds Fields then drives up to Beit Jala to visit the Cremisan Monastery and enjoy a panoramic view of the area. Afterwards the tour proceeds to Al Khader village to visit Saint George's monastery and Solmon's pools.

Bethlehem City Tour is seeking a partnership with a strategic/financing partner that can help in the establishment of this route network, starting with the building of the premises, purchasing of the equipment, furniture and buses. Bethlehem City Tour already started negotiating the purchase of the land needed for the investment, and secured the licenses and permits needed. Financing is needed to implement the project.

Project Development Time Table:

Land Development & Improvement	**June 2010**
Building and Construction start Date	**September 2010**
Building and Construction Completion Date	**August 2011**
Furniture & Equipment Procurement	**September 2011**
Operations Start Date	**October 2011**
Inauguration Date	**24 December 2011**

Current Owners' Profile:

Bethlehem City Tours is a Palestinian registered private partnership company, which started its operations within the Palestinian tourism sector in 2007. The company is an integral part of the community and provides essential services for tourists visiting Bethlehem.

Bethlehem City Tours leads visitors to a greater understanding of the true values and authenticity of Bethlehem. Tourists enjoy visiting Palestine and the Holy Sites; moreover they get to know more about Palestinian culture, lifestyle, social settings and history.

Industry Highlights:

The Palestinian tourism sector is mainly based around the 'pilgrimage' sub-sector; as it has been for more than 2000 years. It also benefits from Palestinian expatriates returning to visit their families and to a lesser extent from 'friends' of Palestine, the latter often young backpackers. Palestine clearly suffers hugely from an image problem and this will take time to change. However nearby markets with security issues such as Jordan, Egypt and of course Israel itself have successfully rebranded themselves in recent years and created successful tourist industries, albeit with much bigger budgets than Palestine is likely to have. Palestine itself started changing the image and promoting the Palestinian tourism sites away from security problems.

As of December 2009, there were 97 hotels in Palestine distributed as following:

- northern West Bank: 7 hotels with 166 rooms and 346 beds
- middle of the West Bank: 26 hotels with 1,083 rooms and 2,465 beds
- the Jerusalem area: 33 hotels with 1,639 rooms and 3,688 beds
- South of the West Bank: 23 hotels with 1,777 rooms and 3,989 beds
- The Gaza Strip: 8 hotels with 321 rooms and 536 beds

The average room occupancy in hotels operating in Palestine was 1,458 hotel rooms per day at 29% of all available rooms available. The number of guests in Palestinian hotels in the year 2009 totaled to 447,025 guests, 13% of them are Palestinians and 35% from the European Union. About 49% of these stayed in Jerusalem hotels, 30% in the south of the West Bank (Bethlehem and Hebron) and 19% in the middle of the West Bank (Jericho and Ramallah). Only a tiny proportion stayed in the northern West Bank or in Gaza. Hotel figures compare favorably with the year 2000 (355,711) and the subsequent decline to the low point of 51,357 in 2002. The 2008 figure represents an occupancy rate of 36%, and there is evidence that this figure will be surpassed by the years of 2010 and 2011.

The average number of employees working in hotels reached 1,648 workers, including 1,398 male and 250 female. Those working in managerial positions have reached 299 workers including 236 male and 63 female, while those in the operating positions have reached 1,349 workers, including 1,162 male and 187 female.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The prime location of Bethlehem	• Lack of additional financial resources from the current owner
• The first of its kind in the Palestinian Territory	
• Existence of similar desired experience	

External Analysis	
Opportunities	**Threats**
• The great potential for Bethlehem tourism	• Political instability and ongoing conflict between Israel and Palestine
• The number of Christian tourists from all over the world is on the rise	
• The dramatic increase in the real estate value in Bethlehem	

Financial Projections in US$ for the whole project

Indicators	2010	2011	2012	2013	2014	2015
Income statement Accounts						
Revenues	-	607,725	689,850	1,629,771	1,787,315	1,996,469
Expenses	-	374,132	387,621	489,233	505,287	524,144
Gross Profit	-	233,593	302,229	1,140,538	1,282,028	1,472,325
Interest Expense and Taxes	-	47,722	56,567	180,530	199,869	226,423
Net Income	-	185,871	245,662	960,008	1,082,159	1,245,902
Cash Flow Accounts						
Operating Cash Flow	-	331,862	349,734	1,136,982	1,256,916	1,418,317
Financing Cash Flow	1,540,212	(32,770)	(50,416)	(50,416)	(50,416)	(50,416)
Investing Cash Flow	(1,500,000)	0	0	(750,000)	0	0
Balance Sheet Accounts						
Total Assets	1,540,212	1,741,035	1,960,048	3,006,818	4,069,018	5,299,957
Total Liabilities	275,000	289,952	263,303	350,064	330,104	315,142
Total Equity	1,265,212	1,451,083	1,696,746	2,656,754	3,738,913	4,984,815
Profitability Indicators						
Return on Assets	-	10.68%	12.53%	31.93%	26.60%	23.51%
Return on Equity	-	12.81%	14.48%	36.13%	28.94%	24.99%

Olympic Swimming Pools

2

Project Number:	**PIC-2010-IO-065**
Project Name:	**Olympic Swimming Pools**
Sponsor Company:	**Yarkon Company for Trading and Contracting**
Contact Details:	**Mr. Husam Eddeen Jarallah Al-Khozondar** **Omar Al-Mokhtar St.** **Gaza City, Gaza Strip, Palestine** **Tel: +970-59-9408248** **Email: hosamjnk@yahoo.com**
Total Cost of the Project:	**US $ 2,148,000**
Investment by Current Owners:	**US $ 2,000,000**
Required Investment:	**US $ 148,000**

Project Description:

Yarkon Company for Trading and Contracting is seeking an investor to collaborate on this opportunity for building and operating a recreational facility containing Olympic-size swimming pools. The project facilities will include three swimming pools, green areas, parking space and a chalet.

The project aims to improve the quality of life of Gazan youth and adults, the project will target the youth of Gaza by training and coaching them as well as organizing competitions and games, especially in the summer season.

The pools will be built on an 8 dunum area of land, in central Gaza Strip and will be the first facility in Palestine to have Olympic size swimming pools. The facilities will maintain the highest of standards in safety, cleanness and service.

Current Owners' Profile:

Mr. Husam Al-Khozondar owns the land identified for this project in partnership with his father and four brothers. The Khozondar family is well-known in Gaza for its entrepreneurial spirit and proven success in establishing new investments in various sectors including trade, hospitality and services.

Industry Highlights:

Palestine's comparative advantage of being home to Bethlehem, the birthplace of Jesus, Jericho, the oldest continuously inhabited city in the world, and Jerusalem being home to the three monotheistic religions provides a unique draw for tourists. Furthermore, visitors to Palestine are always amazed at the diversity of activities to enjoy. From its hospitable people and rich cultural heritage to its beautiful landscape and diverse cuisine, Palestine has lots to offer in addition to its many shrines, churches and mosques.

Despite the latest political unrest which began in September 2000, today tourism in Palestine is showing clear signs of recovery. According to the latest figures released by the Palestinian Ministry of Tourism and Antiquities, the number of overnight stays in Palestinian hotels for the 1st quarter of 2008 reached 88,038 nights compared to 36,479 overnights in the 1st quarter of 2007; an increase of 141.3%. As far as the total number of visitors to Palestine, the MOTA and industry experts believe that arrivals will top the one million mark this year – a new record for Palestine.

Both the public and private sectors are investing millions in developing, restoring and upgrading facilities that cater to the tourism industry. New hotels and restaurants are opening throughout the West Bank, while overall touristic activities on offer in Palestine have quickly diversified. In addition the MOTA is implementing numerous restoration and beautifications projects in the West Bank and East Jerusalem.

Hotels constitute the backbone of the Palestinian tourism sector in terms of income, investment and employment. As with all tourism sub-sectors in Palestine, the hospitality industry has suffered as a direct result of the political conditions under which they have had to operate since 1967. Between 1967 and 1994, the number of Palestinian hotels remained virtually static. Scarcely any permits to build hotels, or convert existing buildings into hotels, were granted by the Israeli authorities to investors in Palestine. However once the Palestinian Authority took control of the major cities, it ushered in a period of major growth in tourism investment. Between 1994 and 2000, private sector investment in tourism alone exceeded US$ 700 million.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• First Olympic size pool in either West Bank or Gaza	• Required building materials are as of yet unavailable
• Moderate weather conditions year-round in Gaza	

External Analysis	
Opportunities	**Threats**
• Attract groups of visitors from the West Bank	• Ongoing political instability
	• Difficult economic conditions

Financial Projections in US$ for the whole project

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	6,667	80,000	100,000	107,500	115,563
Gross Profit	5,867	77,600	97,600	104,980	112,917
Net Income	(5,565)	43,306	63,306	69,806	76,288
Cash Flow Accounts					
Operating Cash Flow	(3,535)	49,396	69,396	75,896	82,378
Investing Cash Flow	(2,117,000)	0	0	0	0
Financing Cash Flow	2,148,000	(15,827)	(17,451)	(19,072)	(20,824)
Balance Sheet Accounts					
Total Assets	2,142,435	2,185,741	2,233,221	2,285,575	2,342,791
Total Liabilities					
Total Equity	2,142,435	2,185,741	2,233,221	2,285,575	2,342,791
Profitability Indicators					
Return on Assets	(0.26%)	1.98%	2.83%	3.05%	3.26%
Return on Equity	(0.26%)	1.98%	2.83%	3.05%	3.26%

Developing and Expanding Al Yasmeen Hotel and Historical Compound

3

Project Number:	**PIC-2010-IO-067**
Project Name:	**Developing and Expanding Al Yasmeen Hotel and Historical Compound**
Sponsor Company / Individual:	**Al Yasmeen Investment Co.**
Contact Details:	**Mr. Nasser Abdul Hadi** **Nablus, Palestine** **Tel: +970-9-2333555** **Fax: +970-9-2333666** **Email: info@alyasmeen.com** **Website: www.alyasmeen.com**
Total Cost of the Project:	**US$ 1,250,000**
Investment by Current Owners:	**US$ 750,000**
Required Investment:	**US$ 500,000**

Project Description:

Nablus is one of the oldest cities in the world, It was originally called “Shechem” by its Canaanite inhabitants. The Romans built a new city (Flavia Neapolis, in honor of the Roman Emperor Flavius Vespasian) a short distance from Shechem. The name Nablus comes from Neapolis as in Naples in the South of Italy. Nablus is distinguished by its location in a narrow valley between the two mountains Gerizim and Ebal. Holy places and Tourist attractions near the city include Joseph’s Tomb and Jacob’s Well. The business opportunity is to take an equity stake in an historic hotel in Nablus – the Al Yasmeen Hotel. The existing tourist hotel occupies a 600 year old building located in the heart of the Old City in Nablus. The hotel consists of 26 rooms, one suite, 2 restaurants, meeting halls, and a commercial mall with 36 stores. The hotel first opened in 1998 and attracted visitors and guests with an average occupancy of 75%. However, following the outbreak of the Intifada in 2000, the occupancy level dropped to around 10%. In 2008, the average occupancy rate surpassed 30%, the current occupancy rate is almost equivalent to pre-2000 rate. The owners are seeking partners to invest in renovating the existing hotel and doubling the carrying capacity to 50 rooms while upgrading the entire facility to a 4 star hotel.

Project Development Time Table:

Infrastructure Development	**Completed**
Building and Construction Date	**October 2010**
Building and Construction Completion Date	**October 2011**
Furniture & Equipment Procurement	**November 2011**
Operations Start Date	**December 2011**

Current Owners' Profile:

Al Yasmeen Investment Company was established in 1997 with the objective of developing the hospitality industry in Palestine. The company's first project consisted of reaching an investment agreement with local landlords to renovate the 600 year old building and transform it into a hotel.

The company then opened the second branch of the famous restaurant "Zeit Ou Zaatar" in Jerusalem; with the third branch opening for business in Ramallah in 2005.

Al Yasmeen Investment Company holds stakes in publicly listed Palestinian companies such as: Palestine Plastic Industries Company, Arab Real Estate Company, and Arab Insurance Company.

The company's chairman was responsible for establishing the first 2 hotels in Nablus, namely the Al Qasr Hotel, targeting business travelers, and the Al Yasmeen Hotel, targeting local and international tourists.

Industry Highlights:

Palestine's comparative advantage of being home to Bethlehem, the birthplace of Jesus, Jericho, the oldest continuously inhabited city in the world, and Jerusalem being home to the three monotheistic religions provides a unique draw for tourists. Furthermore, visitors to Palestine are always amazed at the diversity of activities to enjoy. From its hospitable people and rich cultural heritage to its beautiful landscape and diverse cuisine, Palestine has lots to offer in addition to its many shrines, churches and mosques.

Despite the latest political unrest which began in September 2000, today tourism in Palestine is showing clear signs of recovery. According to the latest figures released by the Palestinian Ministry of Tourism and Antiquities (MOTA), the number of overnight stays in Palestinian hotels for the 1st quarter of 2008 reached 88,038 nights compared to 36,479 overnights in the 1st quarter of 2007; an increase of 141.3%. As far as the total number of visitors to Palestine, the MOTA and industry experts believe that arrivals will top the one million mark this year – a new record for Palestine.

Both the public and private sectors are investing millions in developing, restoring and upgrading facilities that cater to the tourism industry. New hotels and restaurants are opening throughout the West Bank, while overall touristic activities on offer in Palestine have quickly diversified. In addition the MOTA is implementing numerous restoration and beautifications projects in the West Bank and East Jerusalem.

Hotels constitute the backbone of the Palestinian tourism sector in terms of income, investment and employment. As with all tourism sub-sectors in Palestine, the hospitality industry has suffered as a direct result of the political conditions under which they have had to operate since 1967. Between 1967 and 1994, the number of Palestinian hotels remained virtually static. Scarcely any permits to build hotels, or convert existing buildings into hotels, were granted by the Israeli authorities to investors in Palestine. However once the Palestinian Authority took control of the major cities, it ushered in a period of major growth in tourism investment. Between 1994 and 2000, private sector investment in tourism alone exceeded US$ 700 million.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Centrally located in the heart of the Old City of Nablus	• Financial position was badly affected following 8 years of political unrest
• Consistent high occupancy rate (around 75%)	• Needs renovation
• Experienced management	
• Diversification of services provided by the hotel	

External Analysis	
Opportunities	**Threats**
• Increasing demand on hotel and meeting facilities particularly in northern West Bank	• Potential for deterioration of political and security situation
• Rebound and increase in tourism arrivals	• Misconception and negative image of Nablus in international markets (regarded as unsafe)
• Domestic tourism is on the rise	
• Limited competition	

Financial Projections in US$

Indicators	2011-2010	2012	2013	2014	2015
Income statement Accounts					
Revenues	0	351,000	504,000	630,000	810,000
Expenses	0	227,155	291,245	344,613	420,083
Gross Profit	0	123,845	212,755	285,387	389,917
Depreciation	0	63,750	63,750	63,750	63,750
Net Income	0	60,095	149,005	221,637	326,167
Cash Flow Accounts					
Operating Cash Flow	0	123,845	212,755	285,387	398,917
Investing Cash Flow	(1,250,000)	0	0	0	0
Financing Cash Flow	1,250,000	(60,000)	(150,000)	(200,000)	(300,000)
Balance Sheet Accounts					
Total Assets	1,250,000	1,250,095	1,249,100	1,270,737	1,296,904
Total Liabilities	0	0	0	0	0
Total Equity	1,250,000	1,250,095	1,249,100	1,270,737	1,296,904
Profitability Indicators					
Return on Assets	0	4.81%	11.93%	17.44%	25.15%
Return on Equity	0	4.81%	11.93%	17.44%	25.15%

Hisham's Palace Commercial and Tourism Compound

4

Project Number:	**PIC-2010-IO-068**
Project Name:	**Hisham's Palace Commercial and Tourism Compound**
Sponsor Company / Individual:	**Mr. Mazen Sinokrot**
Contact Details:	**Mr. Mazen Sinokrot** **Tel: +970-2-2955701** **Fax: +970-2-2955702** **Mobile: +970-59-9279006** **Email: ceo@sinokrot.com** **Website: www.sinokrot.com**
Total Cost of the Project:	**US$ 8,150,000**
Investment by Current Owners:	**US$ 3,500,000**
Required Investment:	**US$ 4,650,000**

Project Description:

Hisham's Palace Hotel is an existing building located in the heart of Jericho City on a piece of land with a total area of 2.5 Dunum. The owner of the hotel owns another piece of land next to the hotel's land with a total area of another 2.5 Dunum.

The owner intends to construct a 6 floor building with a total built up area of 15,000 square meters as follows:

1. 2 floors of commercial stores; 250 stores, 20 square meters for each store.
2. 2 floors of office spaces; 100 offices, 40 – 50 square meters for each office.
3. 2 floors of 2 – 3 stars hotel; 150 hotel rooms.

The proposed project is responding to the increasing demand for modern commercial and office spaces in Jericho City, as well as the increasing demand for medium-level hotel rooms. In addition, the project is planned at this timeframe to accompany the near celebrations of Jericho 10,000 years. The owner is also aiming through this project to preserve one of the oldest buildings in Jericho city.

The project targets local visitors of Jericho City, foreign tourists, and retailers and providers of professional and medical services who are interested in establishing their businesses in Jericho. Some of these private businesses target visitors and tourists visiting Jericho, other private businesses target the residents of Jericho city and locals.

The project is proposing renting the first 2 floors as commercial stores for rental fees in addition to key money – paid for one time –, the 3rd and 4th floors will be rented to providers of professional and medical services for rental fees only, and the last 2 floors will be operated directly by the owner as a 2 – 3 stars hotel.

Project Development Time Table:

Infrastructure Development	**June 2010**
Building and Construction Date	**July 2010**
Building and Construction Completion Date	**May 2012**
Furniture & Equipment Procurement	**June 2012**
Operations Start Date	**July 2012**

Current Owners' Profile:

Mr. Mazen Sinokrot was appointed Minister of National Economy until March 2006. Also the Chairman of Board for the Palestine Standards Institute, Palestine Investment and Promotion Agency, Palestine Industrial Zones, and Free Zones Authority.

Mr. Sinokrot is the Chairman of Sinokrot Global Group (SGG); the largest family owned business group in Palestine established in 1982 based in Ramallah with a state of the art infrastructure on 35,000 sqm of buildings, 800 employees supported by a modern management and marketing systems covering more than 30 export markets in addition to the local market.

SGG works in the manufacturing, trade, tourism, agriculture, and services sectors. Companies working under the umbrella of SGG include Sinokrot Food Company, Sinokrot Company for Animal and Agricultural Products, Zadona Agro-Industrial Company, Sultan Cable car and Tourist Center, Palestinian Gardens Company and Fresh Herbs Project, Grand National Markets, Sultan Company for Mineral Waters, Palestinian Company for Industrial Supplies, and Ajyal Trading Company.

Industry Highlights:

Palestine's comparative advantage of encompassing Bethlehem, the Birthplace of Jesus, Jericho, the oldest continuously inhabited city in the world and Jerusalem being home to the three monotheistic religions provides a unique tourism offer. Furthermore, visitors to Palestine will be amazed at the diversity of activities to discover. From its hospitable people and rich cultural heritage to its beautiful landscape and diverse cuisine, Palestine has lots to offer in addition to its many shrines, Churches and Mosques.

Despite the latest political unrest which began back in September 2000, today tourism to Palestine is showing clear signs of recovery. According to the latest figures released by the Palestinian Ministry of Tourism and Antiquities, the number of overnight stays in Palestinian hotels for the first quarter of 2008 reached 88,038 nights compared to 36,479 overnights in the first quarter of 2007; an increase of 141.3%. As far as the total number of visitors to Palestine, Ministry of Tourism and Antiques (MOTA) and the industry believe that arrivals will top the one million mark this year; a new record for destination Palestine surpassing 2,000 arrivals figures.

Both the public and private sector are investing millions in developing, restoring and upgrading the industry. New hotels are opening across the West Bank. The overall tourism offer in Palestine has diversified and expanded its offering. MOTA is implementing numerous restoration and beautifications projects are across the West Bank and East Jerusalem.

Hotels constitute the backbone of the Palestinian tourism sector in terms of income, investment and employment. As with all tourism sectors in Palestine, hotels have suffered as a direct result of the political conditions under which they have had to operate since 1967. Between 1967 and 1994, the number of Palestinian hotels remained virtually unchanged. Hardly any permits to build hotels, or convert to hotels, were granted by the Israeli authorities to any investor in the Palestinian sector. However once the Palestinian Authority took control of the major cities, investment in tourism saw a boom. Between 1994 and 2000, private sector investment in tourism alone exceeded US$ 700 million.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Prime location of the project	• Limited available financial resources
• Clean ownership of the land	• Tight implementation schedule
• Short payback period of the project	
• Historical reputation of Hisham's Palace existing hotel	
• Strong experience of the owner	

External Analysis	
Opportunities	**Threats**
• Jericho 10,000 years celebrations	• Political and security situation in the Palestinian Territory
• Increasing number of tourists visiting Jericho	• Israeli procedures in isolating and closing Jericho
• Increasing internal tourism	
• Limited number of well organized commercial centers in Jericho	
• Limited number of hotel rooms in Jericho	

Financial Projections in US$

Indicators	2010-2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	0	5,200,000	6,193,000	1,512,000	1,836,000
Expenses	0	430,500	909,600	1,006,800	1,055,400
Gross Profit	0	5,200,000	6,193,000	1,512,000	1,836,000
Depreciation	0	71,250	142,500	142,500	142,500
Net Income	0	4,698,250	5,140,900	362,700	638,100
Cash Flow Accounts					
Operating Cash Flow	0	4,769,500	5,283,400	505,200	780,600
Investing Cash Flow	(6,875,000)	(1,275,000)	0	0	0
Financing Cash Flow	8,150,000	(4,500,000)	(5,000,000)	(350,000)	(600,000)
Balance Sheet Accounts					
Total Assets	8,150,000	8,348,250	8,489,150	8,501,850	8,539,950
Total Liabilities	0	0	0	0	0
Total Equity	8,150,000	8,348,250	8,489,150	8,501,850	8,539,950
Profitability Indicators					
Return on Assets	0	56.3%	60.6%	4.3%	7.5%
Return on Equity	0	56.3%	60.6%	4.3%	7.5%

Expansion of Jerusalem Hotel in Jericho

5

Project Number:	**PIC-2010-IO-069**
Project Name:	**Expansion of Jerusalem Hotel in Jericho**
Sponsor Company:	**Jerusalem Hotel – Jericho**
Contact Details:	**Mr. Ahmad Saleh Abu Hommos** **Amman Street, Jericho** **P.O. Box: 77, Jericho, Palestine** **Tel: +970-2-2322444** **Fax: +970-2-2323109** **Website: http://www.jerusalemhotel-jericho.com/**
Total Cost of the Project:	**US$ 1,441,808**
Investment by Current Owners:	**US$ 807,308**
Required Investment:	**US$ 634,500**

Project Description:

Jerusalem Hotel is located in the oldest and lowest city in the world – Jericho. Currently it consists of 50 rooms and suites. The hotel's location has proven highly strategic as it is on the road leading to and from the Jordanian border; the only available land port for Palestinians living in the West Bank as well as for many of their visitors. The hotel's average occupancy rate currently exceeds 65%, and demand is rising quickly.

The owner is aiming to expand the current size of the hotel both horizontally and vertically, by constructing seven new floors to the existing building, including a parking lot, a multi-purpose hall, and the installment of air-conditioning units for all old and new facilities. The hotel's total area will increase from 960 square meters to 2,018 square meters. The total cost of the expansion is estimated at US$ 634,500.

Project Development Time Table:

Land Development & Improvement	**January 2011**
Building and Construction Start Date	**January 2011**
Building and Construction Completion Date	**September 2011**
Furniture & Equipment Procurement	**December 2011**
Inauguration Date	**January 2012**

Current Owners' Profile:

Jerusalem Hotel first opened its doors to guests in 1995 as a small hotel and restaurant in the middle of Jericho, one of the most attractive tourism and recreational centers in Palestine. Jerusalem Hotel since then became known for its high quality, top-notch guest services, and competitive prices. As it is close to the center of Jericho, the travelers' lounge, and various historical and recreational attractions, the hotel has managed to maintain strong earnings through all high and low seasons, despite the difficult circumstances facing the Palestinian economy.

Thanks to its extensive hotel management experience and hard-earned reputation, Jerusalem Hotel expects to flourish in the coming years as the local tourism sector is set to grow significantly, thereby increasing visitor traffic through Jericho. With the help of the anticipated renovations and additional planned rooms and facilities, hotel management plans to continue offering consistently higher quality services and be highly rated.

Industry Highlights:

Palestine's comparative advantage of being home to Bethlehem, the birthplace of Jesus, Jericho, the oldest continuously inhabited city in the world, and Jerusalem being home to the three monotheistic religions provides a unique draw for tourists. Furthermore, visitors to Palestine are always amazed at the diversity of activities to enjoy. From its hospitable people and rich cultural heritage to its beautiful landscape and diverse cuisine, Palestine has lots to offer in addition to its many shrines, churches and mosques.

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Both the public and private sectors are investing millions in developing, restoring and upgrading facilities that cater to the tourism industry. New hotels and restaurants are opening throughout the West Bank, while overall touristic activities on offer in Palestine have quickly diversified. In addition the MOTA is implementing numerous restoration and beautifications projects in the West Bank and East Jerusalem.

Hotels constitute the backbone of the Palestinian tourism sector in terms of income, investment and employment. As with all tourism sub-sectors in Palestine, the hospitality industry has suffered as a direct result of the political conditions under which they have had to operate since 1967. Between 1967 and 1994, the number of Palestinian hotels remained virtually static. Scarcely any permits to build hotels, or convert existing buildings into hotels, were granted by the Israeli authorities to investors in Palestine. However once the Palestinian Authority took control of the major cities, it ushered in a period of major growth in tourism investment. Between 1994 and 2000, private sector investment in tourism alone exceeded US$ 700 million.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The prime location of Jericho	• Lack of necessary funding to complete upgrade/renovation
• Extensive hospitality industry experience	
• Renowned quality of guest services	
• Competitive pricing	

External Analysis	
Opportunities	**Threats**
• Jericho's growing ability to draw local and international tourists	• Political instability
• Rising value of Jericho's real estate	• Competition from other hotels and resorts in the Jericho region

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2011	2012	2013	2014	2015	2016
Income statement Accounts						
Revenues	305,174	762,935	839,229	923,151	1,015,466	1,117,013
Expenses	118,883	297,208	312,069	327,672	344,056	361,258
Gross Profit	186,291	465,727	527,160	595,479	671,411	755,755
Interest Payment	0	0	0	0	0	0
Depreciation and Amortization	37,305	93,262	93,262	93,262	93,262	93,262
Taxes	29,797	74,493	86,780	100,444	115,630	132,499
Net Income after Tax	119,189	297,972	347,118	401,774	462,519	529,994
Cash Flow Accounts						
Operating Cash Flow	168,510	540,975	974,873	1,477,091	2,055,240	2,717,733
Investing Cash Flow	(634,500)	0	0	0	0	0
Financing Cash Flow	634,500	(148,986)	(173,559)	(200,887)	(231,260)	(264,997)
Balance Sheet Accounts						
Total Assets	1,441,808	1,590,794	1,764,353	1,965,240	2,196,500	2,461,497
Total Liabilities	216,271	238,619	264,653	294,786	329,475	369,225
Total Equity	1,225,537	1,352,175	1,499,700	1,670,454	1,867,025	2,092,272
Profitability Indicators						
Return on Assets	8.27%	18.73%	19.67%	20.44%	21.06%	21.53%
Return on Equity	9.73%	22.04%	23.15%	24.05%	24.77%	25.33%

Bethlehem Tourism Center

6

Project Number:	**PIC-2010-IO-073**
Project Name:	**Bethlehem Tourism Center**
Sponsor Company:	**Anwar Michael Anton Hilal**
Contact Details:	**Staih Street Beit-Sahour, West Bank, Palestine Tel: +970-59-9233890 Email: hilal_eng@yahoo.com**
Total Cost of the Project:	**US$ 2,980,000**
Investment by Current Owners:	**US$ 420,000**
Required Investment:	**US$ 2,060,000**
Debt:	**US$ 500,000**

Project Description:

Anwar Michael Anton Hilal is seeking a financing partner to assist in establishing a Tourism Center that consists of a trade center to cater to tourists' needs of souvenirs such as local artisan products including olive wood, mother of pearl, knitting, ceramic, leather, silver, gold and copper products, Hebron glass as well as traditional sweets and drinks, locally produced cheese, etc.

The Tourism Center will also include a Heritage Art Hall along with a bowling alley for the tourists as well as Bethlehem's local residents to enjoy. Specifically it will target tourists visiting Bethlehem from all over the world as well as Palestinians from the West Bank and those living in Israel.

The Tourism Center will be ideal for local business owners as they will be able to rent out building space in a centralized location, as well as being in a location which draws a steady stream of tourists and potential customers.

Project Development Time Table:

	Expected number of months from finance availability
Operations start date	**16 months**

Current Owners' Profile:

Hilal Construction Company (HCC) located in Bethlehem is one of the leading Palestinian companies in the construction industry. HCC specializes in electro mechanical engineering since 2003.

Hilal Construction Company's vision is to be the top construction company in Palestine. HCC's mission is to build a reputation for its high quality construction projects, including building, finishing and installing electromechanical works. In addition, HCC thrives to ensure that its employees are self-empowered with the ability to access trainings, and thereby increase their knowledge and skill level. HCC aims to provide the best for the Palestinian community while always keeping customer satisfaction as their number one priority.

Industry Highlights:

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SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Bethlehem is a major global destination for tourists	• Owner lacks sufficient financial resources
• Bowling alley will attract local residents to the Center during the low tourist season	• Tourists often prefer small traditional shops over such shopping centers

External Analysis	
Opportunities	**Threats**
• Store rentals are in very high demand	• Political instability risks affecting number of tourists visiting Bethlehem

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	28,125	468,000	468,000	514,800
Gross Profit	0	28,125	468,000	468,000	514,800
Net Income	0	(8,005)	274,515	248,358	281,696
Cash Flow Accounts					
Operating Cash Flow	0	9,388	338,956	307,572	335,389
Investing Cash Flow	(1,760,000)	(1,150,000)	0	0	0
Financing Cash Flow	1,760,000	1,143,595	(251,864)	(238,786)	(255,455)
Balance Sheet Accounts					
Total Assets	1,760,000	2,912,983	2,957,575	2,983,861	3,021,295
Total Liabilities	0	440,989	348,323	250,431	147,016
Total Equity	1,760,000	2,471,995	2,609,252	2,733,431	2,874,279
Profitability Indicators					
Return on Assets		(0.27%)	9.28%	8.32%	9.32%
Return on Equity		(0.32%)	10.52%	9.09%	9.80%

Murad Tourist Resort & Hotel

7

Project Number:	**PIC-2010-IO-074**
Project Name:	**Murad Tourist Resort & Hotel**
Sponsor Company:	**Murad Tourist Resort & Hotel**
Contact Details:	**Mr. Jamil Murad / Mr. Shaker Murad** **Bethlehem, Beit Sahour Street, Palestine** **Tel: +970-2-2759880** **Fax: +970-2-2759881** **Email: info@murad.ps** **Website: www.murad.ps**
Total Cost of the Project:	**US$ 24,552,460**
Investment by Current Owners:	**US$ 15,297,060**
Required Investment:	**US$ 9,255,400**

Project Description:

Murad Hotel and Resort Company is located in Bethlehem, 15 minutes from the city centre and close to Shepherds' field. The company is seeking a partnership with a strategic/financing partner in order to add multiple tourist facilities that blend historic authenticity with modern technology and entertainment systems..

Murad Hotel and Resort is located in Bethlehem and it has been working from June 2006 until now on phases 1, 2 and 3 of the project. Remarkable segments and projects were completely achieved mainly:

- Four swimming pools
- Business halls
- 25 chalets
- Rocky rooms
- Coffee shop and restaurant
- Murad therapy baths / Turkish cave
- AD – DAY'A Tent
- Tourist Hotel (phase1)/ 33 rooms
- Spa for ladies

The estimated cost of the above mentioned items accomplished until now is around 10 million U.S. dollars.

As part of its continued development, the company is seeking to add more facilities that will include an Amusement Park, Stationary Crew Ships and 15 VIP chalets.

Project Development Time Table:

15 VIP chalet	**10 months from funding**
Tourist Hotel (Phase 2)	**12 months from funding**
Dancing launch	**8 months from funding**
Multipurpose hall	**9 months from funding**
Modern kitchen	**4 months from funding**
Resort gardens	**5 months from funding**
Children playground	**7months from funding**
Water falls and water fountains	**4 months from funding**
Upgrading the existing Olympic swimming	**3 months from funding**

Current Owners' Profile:

Murad's Investment Group Co. was established since more than 30 years. The group established Murad's Undertaking Co. in 1976, this company was accredited as one of the largest construction and reconstruction companies in the country. Then it established Murad's Rent a Car Co. which has recently became an agency for Hyundai Co. for cars and one of the biggest modern tourist rent car Companies at Bethlehem District.

In 2006, Murad's Tourist Resort was inaugurated and has been internationally recognized as premium tourist offering in the Holyland. This Resort was the first of its kind in the country where its basic utilities formed part of the local topography (underground caverns) with paid capital that exceeded 10 million USD.

Industry Highlights:

The Palestinian tourism sector is mainly based around the 'pilgrimage' sub-sector; as it has been for more than 2000 years. It also benefits from Palestinian expatriates returning to visit their families and to a lesser extent from 'friends' of Palestine, the latter often young backpackers. Palestine clearly suffers hugely from an image problem and this will take time to change. However nearby markets with security issues such as Jordan, Egypt and of course Israel itself have successfully rebranded themselves in recent years and created successful tourist industries, albeit with much bigger budgets than Palestine is likely to have. Palestine itself started changing the image and promoting the Palestinian tourism sites away from security problems.

As of December 2009, there were 97 hotels in Palestine distributed as following:

- Northern West Bank: 7 hotels with 166 rooms and 346 beds
- Middle of the West Bank: 26 hotels with 1,083 rooms and 2,465 beds
- The Jerusalem area: 33 hotels with 1,639 rooms and 3,688 beds
- South of the West Bank: 23 hotels with 1,777 rooms and 3,989 beds
- The Gaza Strip: 8 hotels with 321 rooms and 536 beds

The average room occupancy in hotels operating in Palestine was 1,458 hotel rooms per day at 29% of all available rooms available. The number of guests in Palestinian hotels in the year 2009 totaled to 447,025 guests, 13% of them are Palestinians and 35% from the European Union. About 49% of these stayed in Jerusalem hotels, 30% in the south of the

West Bank (Bethlehem and Hebron) and 19% in the middle of the West Bank (Jericho and Ramallah). Only a tiny proportion stayed in the northern West Bank or in Gaza. Hotel figures compare favorably with the year 2000 (355,711) and the subsequent decline of 51,357 in 2002. The 2008 figure represents an occupancy rate of 36%, and there is evidence that this figure will be surpassed by the years of 2010 and 2011.

The average number of employees working in hotels reached 1,648 workers, including 1,398 male and 250 female. Those working in managerial positions have reached 299 workers including 236 male and 63 female, while those in the operating positions have reached 1,349 workers, including 1,162 male and 187 female.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Large variety and comprehensive products and services which include sport, entertainment, tourism, recreation and educational and heritage activities	• Lack of additional financial resources
• The Resort is first of its kind in Palestine Territory	

External Analysis	
Opportunities	**Threats**
• The great potential of tourism in Bethlehem	• Political instability
• The number of Christian tourists from all over the world is on the rise	
• The increase in the domestic tourism	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	759,732	835,705	5,204,000	5,646,200	5,737,410
Gross Profit	405,273	445,800	3,909,540	4,321,850	4,383,170
Net Income	108,475	119,323	2,748,440	3,160,750	3,222,070
Cash Flow Accounts					
Operating Cash Flow	113,899	125,289	2,885,862	3,318,788	3,383,073
Investing Cash Flow	(6,610,000)	(6,610,000)	0	0	0
Financing Cash Flow	14,552,460	0	0	0	0
Balance Sheet Accounts					
Total Assets	16,718,475	23,447,798	26,196,238	29,356,988	32,579,058
Total Liabilities	1,051,892	946,703	937,236	843,512	759,161
Total Equity	15,666,583	22,501,095	25,259,002	28,513,476	31,819,897
Profitability Indicators					
Return on Assets	1%	1%	10%	11%	10%
Return on Equity	1%	1%	11%	11%	10%

Hayat Nablus

8

Project Number:	**PIC-2010-IO-075**
Project Name:	**Hayat Nablus**
Sponsor Company:	**Hayat Nablus for Development and Investment Ltd**
Contact Details:	**Mr. Omar Barham, Chairman of the Board of Directors Mr. Samer Atyah, General Manager Nablus, Tunis Street, Palestine Tel: +970-9-2347788 Fax: +970-9-234776 Email: Info@hayat-nablus.com Website: www.hayat-nablus.com**
Total Cost of the Project:	**US$ 1,144,600**
Investment by Current Owners:	**US$ 583,746**
Required Investment:	**US$ 560,854**

Project Description:

Hayat Nablus is the first touristic project of its kind in Nablus. The venue houses a conference and events hall, restaurant, terrace, gym, pools and nursery. The owners of the project are seeking funds to develop the centre and to add more facilities, including a hotel in the coming years. The center provides an "all in one" venue in one location. The project facilities include:

Hayat Nablus Hall for conferences and events

Hayat Nablus has a large hall that is over 800 square meters, equipped with modern equipment and high experienced staff fully trained to provide outstanding customer service. The staff capable to offer wedding planner services to its customers.

Hayat Nablus is also equipped with the latest devices to enable workshops and training courses, as well as video conferencing system, for interested companies and institutions.

Hayat Nablus Restaurant

The restaurant overlooks the beautiful nature of Nablus with a capacity of more than 400 customers. The restaurant's terrace offers its customers a none-forgettable experience, where they can enjoy smoking Argeela and watching movies on large screens. In addition, the restaurant houses an internal hall which can host more than 150 customers.

Pools

Hayat Nablus has a number of internal and external swimming pools that meet Olympic standards and are equipped with the latest devices for water filtration and sterilization.

Hayat Nablus also offers swimming courses and other water sports for all ages, managed by trained professionals, certified by the Palestinian Pool Union.

Fitness Center

Hayat Nablus fitness center is considered one of the most advanced centers in Nablus, which is equipped with high quality training machines and facilities. The center also includes modern rooms for dry and steam sauna, as well as a special pool for foot care built to treat skin problems such as skin cracks, dehydration, as well as other problems, using special materials. The center also includes a special room for massage and natural treatment for those who need therapeutic massage sessions under the supervision of specialized cadres for both sexes.

The center staff also designs health programs for physical fitness, body building, weight loss and nutrition programs that are carefully selected to fit the physical structure of each person.

The Nursery

Hayat Nablus has a first-class nursery with a staff experienced in dealing with children. The nursery in Hayat Nablus is equipped with all modern entertainment and educational material aimed at making the children's stay enjoyable. The nursery is open in the evening hours for customers of Hayat Nablus.

Project Development Time Table:

Outdoor Kids Facility	**Nov. 2010 – April 2010**
Indoor Kids Facility	**Nov. 2010 – April 2010**
Wedding Hall for Men	**Dec. 2010 – April 2010**
Expansion the Gym	**Aug. 2010 – Sep. 2010**
Expansion the Parking	**Sep. 2010 – Oct. 2010**
Building the Hotel	**Jan. 2012 – June 2013**

Current Owners' Profile:

Hayat Nablus was established in 2009. It is the first tourism services project of its kind in Nablus. The project is located in the calm and prestigious area of Rafeedia, at a distance from the city center, yet easily accessible from all over Nablus.

Industry Highlights:

The Palestinian tourism sector is mainly based around the 'pilgrimage' sub-sector; as it has been for more than 2000 years. It also benefits from Palestinian expatriates returning to visit their families and to a lesser extent from 'friends' of Palestine, the latter often young backpackers. Palestine clearly suffers hugely from an image problem and this will take time to change. However nearby markets with security issues such as Jordan, Egypt and of course Israel itself have successfully rebranded themselves in recent years and created successful tourist industries, albeit with much bigger budgets than Palestine is likely to have. Palestine itself started changing the image and promoting the Palestinian tourism sites away from security problems.

As of December 2009, there were 97 hotels in Palestine distributed as following:

- Northern West Bank: 7 hotels with 166 rooms and 346 beds
- Middle of the West Bank: 26 hotels with 1,083 rooms and 2,465 beds
- The Jerusalem area: 33 hotels with 1,639 rooms and 3,688 beds
- South of the West Bank: 23 hotels with 1,777 rooms and 3,989 beds
- The Gaza Strip: 8 hotels with 321 rooms and 536 beds

The average room occupancy in hotels operating in Palestine was 1,458 hotel rooms per day at 29% of all available rooms available. The number of guests in Palestinian hotels in the year 2009 totaled to 447,025 guests, 13% of them are Palestinians and 35% from the European Union. About 49% of these stayed in Jerusalem hotels, 30% in the south of the West Bank (Bethlehem and Hebron) and 19% in the middle of the West Bank (Jericho and Ramallah). Only a tiny proportion stayed in the northern West Bank or in Gaza. Hotel figures compare favorably with the year 2000 (355,711) and the subsequent decline to the low point of 51,357 in 2002. The 2008 figure represents an occupancy rate of 36%, and there is evidence that this figure will be surpassed by the years of 2010 and 2011.

The average number of employees working in hotels reached 1,648 workers, including 1,398 male and 250 female. Those working in managerial positions have reached 299 workers including 236 male and 63 female, while those in the operating positions have reached 1,349 workers, including 1,162 male and 187 female.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Project already has high customer traffic	• Lack of additional financial resources from the current owner
• Availability of adjacent land for expansion	

External Analysis	
Opportunities	**Threats**
• The increase in domestic tourism	• Political instability
• Limited number of hotels in North Palestine	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	876,344	1,123,656	1,123,656	1,123,656	1,123,656
Gross Profit	607,527	720,430	720,430	720,430	720,430
Net Income	496,987	609,890	609,890	609,890	609,890
Cash Flow Accounts					
Operating Cash Flow	521,836	640,385	640,385	640,385	640,385
Investing Cash Flow	(572,300)	(572,300)	(134,408)	(134,408)	(134,408)
Financing Cash Flow	1,144,600	-	-	-	-
Balance Sheet Accounts					
Total Assets	4,307,678	5,489,868	6,234,166	6,978,464	7,722,762
Total Liabilities	284,418	255,976	230,378	207,341	186,607
Total Equity	4,023,260	5,233,892	6,003,788	6,771,123	7,536,155
Profitability Indicators					
Return on Assets	12%	11%	10%	9%	8%
Return on Equity	12%	12%	10%	9%	8%

Sultan Cable Car and Tourist Center

9

Project Number:	**PIC-2010-IO-076**
Project Name:	**Sultan Cable Car and Tourist Center**
Sponsor Company / Individual:	**Sinokrot Global Group (SGG)**
Contact Details:	**Mr. Mazen Sinokrot, Chairman of the Board of Directors** **Tel: +970-2-2955701** **Fax: +970-2-2955702** **Mobile: +970-59-9279006** **Email: ceo@sinokrot.com** **Website: www.sinokrot.com**
Historical Cost of the Project:	**US$ 5,135,000**
Investment by Current Owners:	**US$ 4,600,000**
Market Value of the Project:	**US$ 13,000,000**
Offered Ownership Share:	**25%**

Project Description:

The center is comprised of a state of the art cable car linking Jericho to the Mount of Temptation in less than five minutes. The cable is 1330 meters long from the base station to the top station in the mountain. There are 12 cabins and each cabin takes 8 persons with a carrying capacity of 625 persons per hour. Cabin number two accommodates disabled tourists.

The view from the top station is breath taking and there are a number of catering outlets including the Sultan Restaurant and coffee shop. The overview of ancient Jericho is overwhelming.

In addition, the cabins travel over the Jericho oasis and - banana fields and half way through the journey to the Mount of Temptation there is a brief stopover to allow the visitors to take pictures and enjoy the panoramic view of Jericho. The Monastery is a few minutes' walk from the top station.

The Management is considering a mid-term strategy for the coming three years to expand the center, its services as well as constructing a hotel and other recreational facilities. Outlined below is a framework of the expansion plan:

- Constructing and operating a hotel
- Activating and operating the restaurant on the main street
- Increasing the annual number of the center's visitors to 400,000 by 2012
- Establishing and operating a water park
- Providing catering and food delivery services
- Upgrading the services provided by the facility to 4-star level

Project Development Time Table:

Preparing and start operation the restaurant in the main street	**2010**
Preparing water park	**2011**
Developing the level of all facilities services to four stars level	**2012**
Finishing the hotel construction work	**2011**
Adding food delivering service to the facilities services	**2010**

Currenttt Owners' Profile:

The chairman of SGG, Mr. Mazen Sinokrot was appointed Minister of National Economy until March 2006. Also the Chairman of Board for the Palestine Standards Institute, Palestine Investment and Promotion Agency, Palestine Industrial Zones, and Free Zones Authority.

Mr. Sinokrot is the Chairman of Sinokrot Global Group (SGG); the largest family owned business group in Palestine established in 1982 based in Ramallah with a state of the art infrastructure on 35,000 sqm of buildings, 800 employees supported by a modern management and marketing systems covering more than 30 export markets in addition to the local market.

SGG works in the manufacturing, trade, tourism, agriculture, and services sectors. Companies working under the umbrella of SGG include Sinokrot Food Company, Sinokrot Company for Animal and Agricultural Products, Zadona Agro-Industrial Company, Sultan Cable car and Tourist Center, Palestinian Gardens Company and Fresh Herbs Project, Grand National Markets, Sultan Company for Mineral Waters, Palestinian Company for Industrial Supplies, and Ajyal Trading Company.

Industry Highlights:

Palestine's comparative advantage of being home to Bethlehem, the birthplace of Jesus, Jericho, the oldest continuously inhabited city in the world, and Jerusalem being home to the three monotheistic religions provides a unique draw for tourists. Furthermore, visitors to Palestine are always amazed at the diversity of activities to enjoy. From its hospitable people and rich cultural heritage to its beautiful landscape and diverse cuisine, Palestine has lots to offer in addition to its many shrines, churches and mosques.

Despite the latest political unrest which began in September 2000, today tourism in Palestine is showing clear signs of recovery. According to the latest figures released by the Palestinian Ministry of Tourism and Antiquities, the number of overnight stays in Palestinian hotels for the 1st quarter of 2008 reached 88,038 nights compared to 36,479 overnights in the 1st quarter of 2007; an increase of 141.3%. As far as the total number of visitors to Palestine, the MOTA and industry experts believe that arrivals will top the one million mark this year – a new record for Palestine.

Both the public and private sectors are investing millions in developing, restoring and upgrading facilities that cater to the tourism industry. New hotels and restaurants are opening throughout the West Bank, while overall touristic activities on offer in Palestine have quickly diversified. In addition the MOTA is implementing numerous restoration and beautifications projects in the West Bank and East Jerusalem.

Hotels constitute the backbone of the Palestinian tourism sector in terms of income, investment and employment. As with all tourism sub-sectors in Palestine, the hospitality industry has suffered as a direct result of the political conditions under which they have had to operate since 1967. Between 1967 and 1994, the number of Palestinian hotels remained virtually static. Scarcely any permits to build hotels, or convert existing buildings into hotels, were granted by the Israeli authorities to investors in Palestine.

However once the Palestinian Authority took control of the major cities, it ushered in a period of major growth in tourism investment. Between 1994 and 2000, private sector investment in tourism alone exceeded US$ 700 million.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• First of its kind in Palestine	• Low utilization rate of operation capacity
• Strategic Location	• Facilities low capacity
• High operation capacity	

External Analysis	
Opportunities	**Threats**
• The increase in the number of tourists to Palestinian Territory	• Political instability
• The increase in the domestic tourism	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	2,322,581	4,704,301	5,376,344	6,182,796	7,110,215
Gross Profit	1,705,215	3,564,736	4,052,694	4,660,598	5,359,903
Net Income	483,785	1,907,241	2,241,920	2,677,547	3,178,519
Cash Flow Accounts					
Operating Cash Flow	1,093,025	2,647,170	3,015,451	3,449,959	3,949,922
Investing Cash Flow	(537,634)	-	-	-	-
Financing Cash Flow	(290,271)	(1,427,492)	(1,345,152)	(1,606,528)	(1,907,111)
Balance Sheet Accounts					
Total Assets	5,639,457	6,179,242	7,098,412	8,196,312	9,498,633
Total Liabilities	777,473	554,362	576,763	603,645	603,645
Total Equity	4,861,984	5,624,881	6,521,649	7,596,917	8,864,075
Profitability Indicators					
Return on Assets	9%	31%	32%	33%	33%
Return on Equity	10%	34%	34%	35%	36%

Nablus Amusement Park (NAP)

10

Project Number:	**PIC-2010-IO-078**
Project Name:	**Nablus Amusement Park (NAP)**
Sponsor Company:	**Al-Mobdeoon Investment Company**
Contact Details:	**Mr. Wael Othman Salous** **Yafo Street. near the Municipal Stadium** **P.O. Box: 1134, Nablus, Palestine** **Tel: +970-9-2380333** **Fax: +970-9-2380333** **Mobile: +970-59-7251000, +970-56-9251000** **E-mail: wael@alqalaa.ps, qalaa@alqalaa.ps** **Website: http://www.alqalaa.ps**
Total Cost of the Project:	**US$ 770,869**
Investment by Current Owners:	**US$ 254,394**
Required Investment:	**US$ 516,474**

Project Description:

Al-Mobdeoon Investment Company seeks to establish an entertainment park for the inhabitants of Nablus city as well as its surrounding villages and refugee camps. It is estimated, based on figures generated by the Palestinian Central Bureau of Statistics that the annual household spending on recreational activities for the year 2008 was about US$ 16,227,106. Nevertheless, the governorate does not have an integrated amusement park, and a good portion of the amount spent goes towards times spent outside Nablus. The project's location, on the western side of Nablus city, was chosen with the aim of minimizing the distance for those living in the villages and nearby communities. The location can be easily reached by paved roads and public transportation.

The park shall have multiple facilities, including a full service restaurant offering adult and children's menus. On the other hand, guests with their own lunch baskets and coolers can also enjoy the use of the service. NAP shall have the most exhilarating collection of rides in Palestine. Guests who enjoy thrilling experiences can get that adrenaline rush, while those who prefer milder thrills will be able to choose from a variety of more relaxing rides. The park's atmosphere shall be suitable for individuals and families, while all guests' safety and comfort will be paramount to the park's owners and management.

There is no direct competition in Nablus. Other recreational sites are either limited to non-electric entertainment, such as the three municipal parks and shopping centers, or are located as far away as Tulkarem, Jenin, or Amman.

Project Development Time Table:

Land Development & Improvement	**June 2010**
Building and Construction start Date	**June 2010**
Building and Construction Completion Date	**August 2011**
Furniture & Equipment Purchase	**November 2011**
Inauguration Date	**January 2012**

Current Owners' Profile:

Al-Mobdeoon Investment Company is a Palestinian registered private partnership company, which started its operations within the Palestinian tourism sector in the year 2008. Its first investment was the Al-Qalaa City for Occasions and Celebrations (hosting wedding and engagement parties, conferences, business meetings, oriental and western buffets, birthday parties, graduation parties, and seminars). It consists of the following facilities:

1. Al-Qalaa Theater, a 600 square meter theater with a capacity of over 550 persons, equipped with modern machines and equipment: sound system, two large LCD screens, two projectors, light system, air conditioner, smoke machine, bubble machine and a control room;
2. Al Nobalaa Hall, a 250 square meter hall with a capacity of 250 people, suitable for small celebrations and receptions. It is designed in a classical fashion with antique decorations. It includes the following modern systems: sound system, one screen L.C.D, one projector, full light system, and an air conditioner.
3. Parking Lot: indoor parking with a capacity of 90 vehicles, and outdoor parking with a capacity of 30 vehicles.

The company hopes that its next step will be the establishment of the Nablus Amusement Park (NAP), which would be the first of its kind in Nablus, the West Bank's largest city.

Industry Highlights:

Palestine's comparative advantage of being home to Bethlehem, the birthplace of Jesus, Jericho, the oldest continuously inhabited city in the world, and Jerusalem being home to the three monotheistic religions provides a unique draw for tourists. Furthermore, visitors to Palestine are always amazed at the diversity of activities to enjoy. From its hospitable people and rich cultural heritage to its beautiful landscape and diverse cuisine, Palestine has lots to offer in addition to its many shrines, churches and mosques.

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Hotels constitute the backbone of the Palestinian tourism sector in terms of income, investment and employment. As with all tourism sub-sectors in Palestine, the hospitality industry has suffered as a direct result of the political conditions under which they have had to operate since 1967. Between 1967 and 1994, the number of Palestinian hotels remained virtually static. Scarcely any permits to build hotels, or convert existing buildings into hotels, were granted by the Israeli authorities to investors in Palestine. However once the Palestinian Authority took control of the major cities, it ushered in a period of major growth in tourism investment. Between 1994 and 2000, private sector investment in tourism alone exceeded US$ 700 million.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The historical city of Nablus draws many visitors	• High initial capital requirements
• The first park of its kind in the Nablus governorate	

External Analysis	
Opportunities	**Threats**
• The dramatic increase in the real estate value in Nablus	• Economic instability facing many Palestinian households leads to risk of lower disposable income
• The high number of children relative to the population & consistently high birth rate in Palestine	
• Competitive prices as compared to transportation costs of reaching similar sites	

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2010/2011	2012	2013	2014	2015	2016
Income statement Accounts						
Revenues	-	520,047	551,732	601,387	658,519	656,873
Expenses	-	121,296	122,079	124,656	127,149	129,692
Gross Profit	-	398,751	429,653	476,731	531,370	527,181
Interest Payment	-	24,971	22,223	19,276	16,179	12,923
Depreciation and Amortization	-	114,643	114,643	114,643	114,643	114,643
Taxes	-	38,871	43,918	51,422	60,082	59,942
Net Income after Tax	-	220,266	248,869	291,390	340,466	339,673
Cash Flow Accounts						
Operating Cash Flow	33,048	317,156	632,166	994,254	1,410,981	1,823,519
Investing Cash Flow	221,346	(110,133)	(124,434)	(145,695)	(170,233)	(169,836)
Financing Cash Flow	516,474	(70,821)	(79,821)	(79,821)	(79,821)	(79,821)
Balance Sheet Accounts						
Total Assets	770,869	835,151	901,988	987,138	1,093,729	1,196,667
Total Liabilities	0	139,563	150,379	166,856	185,980	184,513
Total Equity	770,869	695,588	751,609	820,282	907,749	1,012,154
Profitability Indicators						
Return on Assets	-	26.37%	27.59%	29.52%	31.13%	28.38%
Return on Equity	-	31.67%	33.11%	35.52%	37.51%	33.56%

Qalqilya Health & Entertainment Center

11

Project Number:	**PIC-2010-IO-079**
Project Name:	**Qalqilya Health and Entertainment Center**
Sponsor Company:	**Qalqilya Municipality**
Contact Details:	**Mr. Samer Dwabash** **Mobile: +970-59-7916585** **Email: abdalmom@yahoo.com**
Total Cost of the Project:	**US $600,000**
Investment by Current Owners:	**US $300,000**
Required Investment:	**US $300,000**

Project Description:

Qalqilya Municipality is seeking a financing partner to assist in the implementation of building a venue that will include a half Olympic indoor swimming pool, fitness area and an entertainment center. The Municipality aims at building this establishment on the grounds of the city of Qalqilya's amusement park and zoo.

The project will focus on improving the overall services, conditions and appearance of the grounds in order to encourage local residents along with Palestinians from the West Bank and those living in Israel to visit and enjoy the facility. Qalqilya Municipality's intentions are to decrease the emotional stress of the citizens of the city from the Israeli occupation and the presence of the wall which has both physically and emotionally imprisoned the Palestinians.

The projects customers will be mainly athletes who are either processional or amateur swimmers along with those who are interested in participating in swimming races and contests. This facility will be open to public of different ages and both genders.

The project will also focus on encouraging women who enjoy swimming to visit the facility since it will be indoors and segregated. Additionally, the project will motivate governmental and nongovernmental organizations who are interested in encouraging, educating and uplifting youth in Palestine to conduct field trips to the establishment and enjoy the facility.

Qalqilya Municipality will be the first to create a fully equipped half Olympic indoor swimming pool that will meet the standards of pools worldwide.

Qalqilya Municipality has extensive experience in promoting tourists and citizens of Palestine to visit their city and participate in their cities local events.

The project's administration that currently operates Qalqilya's recreational park and zoo accepting roughly 300,000 visitors from Palestine a year will also be running the operations of the newly established facility.

Project Development Time Table:

	Expected number of months from finance availability
Establishment of Project	**12**

Current Owners' Profile:

Qalqilya Municipality was established in 1912 by the first local council in accordance with a specific structure of the family under the chairmanship of the late Omar Hussein Younis.

Qalqilya Municipality provides various services to its citizens and those in the surrounding villages through its various departments that work under the supervision of the mayor and the municipal council which consists of 15 members.

Qalqilya Municipality has been developing the educational system in the city through its substantial contribution of building schools as a result of the growing need for educational units and constant maintenance of all schools and educational facilities. The Municipality also supports the city's health sector by tackling the environmental pollution, and finding appropriate waste management methods. Additionally, the municipality is trying to overcome the high level of unemployment rates, by creating job opportunities and connecting to donor countries to assist in the agricultural sector since Qalqilya's land is very well known for its healthy soil and quality produce. Despite the Municipality's efforts to improve the citizen's standard of living and Qalqilya's overall economy, they still suffer tremendously from the political situation which has lead to the closure and the economic embargo on the Palestinian territories and in particular the city of Qalqilya. However, Qalqilya's Municipality is making great efforts to maintain the quality and efficiency of the services it provides to its citizens.

Industry Highlights:

Since 1994, optimism about the future political situation prevailed in Palestine resulting in significant growth for the tourism industry. In 2000, an estimated 12,000 workers were employed in the sector, with estimated total income receipts reaching US $226.3 million; following the outbreak of the Intifada, tourism dropped by over 90 percent in 2001 and 2002. More recently, the local tourism industry has expanded as Palestinians look for local recreational alternatives, especially in the spring and summer. Families and groups are interested in educational holidays that include visits to historical sites, museums, festivals, and heritage or cultural-based attractions. This is a growing trend in the tourism sector.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Increase Qalqilya's visitors	• Lack of financial resources
• The project will offer a unique recreational and cultural experience that is not available in the Northern parts of Palestine	
• Project offers a diverse range of services under one roof	
• The Northern climate allows the facility to operate for a long season	

External Analysis	
Opportunities	**Threats**
• Great potential for the local tourism industry	• Political instability
• Ground facilities will allow for future expansions	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	107,271	134,089	160,907	187,725	214,542
Gross Profit	40,277	50,284	60,341	70,397	80,454
Net Income	925	7,406	13,887	20,367	26,848
Cash Flow Accounts					
Operating Cash Flow	25,925	32,406	38,887	45,367	51,848
Investing Cash Flow	(500,000)	0	0	0	0
Financing Cash Flow	600,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	600,925	608,331	622,218	642,585	669,434
Total Liabilities	0	0	0	0	0
Total Equity	600,925	608,331	622,218	642,585	669,434
Profitability Indicators					
Return on Assets	0.15%	1.22%	2.23%	3.17%	4.01%
Return on Equity	0.15%	1.22%	2.23%	3.17%	4.01%

JAR Recreational Parks

12

Project Number:	**PIC-2010-IO-081**
Project Name:	**JAR Recreational Parks**
Sponsor Company:	**JAR Industrial and Trading Co.**
Contact Details:	**Mr. Yousef Joma'a Yousef Al-Safadi** **Jerusalem St, Gaza City, Palestine** **Tel: +970-59-9412850** **Email: mcc_yy@yahoo.com**
Total Cost of the Project:	**US$ 647,750**
Investment by Current Owners:	**US$ 350,000**
Required Investment:	**US$ 324,750**

Project Description:

This proposed project aims to improve the quality of life of Gaza's youth and adults, by building three new recreational parks inside the Gaza Strip, with an estimated area of 1,800 square meters per park. Targeting families and children, the parks will include a barbeque area, children's toys, green areas and swimming pools.

The parks are slated to be built on hills away from the beach, this is especially important for the success of the project since water sources are much cleaner than those near the beach. Recent studies revealed that water sources within the areas very close or directly on the Gaza beach are highly polluted.

Project Development Time Table:

Land Development & Improvement	**June 2010**
Building and Construction start Date	**August 2010**
Building and Construction Completion Date	**September 2010**
Operations Start Date	**October 2010**
Inauguration Date	**October 2010**

Current Owners' Profile:

Mr. Yousef Al-Safadi is the Board Deputy Chairman of JAR Industrial and Trading Co., a producer and trader of different sorts of food products.

Industry Highlights:

Palestine's comparative advantage of being home to Bethlehem, the birthplace of Jesus, Jericho, the oldest continuously inhabited city in the world, and Jerusalem being home to the three monotheistic religions provides a unique draw for tourists. Furthermore, visitors to Palestine are always amazed at the diversity of activities to enjoy. From its hospitable people and rich cultural heritage to its beautiful landscape and diverse cuisine, Palestine has lots to offer in addition to its many shrines, churches and mosques.

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SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• High quality services, including clean and hygiene water	• No previous experience in managing this type of park
• Moderate prices compared to competition	
• Nice view of Gaza's beaches	

External Analysis	
Opportunities	**Threats**
• Potential attraction of West Bank inhabitants, and tourists	• Ongoing blockade on Gaza and political instability
• Moderate weather condition all year round in Gaza strip	• The possibility of not being able to import building materials
• Current lack of recreational facilities and activities in Gaza	

Financial Projections in US$ for the whole project

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	45,000	54,000	60,000	60,000	63,000
Gross Profit	44,550	52,750	58,250	58,163	61,071
Net Income	31,313	34,120	39,470	39,245	41,794
Cash Flow Accounts					
Operating Cash Flow	35,700	44,650	50,000	49,775	52,324
Investing Cash Flow	(533,000)	0	0	0	0
Financing Cash Flow	674,750	0	(80,000)	(80,000)	(80,000)
Balance Sheet Accounts					
Total Assets	706,063	740,183	699,653	658,898	620,691
Total Liabilities					
Total Equity	706,063	740,183	699,653	658,898	620,691
Profitability Indicators					
Return on Assets	4.43%	4.61%	5.64%	5.96%	6.73%
Return on Equity	4.43%	4.61%	5.64%	5.96%	6.73%

Construction, Real Estate and Infrastructure Sector

Manufacturing of Construction Materials

Project Number:	**PIC-2010-IO-085**
Project Name:	**Manufacturing of Construction Materials**
Sponsor Company:	**Al-Ghafry for Mirrors and Glass**
Contact Details:	**Mr. Hazem Abdel-Qader Mohammad Al-Ghafry** **Al-Tuffah, Gaza City, Palestine** **Tel: +970-8-2806766** **Fax: +970-8-2806766** **Email: hhmaglass@hotmail.com**
Total Cost of the Project:	**US $ 215,000**
Investment by Current Owners:	**US $ 215,000**

Project Description:

Given the Israeli-imposed blockade on the Gaza Strip, construction materials have been literally unavailable in Gaza Strip since 2007. However, using innovative recycling techniques, Al-Ghafry has managed to develop new types of construction materials to meet local market demands. The company is seeking a financial partner to assist with the development of a new production line to produce the following:

1. Construction stones made of glass, cement, as well as white cement in various shapes and sizes;
2. Ground tiles made of white black cement and glass in various sizes;
3. Glass mosaic for walls, columns, swimming pools and bathrooms;
4. Antiques and gifts made from glass.

Targeted customers are the building material wholesalers, as well as dealers selling antiques and gifts in the Gaza Strip and foreign markets. The new production line will be constructed in Gaza City, where it is expected to achieve first year revenues in the amount of US$ 93,000.

Project Development Time Table:

Infrastructure Development	**Not Applicable**
Building and Construction Date	**Not Applicable**
Building and Construction Completion Date	**Not Applicable**
Furniture & Equipment Procurement	**November 2010**
Operations Start Date	**January 2011**

Current Owners' Profile:

Al-Ghafry company is a limited liability company that was established in 1995 in Gaza City. The company produces all glass related products, like mirrors, bathroom tiles, mosaics, and antiques.

During the Israeli military incursion in 2007, the company's factory was destroyed and all glass raw materials were shattered. Despite this tragic fact, the owner managed to operate the factory by recycling the broken glass to develop new products, such as construction blocks and tiles made of glass, white and black cement.

The company aims to supply the construction sector with much needed raw materials (building tiles and blocks) that are no longer available in Gaza due to the Israeli-imposed blockade.

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Uses locally recycled construction materials	• The company can only operate in Gaza strip
• Through innovative techniques managed to develop new products under harsh economic conditions	• Shortage of raw materials required for the production process
• Product diversification	• Low production capacity

External Analysis	
Opportunities	**Threats**
• Develop new products to satisfy customers demands	• Difficult economic conditions due to Israeli-imposed blockade
• Lack of competition due to the closure	• Political situation and separation of Gaza from the West Bank

Financial Projections in US$ for the whole project

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	93,000	111,600	130,200	148,800	156,240
Gross Profit	51,600	61,080	72,240	83,400	87,570
Net Income	30,211	14,510	24,570	34,530	37,489
Cash Flow Accounts					
Operating Cash Flow	6,429	(13,056)	(3,023)	(1,023)	4,865
Investing Cash Flow	(145,000)	(10,000)	(10,000)	(10,000)	(10,000)
Financing Cash Flow	215,000	0	(6,000)	(6,000)	(6,000)
Balance Sheet Accounts					
Total Assets	253,211	259,721	279,925	308,688	340,177
Total Liabilities	8,000		1,633	1,867	1,867
Total Equity	245,211	259,721	278,291	306,821	338,311
Profitability Indicators					
Return on Assets	11.93%	5.59%	8.78%	11.19%	11.02%
Return on Equity	12.32%	5.59%	8.83%	11.25%	11.08%

Ready Mix Concrete Factory

2

Project Number:	**PIC-2010-IO-086**
Project Name:	**Ready Mix Concrete Factory**
Sponsor Company:	**Badri and Hania Co.**
Contact Details:	**Mr. Mahrus Abu Erjaileh** **Main Street, Khan Younis, Palestine** **Tel: +970-8-2052905** **Email: mcomp@hotmail.com**
Total Cost of the Project:	**US$ 1,500,000**
Investment by Current Owners:	**US$ 375,000**
Required Investment:	**US$ 1,125,000**

Project Description:

The project will be established under the name "Mahrus Abu Erjaileh Company" and will produce ready-mix concrete to be delivered directly to construction sites. The concrete factory will be located in the southern Gaza Strip city of Khan Younis, and will serve mainly Khan Younis with the goal of expanding and serving other cities within the coming years.

To be differentiated from competitors, the factory owners are aiming to offer other customized concrete types based on customers' requested mix designs, in addition to the industrial standard ready-mix concrete.

Establishing this facility, including purchasing all required equipment and machinery, will cost approximately US$ 1.5 million dollars. Therefore the partners are seeking a partnership with a strategic investor who can help fund this important initiative.

Project Development Time Table:

	Expected number of months from finance availability
Preparing the Land	**2nd Quarter 2010**
Building and Construction Starting Date	**2nd Quarter 2010**
Equipment and Furniture Procurement	**August 2010**
Building and Construction Completion Date	**September 2010**
Operations Start Date	**October 2010**

Current Owners' Profile:

Mahrus Abu Erjaileh Company for Ready Mix Concrete will be registered by the Companies

Registrar at the Ministry of National Economy. The company will be employing 25 employees including the truck mounted transit mixers drivers.

Each of the partners, Mahrus Abu Erjaileh and Khaled Abu Erjaileh, owns a 50% stake in the company.

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Produces high-quality concrete	• Large fund is needed
• Strong focus on providing good service to the contractors and engineers	• Investment timing is not optimal

External Analysis	
Opportunities	**Threats**
• High demand for construction materials	• Political and economical situation
• Effort to rebuild Gaza will require large quantities of building materials	• Shortage of raw materials due to Israeli-imposed blockade
	• Very high competition in this sector

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	200,000	1,200,000	700,000	1,300,000	1,365,000
Expenses	145,233	745,000	526,000	862,000	904,925
Gross Profit	54,767	455,000	174,000	438,000	460,075
Depreciation	40,084	120,252	120,252	120,252	120,252
Net Income	14,683	334,748	53,748	317,748	339,823
Cash Flow Accounts					
Operating Cash Flow	(15,233)	425,000	(97,000)	398,000	470,408
Investing Cash Flow	(1,500,000)	0	0	0	0
Financing Cash Flow	1,700,000	0	(400,000)	(400,000)	(400,000)
Balance Sheet Accounts					
Total Assets	1,714,683	1,725,512	1,643,260	1,583,083	1,546,085
Total Liabilities	0	0	22,333	22,333	22,333
Total Equity	1,714,683	2,049,431	1,703,179	1,620,927	1,560,750
Profitability Indicators					
Return on Assets	0.86%	16.33%	3.11%	19.34%	21.47%
Return on Equity	0.86%	16.33%	3.16%	19.60%	21.77%

Gaza Residential Towers

3

Project Number:	**PIC-2010-IO-090**
Project Name:	**Gaza Residential Towers**
Sponsor Company:	**Palestine Real Estate Investment Company (PRICO)**
Contact Details:	**Eng. Nidal Abu Lawi Al Ersal Street, Al-Bireh, Palestine P.O. Box 3687, Al-Bireh Tel: +970-2-2986505 Fax: +970-2-2986506 Email: nidal@prico.ps Website: http://www.prico.ps**
Total Cost of the Project:	**US$ 17,000,000**
Investment by Current Owners:	**US$ 5,000,000**
Required Investment:	**US$ 5,000,000**
Debt	**US$ 7,000,000**

Project Description:

Palestine Real Estate Investment Company – PRICO is planning to establish 200 residential apartments distributed on five towers. The project will include, in addition to the towers, public facilities, children playgrounds, and green areas. The Project is located in Al- Mashtal in the city of Gaza with a view on the Mediterranean Sea.

This housing project is targeting low and middle-income residents of the cities of Gaza and the surrounding areas from the public and private sector employees.

Establishing Gaza residential towers is part of PRICO's strategy to invest in housing projects in all cities of the West Bank and Gaza Strip to meet the growing demand on apartments in Palestine. Accordingly, PRICO is seeking a partnership with a strategic investment partner that can help in constructing Gaza Residential Towers in the of Gaza Strip.

Project Development Time Table:

	Expected number of months from finance availability
Preparing the Land	**1st Quarter 2011**
Building and Construction Starting Date	**1st Quarter 2011**
Building and Construction Completion Date	**1st Quarter 2013**
Operations Start Date	**2nd Quarter 2012**

Current Owners' Profile:

Palestine Real Estate Investment Company (PRICO) is a pioneer Palestinian company engaged in the business of real estate, housing and development within Palestine. The Company has successfully executed a number of different residential and commercial projects in several Palestinian cities. Moreover, PRICO manages several real estate investments in Palestine and abroad, and owns two subsidiaries in Jerusalem and Jordan as well; PRICO Jerusalem and PRICO Jordan. The principal shareholder of the Company is Palestine Development and Investment Company (PADICO).

Established in 1994 with a capital of JD 50 million, the company erected projects over an area of 592,000 sqm, with a total value exceeding USD 287 million and generating more than 10,200 jobs opportunities in addition to its 596 permanent employees.

Through its high technical capabilities, experience and successful projects, PRICO has been rated as class "A" General Contracting (Buildings, Electro-Mechanical and Infrastructure works) company.

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• PRICO's long experience in real estate investment	• The need of large funds
• Relatively short payback period compared to other investments	
• PRICO is able provide financial facilitation for buyers	

External Analysis	
Opportunities	**Threats**
• The high demand on apartments in Gaza	• Israeli control over the different access points to Gaza Strip
• Prices of the apartments are affordable for limited and middle income classes	• Economical and political instability in Gaza
	• Limitations on importing construction materials into the Gaza Strip
	• Blockade over Gaza Strip

Financial Projections in US$

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	0	3,948,778	7,020,050	6,581,296	4,387,531
Expenses	6,838,810	7,581,438	2,885,467	324,038	445,980
Gross Profit	(6,838,810)	(3,632,660)	4,134,583	6,257,258	3,941,551
Depreciation	0	0	0	0	0
Net Income	(6,838,810)	(3,632,660)	4,134,583	6,257,258	3,941,551
Cash Flow Accounts					
Operating Cash Flow	(6,838,810)	(3,266,674)	4,211,560	5,762,691	3,399,013
Investing Cash Flow	0	0	0	0	0
Financing Cash Flow	6,838,810	7,581,438	380,983	(2,330,695)	(2,470,536)
Balance Sheet Accounts					
Total Assets	0	3,948,778	8,464,344	12,390,908	13,861,922
Total Liabilities	0	7,000,000	4,801,231	2,470,536	0
Total Equity	0	(3,051,222)	3,663,113	9,920,371	13,861,922
Profitability Indicators					
Return on Assets	-	-	26%	37%	23%
Return on Equity	-	-	34%	43%	23%

Al- Naqourah Housing Neighborhood 4

Project Number:	**PIC-2010-IO-091**
Project Name:	**Al- Naqourah Housing Neighborhood**
Sponsor Company:	**Palestine Real Estate Investment Company (PRICO)**
Contact Details:	**Mr. Ayman Haj Ali Al Ersal Street, Al-Bireh, Palestine P.O.Box 3687 Al-Bireh Tel: +970-2-2986505 Fax: +970-2-2986506 Email: ayman@prico.ps Website: http://www.prico.ps**
Total Cost of the Project:	**US$ 28,000,000**
Investment by Current Owners:	**US$ 10,000,000**
Required Investment:	**US$ 8,000,000**
Debt:	**US$ 10,000,000**

Project Description:

Palestine Real Estate Investment Company – PRICO is planning to establish Al-Naqourah Housing Neighborhood in a total area of 53 thousand square meters to include 482 residential units distributed on 37 buildings, public facilities, playgrounds, and commercial and green areas. The Project is located in the area of the town of Al-Naqourah, north-west to the city of Nablus and 8 km from its center.

This housing project is targeting middle-income residents of the cities of Ramallah, Al-Bireh, Jerusalem and the surrounding areas from public and private sector employees.

Establishing Al- Naqourah Neighborhood is part of PRICO's strategy to invest in housing projects in different cities of the West Bank and Gaza Strip to meet the growing demand for apartments in Palestine. Accordingly, PRICO is seeking a partnership with a strategic/financing partner that can participate in constructing Al- Naqourah Neighborhood Project in the region of Nablus.

Project Development Time Table:

	Expected number of months from finance availability
Preparing the Land	**1st Quarter 2011**
Building and Construction Starting Date	**2nd Quarter 2011**
Building and Construction Completion Date	**4th Quarter 2013**
Operations Start Date	**2nd Quarter 2012**

Current Owners' Profile:

The Palestine Real Estate Investment Company (PRICO) is a pioneer Palestinian company engaged in the business of real estate, housing and development within Palestine. The Company has successfully executed a number of different residential and commercial projects in several Palestinian cities. Moreover, PRICO manages several real estate investments in Palestine and abroad, and owns two subsidiaries in Jerusalem and Jordan as well; PRICO Jerusalem and PRICO Jordan. The principal shareholder of the Company is the Palestine Development and Investment Company (PADICO).

Established in 1994 with a capital of JD 50 million, the company has implemented projects over an area of 592,000 sqm, with a total value exceeding USD 287 million and generating more than 10,200 jobs in addition to its 596 permanent employees.

Through its high technical capabilities, experience and successful projects, PRICO has been rated as class "A" General Contracting (Buildings, Electro-Mechanical and Infrastructure works) company.

Industry Highlights:

The construction sector is dynamic and is still at an early development stage. It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• PRICO's long experience in real estate investment	• The need of large funds
• Relatively short payback period compared to other investments	
• PRICO is able to provide Financial facilitation for buyers	
• A residential neighborhood model, independent and secure	

External Analysis	
Opportunities	**Threats**
• Demand on apartments is growing	• Economical and political instability in the region
• Prices of the apartments are affordable for low and middle income classes	• Check points surrounding the city of Nablus constraining the movement of its residents
	• The residential area is outside the city

Financial Projections in US$

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	0	5,820,440	7,275,550	10,913,325	8,003,105
Expenses	7,870,176	11,009,382	9,120,442	851,757	592,061
Gross Profit	(7,870,176)	(5,188,942)	(1,844,892)	10,061,567	7,411,043
Depreciation	0	0	0	0	0
Net Income	(7,870,176)	(5,188,942)	(1,844,892)	10,061,567	7,411,043
Cash Flow Accounts					
Operating Cash Flow	(7,870,176)	(4,929,369)	(1,372,049)	9,845,761	6,409,631
Investing Cash Flow	0	0	0	0	0
Financing Cash Flow	7,870,176	11,009,382	6,834,527	(2,423,070)	(2,568,454)
Balance Sheet Accounts					
Total Assets	0	5,820,440	10,810,075	18,448,572	23,291,162
Total Liabilities	0	10,000,000	7,714,085	5,291,015	2,722,561
Total Equity	0	(4,179,560)	3,095,990	13,157,557	20,568,601
Profitability Indicators					
Return on Assets	-	-	(22%)	69%	36%
Return on Equity	-	-	(60%)	76%	36%

Artificial Stone Manufacturing

5

Project Number:	**PIC-2010-IO-093**
Project Name:	**Artificial Stone Manufacturing**
Sponsor Company:	**Diamond Group Company**
Contact Details:	**Mr. Hisham M. M. Dawoud** **Omar Al-Mukhtar St.** **Hebron, Palestine** **Mobile: +970-59-9679448** **Email: Diamond_group_pal@yahoo.com**
Total Cost of the Project:	**US$ 1,700,000**
Investment by Current Owners:	**US$ 700,000**
Required Investment:	**US$ 1,000,000**

Project Description:

Diamond Group Company is seeking a financing partner to assist in the establishment of a company that will produce high quality artificial stones as blocks and slabs that are used in construction. These slabs and colorful stones are currently not produced anywhere in Palestine, making the company the pioneer in Palestine, and with little competition from an Israeli manufacturer whose supply covers only 20% of the demand of the local market. Most of the raw materials required for operation are available locally, except for a couple of coloring materials that have to be imported from abroad. The company will target the local Palestinian market, Israel and Jordan.

The fact that the raw materials are locally available will bring the running costs down thus enabling the company to aggressively provide high quality products at competitive prices.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	**12 months**

Current Owners' Profile:

Diamond Group Co. was established in Hebron, in February 1999. Diamond Group Company started its operations as a distributor of small ceramic, specifically designed for kitchens and bathrooms, and later the company became a distributor of ceramic tiles.

In 2003, the owner of the company expanded the operations of the company to the design and manufacture of fountains. Diamond Group was the pioneer in this field in Palestine.

In 2006, the company further expanded its operations to the field of stone decorations as well as other marble based products.

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Slabs and colorful stones are not produced anywhere else in Palestine	• Owners lacks financial resources
• Availability of raw materials	

External Analysis	
Opportunities	**Threats**
• There is a growing demand for these products	• Political instability
• Decrease the dependence of Palestinian companies on Israel and other producers of similar products	• Tough foreign competition

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	770,000	985,600	1,261,568	1,324,646
Gross Profit	0	433,800	582,160	777,440	816,312
Net Income	0	188,800	296,160	454,240	481,952
Cash Flow Accounts					
Operating Cash Flow	0	288,800	396,160	554,240	581,952
Investing Cash Flow	0	(1,700,000)	0	0	0
Financing Cash Flow	0	1,700,000	0	0	0
Balance Sheet Accounts					
Total Assets	0	1,888,800	2,184,960	2,639,200	3,121,152
Total Liabilities	0	0	0	0	0
Total Equity	0	1,888,800	2,184,960	2,639,200	3,121,152
Profitability Indicators					
Return on Assets	0	10.00%	13.55%	17.21%	15.44%
Return on Equity	0	10.00%	13.55%	17.21%	15.44%

PRICO House 2

6

Project Number:	**PIC-2010-IO-097**
Project Name:	**PRICO House 2**
Sponsor Company:	**Palestine Real Estate Investment Company (PRICO)**
Contact Details:	**Mr. Ayman Haj Ali** **Al Ersal Street, Al-Bireh, Palestine** **P.O.Box 3687 Al-Bireh** **Tel: +970-2-2986505** **Fax: +970-2-2986506** **Email: ayman@prico.ps** **Website: http://www.prico.ps**
Total Cost of the Project:	**US$ 11,000,000**
Investment by Current Owners:	**US$ 5,000,000**
Required Investment:	**US$ 2,000,000**
Debt	**US$ 4,000,000**

Project Description:

The Palestine Real Estate Investment Company – PRICO is planning to establish PRICO House (2) in Al-Masyoun Neighborhood in Ramallah, a 15 floor complex plus a roof commercial building. The commercial building will offer spaces for lease and sale to cater for companies and individual businesses.

This project is targeting a tenant client base of middle and high income companies, organizations and institutions. including such as: corporations, financial institutions, consulates, representative offices, international and NGOs/Agencies.

Establishing PRICO House (2) is part of PRICO's strategy to invest in real estate projects in all cities of the West Bank and Gaza Strip to meet the growing demand in the Palestinian market. Accordingly, PRICO is seeking a partnership with a financing partner that can help in constructing PRICO House (2) in the greater Ramallah urban area.

Project Development Time Table:

	Expected number of months from finance availability
Preparing the Land	**1st Quarter 2011**
Building and Construction Starting Date	**1st Quarter 2011**
Building and Construction Completion Date	**3rd Quarter 2012**
Operations Start Date	**1st Quarter 2012**

Current Owners' Profile:

Palestine Real Estate Investment Company – PRICO is planning to start with phase 2 of Al-Masayef Residential Project. The aim of the project is to construct 3 buildings with a total number of 33 residential apartments; the space of each apartment is between 160 and 200 square meters. This Project is located in Al- Masayef Neighborhood in the city of Al-Bireh/ Ramallah.

This housing project is targeting middle-income residents of the cities of Ramallah, Al-Bireh, Jerusalem and the surrounding areas from public and private sector employees.

Establishing Al-Masayef Residential Project is part of PRICO strategy to invest in housing projects in the different cities of the West Bank and Gaza Strip so as to meet the growing demand of apartments in Palestine. Accordingly, PRICO is seeking a partnership with a strategic/financing partner that can help in constructing Al-Masayef Residential Project in the proposed area.

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

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Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• PRICO's long experience in real estate investment	• The need of large funds
• Relatively short payback period compared to other investments	
• Strategic location in Al Masyoun Neighborhood	
• SMART building is fully equipped with the latest systems and high tech electro-mechanical systems	

External Analysis	
Opportunities	**Threats**
• Demand is growing for similar commercial buildings in the area	• Economical and political instability in the region

Financial Projections in US$

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	0	2,039,921	4,094,612	4,107,019	1,795,076
Expenses	9,299,537	1,924,994	522,398	534,227	503,736
Gross Profit	(9,299,537)	114,927	3,572,214	3,572,792	1,291,340
Depreciation	0	90,179	180,359	180,359	180,359
Net Income	(9,299,537)	24,747	3,391,855	3,392,433	1,110,981
Cash Flow Accounts					
Operating Cash Flow	(9,299,537)	944,087	3,084,538	2,883,050	894,913
Investing Cash Flow	0	0	0	0	0
Financing Cash Flow	9,299,537	1,004,900	(744,252)	(796,350)	(852,094)
Balance Sheet Accounts					
Total Assets	0	1,029,647	3,677,250	6,273,333	6,532,220
Total Liabilities	4,000,000	3,304,437	2,560,185	1,763,835	911,741
Total Equity	(4,000,000)	(2,274,790)	1,117,065	4,509,498	5,620,479
Profitability Indicators					
Return on Assets	-	-	144%	68%	17%
Return on Equity	-	-	304%	75%	20%

Autoclaved Aerated Concrete (AAC) 7

Project Number:	**PIC-2010-IO-100**
Project Name:	**Autoclaved Aerated Concrete (AAC)**
Sponsor Company:	**Watan for Investment and Development**
Contact Details:	**Al-Irsal Street Ramallah, Palestine Tel: +970-2-2965215 Email: jeri@palnet.com**
Total Cost of the Project:	**US$ 14,686,000**
Investment by Current Owners:	**US$ 9,686,000**
Required Investment:	**US$ 5,000,000**

Project Description:

Watan for Investment and Development is seeking a financing partner to assist in establishing a company that will manufacture Autoclaved Aerated Concrete (AAC) which although not a new building system, it is relatively new in the Palestinian Territories.

A wide variety of AAC products will be manufactured under this new initiative, including walls, floors, roof plans, wall boards, standard blocks, and specialty blocks, including lintel, U-block and cored block. Panels reinforced with steel wire cages can be used to build structures as high as six stories. The proportions, forms and/or sizes of AAC can be adjusted during the production processes to meet the customers' requirements.

It is estimated that the consumption of Ytong Brick by the West Bank during the years before the uprising was about 224,000m per year. Currently, the expected demand on AAC bricks for roofs was calculated relative to the rate of consumption in the West Bank of construction materials over the past 10 years. The total demand on complex AAC products used in ceilings, walls, partitions (internal and external) is anticipated to amount to 188,000m in 2011 and will probably reach 500,000m over the next 10 years.

The product was invented in Sweden in the mid-1920s and is currently produced all over the world. AAC is manufactured from lime, sand, cement, gypsum, foam and water to produce pre-cast blocks and panels. Residential and commercial buildings are commonly built with AAC, of which Ytong and Siporex are well known brands.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	**12 months**

Current Owners' Profile:

Watan for Development and Investment, an offshore holding company was founded in 2009, is involved in various commercial activities in Palestine and other Arab countries, including agriculture and industries such as construction and real estate development. Watan aims to contribute to the economic and social development of Palestine by building the economy and enhancing its competitiveness through the establishment of companies with potential for strong economic returns and positive community development impact.

Watan was registered in Palestine as a public shareholding company with a capital of US$ 100 million. The founders and strategic partners own 75%, while the remaining 25% equity stake is shared among public shareholders.

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• AAC is patented product	• Limited available financial resources
• Relatively low in cost compared to similar building materials	• New product in the local Palestinian market (low consumer awareness)

External Analysis	
Opportunities	**Threats**
• Growing demand for construction materials	• Political instability
• Rising prices for raw materials used in construction	• Difficulty to insure industrial investments in light of political risk

Financial Projections in US$

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	5,980,000	18,299,000	24,886,000	26,130,300	27,436,815
Gross Profit	411,500	3,469,000	5,450,000	5,722,500	6,008,625
Net Income	(718,450)	2,118,050	3,869,050	4,095,200	4,323,658
Cash Flow Accounts					
Operating Cash Flow	(64,500)	2,772,000	4,523,000	4,749,150	4,986,608
Investing Cash Flow	(13,184,000)	0	0	0	0
Financing Cash Flow	14,686,000	0	(3,000,000)	(3,500,000)	(4,000,000)
Balance Sheet Accounts					
Total Assets	13,967,550	16,085,600	16,954,650	17,549,850	17,882,508
Total Liabilities	0	0	0	0	0
Total Equity	13,967,550	16,085,600	16,954,650	17,549,850	17,882,508
Profitability Indicators					
Return on Assets	(5.14)	13.17%	22.82%	23.33%	24.23%
Return on Equity	(5.14)	13.17%	22.82%	23.33%	24.23%

Education
Sector

Kuhail Vocational Training Center

1

Project Number:	**PIC-2010-IO-105**
Project Name:	**Kuhail Vocational Training Center**
Sponsor Company:	**Osama Jaber Kuhail Co. for Trading, Industry and Contracting**
Contact Details:	**Mr. Osama Kuhail Al Rimal, Gaza, Palestine Tel: +970-8-2844204 Email: usama.kuhail@pcu.org.ps**
Total Cost of the Project:	**US$ 1,028,000**
Investment by Current Owners:	**US$ 514,000**
Required Investment:	**US$ 514,000**

Project Description:

Osama Jaber Kuhail Co. for Trading, Industry and Contracting is seeking a strategic and financial partnership with an investor that can help in establishing a Vocational Training Center in the Al Rimal area of Gaza.

The Center will be specialized in providing vocational training for Gazan people in the following areas:

- Construction;
- Carpentry and blacksmithing;
- Aluminum work;
- Decorating and painting;
- Maintenance of construction machinery;
- Health and safety;
- Mechanical work;
- Buildings general maintenance;
- Heating and cooling.

The center will be open for all people with different educational levels and backgrounds, but the main focus will be 9th and 12th grade graduates.

Project Development Time Table:

Land Development & Improvement	**2rd Quarter 2010**
Building and Construction start Date	**2rd Quarter 2010**
Building and Construction Completion Date	**September 2010**
Equipment Purchase & production	**August 2010**
Operations Start Date	**September 2010**

Current Owners' Profile:

Osama Jaber Kuhail Co. for Trading, Industry and Contracting was established in May 2001 construction company. It employs 82 employees.

Osama Jaber Kuhail Co.is classified by Palestinian Contractors Union in the following field:

- Public work: First
- Electro Mechanics: First
- Water and Sewerage: First
- Metal construction: Third
- Building: First A

The company is co-owned by Osam Kuhail (90%) and Nuhad Kuhail (10%).

Industry Highlights:

There are various entities (governmental, non-governmental and UN) that have been involved in providing Vocational Education and Training for Palestinian youth through different pre-employment schemes. Some of these institutes are also providing tailor-made life-long learning programs. Unlike any other country where governments are mostly the main provision of VET, due to the political status most NGOs and UN has been involved in VET since 1948, UN and some NGOs are also involved with Palestinian refugees in the region. In addition; there are other private sectors, non-governmental and civil society organizations that are providing various (Limited Skills) short courses and adult education as part of Life Long Learning in Palestine. Linkages between the different systems and the general education system are still lacking. Following is a summary of VET providers in the West Bank and Gaza Strip, the data are based on a recent study conducted by the ILO:

Ownership	Institutes #	Duration
Ministry of Labor	12 VTC centers	6-10 months
Ministry of Education and Higher Education	14 VSS	2 scholastic years
Ministry of Social Affairs	14 VTCs	2 years
Other Ministries	Ex-Prisoners (Abu-Jihad) PECDAR-NITT	variant
UNRWA	3 VTCs	2 years
NGO-VSS	3 VSS	2 scholastic years
NGO-VTC	7 VTCs	11 months to 2 years
NGO schools & centers run 6-11 months VT	3 institutes	11 months VT
Private cultural centers, NGO centers, women centers	Over 200 registered at MEHE & MOL	30- 300 hours courses

Despite the improvements in the TVET system in Palestine, there are still many difficulties that face the technical and vocational education training in Palestine, these include:

- Lack of self motivation by students to go through technical and vocational training and the community's negative perception of this type of training.
- Weak academic performance of students enrolled in the technical and vocational education.
- Difficulties of enrollment in higher education institutions by technical and vocational education graduates.
- The high establishment and operating costs of technical and vocational training institutions.
- Deficiencies in adopting changes in technology.
- Difficulties in obtaining employment opportunities and access to job market.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Extensive experience in contracting and construction	• Investor will only be providing 50% of the total project cost
• Strong possibility donors will support the project	
• The center is specialized in construction related trainings	
• The first training center of its kind in Gaza Strip	

External Analysis	
Opportunities	**Threats**
• Demand on specialized vocational training is expected to grow	• Ongoing political instability
	• Competition from other donor funded projects

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	180,000	450,000	650,000	800,000	840,000
Expenses	1,024,211	560,700	587,100	630,270	664,834
Gross Profit	(844,211)	(110,700)	62,900	169,730	175,167
Depreciation	19,200	57,600	57,600	57,600	57,600
Net Income	(863,411)	(168,300)	5,300	112,130	117,567
Cash Flow Accounts					
Operating Cash Flow	(246,800)	(160,700)	18,733	187,313	196,567
Investing Cash Flow	(608,000)	0	0	0	0
Financing Cash Flow	1,028,000	0	0	(250,000)	(250,000)
Balance Sheet Accounts					
Total Assets	994,000	830,700	831,833	693,547	561,113
Total Liabilities	0	5,000	833	417	417
Total Equity	994,000	825,700	831,000	693,130	560,697
Profitability Indicators					
Return on Assets	(3.42%)	(20.26%)	0.64%	16.17%	20.95%
Return on Equity	(3.42%)	(20.38%)	0.64%	16.18%	20.97%

Technical Vocational Center for Mechanical Engineering

2

Project Number:	**PIC-2010-IO-107**
Project Name:	**Technical Vocational Center for Mechanical Engineering**
Sponsor Company:	**The Palestinian Trade and Engineering Co.**
Contact Details:	**Mr. Rami Marwan Kishawi Al-Shuja'eh, Salah Eldeen Str. Tel: +970-8-2812961 Fax: +970-8-2811261 Mobile: +970-59-9861001 Email: petco@p-i-s.com**
Total Cost of the Project:	**US$ 460,000**
Investment by Current Owners:	**US$ 230,000**
Required Investment:	**US$ 230,000**

Project Description:

The Palestinian Trade and Engineering Company is seeking a strategic partnership with an investor with a track record in education investment, who is willing to enter into a partnership to develop a technical vocational center for Mechanical Engineering in the Gaza Strip.

The overall objective of the project is to establish this vocational center next to the "Mercedes Benz" agency to prepare graduate skilled and professional technicians in the field of mechanical works for vehicle maintenance. The center will train at the highest levels using the training materials and methods provided by the mother company (Mercedes-Benz - Germany), using the most advanced testing machines and tools also provided by the mother company. By the end of each training program, successful participants will be granted certifications.

The rationale for the establishment of this project is the lack of similar projects in the mechanical and mechatronics sectors, and this centre will be the only of its kind in Gaza Strip. Participants of training courses includes (Students who wish to work in the field of auto mechanics andTechnicians who work in auto mechanics and want to increase their technical capabilities and access to an approved certificate.

The project will be set up in Gaza City, where it is expected to generate total revenue of US$ 50,000 in the first year of operations.

Project Development Time Table:

Infrastructure Development	**Not Applicable**
Building and Construction Date	**Not Applicable**
Building and Construction Completion Date	**Not Applicable**
Furniture & Equipment Purchase	**August 2010**
Operations Start Date	**August 2010**

Industry Highlights:

There are various entities (governmental, non-governmental and UN) that have been involved in providing vocational education and training for Palestinian youth through different pre-employment schemes. Some of these institutes are also providing tailor-made Life Long Learning programs. Unlike any other country where governments are mostly the main provision of VET, due to the political status most NGOs and UN has been involved in VET since 1948, UN and some NGOs are also involved with Palestinian refugees in the region. In addition; there are other private sectors, non-governmental and civil society organizations that are providing various (Limited Skills) short courses and adult education as part of Life Long Learning in Palestine. Linkages between the different systems and the general education system are still lacking. Following is a summary of VET providers in the West Bank and Gaza Strip, the data are based on a recent study conducted by the ILO:

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Despite the improvements in the TVET system in Palestine, there are still many difficulties that face the technical and vocational education training in Palestine, these include:

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- Weak academic performance of students enrolled in the technical and vocational education.
- Difficulties of enrollment in higher education institutions by technical and vocational education graduates.
- The high establishment and operating costs of technical and vocational training institutions.
- Deficiencies in adopting changes in technology.
- Difficulties in obtaining employment opportunities and access to job market.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The only provider of Mechanical VET in Gaza Strip through an official training centre	• The need of large investment
• Practical training through one of the most advanced methodologies provided by "Mercedes Benz"	• Lack of qualified local trainers

External Analysis	
Opportunities	**Threats**
• High demand for mechanical skilled labors, thus training in Mechanical works	• Political challenges, and the closure of Gaza entries, which may lead to inability of entering trainers and training tools and equipment

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	50,000	125,000	250,000	500,000	525,000
Direct Expenses	120,000	80,000	80,000	80,000	84,000
Gross Profit	(70,000)	45,000	170,000	420,000	441,000
Indirect Expenses	18,975	37,950	37,950	37,950	38,760
Net Income	(88,975)	7,050	132,050	382,050	402,240
Cash Flow Accounts					
Operating Cash Flow	(82,992)	26,308	147,142	391,933	421,498
Financing Cash Flow	460,000	0	0	0	0
Investing Cash Flow	(290,000)	(1,763)	(33,013)	(95,513)	(100,560)
Balance Sheet Accounts					
Total Assets	371,025	376,312	475,349	761,886	1,063,566
Total Liabilities	0	0	0	0	0
Total Equity	371,025	376,312	475,349	761,886	1,063,566
Profitability Indicators					
Return on Assets	(23.98%)	1.87%	27.78%	50.15%	37.82%
Return on Equity	(23.98%)	1.87%	27.78%	50.15%	37.82%

Stone & Marble Sector

Cultured Marble Manufacturing

1

Project Number:	**PIC-2010-IO-108**
Project Name:	**Cultured Marble Manufacturing**
Sponsor Company / Individual:	**Eiffel Contracting Co.**
Contact Details:	**Mr. Ashraf Qindeel Gaza, Palestine Tel. +970-8-2127075 Mobile: +970-59-9605800 Email: e.498@pcu.org.ps**
Total Cost of the Project:	**US$ 277,000**
Investment by Current Owners:	**US$ 89,000**
Required Investment:	**US$ 188,000**

Project Description:

Eiffel Contracting Company is seeking to expand its business into cultured marble manufacturing (engineered composite). Initial market research has been conducted to confirm demand and the viability of the business opportunity. Therefore Eiffel Contracting Co. is looking for a strategic investor who can provide part of the required capital for this new initiative.

The proposed manufacturing facility will be the first of its kind in the West Bank and Gaza Strip to produce cultured marble, which outperforms natural marble in the following ways:

- Is less absorbent (does not stain easily);
- Can be produced in a wider range of colors;
- Can be shaped according to mold;
- And finally can be priced at 50% less than natural marble.

The manufacturing facility will produce floor tiles, kitchen slabs and window castings. These new products will be marketed directly to construction projects taking place in Palestine. A promotional campaign will be launched to make contactors, engineers and home owners aware of the cultured marble advantages.

Raw materials used in the production process will be purchased from the local market, Egypt and Israel.

Over 90% of the total project cost will go into the construction of the facility and the purchase of the equipment. Monthly sales are projected to be US$ 25,000 for the first 3 years of operations with a 5% annual increase thereafter.

Project Development Time Table:

Construction of facility and Equipment Procurement	**3rd Quarter 2010**
Operations Start Date	**1st Quarter 2011**

Current Owners' Profile:

Eiffel contracting is one of the leading construction companies in the Gaza Strip. Established in 1997 with a paid-in capital of US$ 2 million, Eiffel has been contracted for many infrastructure projects, public building, and residential houses. Eiffel contracting has been classified by CCC as first class category (A) for buildings, water and sewage projects.

In spite of the extremely difficult conditions currently facing the Gazan construction sector, the company has continued to operate and is presently implementing construction projects on behalf of UNRWA.

Industry Highlights:

The stone and marble industry is considered the biggest industry in terms of number of firms, sales volume, employment rate and total investment. In recent years the industry showed a linear decline in production, sales and returns. The total number of manufacturing firms is around 700 firms, and the total number of workers is estimated at 8000 workers. The industry is spread over the West Bank regions but focused in the regions of Bethlehem and Hebron.

Sector diversification

Stone and marble industry refers to the stone manufacturers and the quarries. The stone manufacturers are categorized as small, medium and large scale producers. Workshops are another category of buying slabs and cutting it into small size pieces. The main composites of final products are external cladding, internal cladding and tiles, cut to size products, decorative products, special products and tomb products.

Quality as an advantage

The sector's major competitive advantage is its dependency on local raw materials. Quality is an important issue in selecting the materials as well as in the surface finish of the final product resulting from proper manufacturing practices. The basic competitive features of the products are color and texture. Quality and price are interchangeable factors in the sector. More quality means more costs in the manufacturing and supply chain.

The sector has invested in testing samples of final locally produced products in internationally recognized laboratories in Italy and the results were published in a product catalogue book for the whole industry. Local tests for certain specifications are being performed in local laboratories. Although 50% of the interviewed sample requested the implementation of ISO standards, but in reality only one out of six companies in the sector was able to keep and maintain the ISO certificate after five years of obtaining it.

Technical position and capacity

Technologically speaking, the sector has an easy access to the most updated and advanced technologies in the international market. Few of the manufacturers develop and upgrade their machinery regularly. There are substantial differences in operating the machines and in the process orders and scheduling. The sector has the capacity to manufacture up to 35 million square meters; actually it operates only at a capacity of about 30% of their total capacity, i.e. 12 million square meters. The sector needs to be better informed about the advancements in abrasives, tools and other needed accessories for production. Maintenance is another problem affecting the continuity of operations.

Marketing position

The marketing mix is shifting towards export in the last 7-8 years. The composition of the market is classified as: 65% Israel, 25% local market in West Bank and 10% for export. The marketing of these products highly depend on the design specification done by engineering offices. So, networking with engineers and contractors is vital for the survival and growth of these companies. Competition among local producers is severe, whereas competition with imported products in the local market is weak, and almost negligible with external cladding products. Competition in the international market is high especially with economies of low manufacturing costs such as Jordan and Turkey. Palestinian stone and marble has built its image in more 33 countries all over the world. Proper promotional tools are not widely used in the sector. Continuously improved product catalogues and other promotional materials are needed.

Financial position

The initial investments in the sector exceeds the amount of 400 million dollars and are mostly generated by own savings and family resources. Severe competition and reductions in total sales have influenced payment terms and affected the cash flow of the industry. Most firms depend on commercial banks for facilitation. When factory owners were asked about their priorities in financing, the answer was to buy new machines and develop new markets.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• First Palestinian company to produce cultured marble	• Limited financial resources
• Short payback period of the project	• Limited experience in manufacturing
• Owner engaged in the construction sector	

External Analysis	
Opportunities	**Threats**
• Future access to the West Bank market	• Current political and security conditions in Gaza
• Can play major role in ongoing Gaza reconstruction efforts	• Inability to bring in raw materials due to Israeli-imposed blockade

Financial Projections in US$

Indicators	2010-2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	100,000	300,000	300,000	300,000	315,000
Expenses	79,900	239,700	239,700	239,700	251,610
Gross Profit	40,000	120,000	120,000	120,000	126,000
Depreciation	5,668	17,004	17,004	17,004	17,004
Net Income	14,432	43,296	43,296	43,296	46,386
Cash Flow Accounts					
Operating Cash Flow	(24,900)	50,300	62,300	60,300	69,140
Investing Cash Flow	(250,000)	0	0	0	0
Financing Cash Flow	277,000	0	0	(50,000)	(50,000)
Balance Sheet Accounts					
Total Assets	301,432	334,728	380,024	373,320	369,706
Total Liabilities	10,000	0	2,000	2,000	2,000
Total Equity	291,432	334,728	378,024	371,320	367,706
Profitability Indicators					
Return on Assets	4.79%	12.93%	11.39%	11.60%	12.55%
Return on Equity	4.95%	12.93%	11.45%	11.66%	12.61%

Establishing a New Factory for Stone and Marble

2

Project Number:	**PIC-2010-IO-112**
Project Name:	**Establishing a New Factory for Stone and Marble**
Sponsor Company:	**Al-Fawagra for Stones and Marbles**
Contact Details:	**Mr. Issa Al-Fawagra** **Mobile: +970-59-9574777** **Email: alfawagra@yahoo.com**
Total Cost of the Project:	**US$ 2,720,300**
Investment by Current Owners:	**US$ 990,300**
Required Investment:	**US$ 1,730,000**

Project Description:

Al-Fawagra is seeking a partnership with a strategic/financing partner that can help in establishing a new factory using advanced technology for producing stones and marbles in order to produce the same products with lower cost and better quality according to the international standards and requirements.

The company aims to utilize its long experience in the stone and marble industry and acquire additional machinery and equipment to help in establishing a cost advantage through reducing the waste and production expenses, and at the same time respond to the needs of the export markets.

The expansion project aims to strengthen the company's position in targeting new and current export markets such as Europe, Middle East, America, and East Asia.

Project Development Time Table:

Land Purchase	**Completed**
Stone Quarry Purchase	**Completed**
Infrastructure and Construction	**1 year after funding**
Equipment Ordering	**7 months after funding**
Receiving the Equipment	**3 months of ordering**
Equipment Installation	**2 months after receiving it**

Current Owners' Profile:

Al-Fawagra Co. is located in Bethlehem, and was established by the businessman Ibrahim Al-Fawagra in 1978. The company produces marble slabs, stones and tiles. Total number of full time and part time employees working for the company is 100. The company started recently targeting the European, Arab, and American markets in addition to the Israeli market that was targeted by the company since establishment.

Industry Highlights:

The stone and marble industry is considered the biggest industry in terms of number of firms, sales volume, employment rate and total investment. In recent years the industry showed a linear decline in production, sales and returns. The total number of manufacturing firms is around 700 firms, and the total number of workers is estimated at 8000 workers. The industry is spread over the West Bank regions but focused in the regions of Bethlehem and Hebron.

Sector diversification:

Stone and marble industry refers to the stone manufacturers and the quarries. The stone manufacturers are categorized as small, medium and large scale producers. Workshops are another category of buying slabs and cutting it into small size pieces. The main composites of final products are external cladding, internal cladding and tiles, cut to size products, decorative products, special products and tomb products.

Quality as an advantage:

The sector's major competitive advantage is its dependency on local raw materials. Quality is an important issue in selecting the materials as well as in the surface finish of the final product resulting from proper manufacturing practices. The basic competitive features of the products are color and texture. Quality and price are interchangeable factors in the sector. More quality means more costs in the manufacturing and supply chain.

The sector has invested in testing samples of final locally produced products in internationally recognized laboratories in Italy and the results were published in a product catalogue book for the whole industry. Local tests for certain specifications are being performed in local laboratories. Although 50% of the interviewed sample requested the implementation of ISO standards, but in reality only one out of six companies in the sector was able to keep and maintain the ISO certificate after five years of obtaining it.

Technical position and capacity:

Technologically speaking, the sector has an easy access to the most updated and advanced technologies in the international market. Few of the manufacturers develop and upgrade their machinery regularly. There are substantial differences in operating the machines and in the process orders and scheduling. The sector has the capacity to manufacture up to 35 million square meters; actually it operates only at a capacity of about 30% of their total capacity, i.e. 12 million square meters. The sector needs to be better informed about the advancements in abrasives, tools and other needed accessories for production. Maintenance is another problem affecting the continuity of operations.

Marketing position:

The marketing mix is shifting towards export in the last 7-8 years. The composition of the market is classified as: 65% Israel, 25% local market in West Bank and 10% for export. The marketing of these products highly depend on the design specification done by engineering offices. So, networking with engineers and contractors is vital for the survival and growth of these companies. Competition among local producers is severe, whereas competition with imported products in the local market is weak, and almost negligible with external cladding products. Competition in the international market is high especially with economies of low manufacturing costs such as Jordan and Turkey. Palestinian stone and marble has built its image in more 33 countries all over the world. Proper promotional tools are not widely used in the sector. Continuously improved product catalogues and other promotional materials are needed.

Financial position:

The initial investments in the sector exceeds the amount of 400 million dollars and are mostly generated by own savings and family resources. Severe competition and reductions in total sales have influenced payment terms and affected the cash flow of the industry. Most firms depend on commercial banks for facilitation. When factory owners were asked about their priorities in financing, the answer was to buy new machines and develop new markets.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The company is a well established player in the markets	• Lack of additional financial resources from the current owner
• Continuous success since 1978	

External Analysis	
Opportunities	**Threats**
• Demand for stone and marble is increasing	• Political instability
	• Competition from other regional and international producers

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	-	450,000	2,100,000	2,400,000	2,550,000
Gross Profit	-	270,000	1,260,000	1,440,000	1,530,000
Net Income	-	112,500	525,000	600,000	637,500
Cash Flow Accounts					
Operating Cash Flow	-	118,125	551,250	630,000	669,375
Investing Cash Flow	(1,360,150)	(1,360,150)	-	-	-
Financing Cash Flow	2,720,300	-	(250,000)	(250,000)	(250,000)
Balance Sheet Accounts					
Total Assets	1,360,150	2,832,800	3,107,800	3,707,800	4,345,300
Total Liabilities	-	-	-	-	-
Total Equity	1,360,150	2,832,800	3,107,800	3,707,800	4,345,300
Profitability Indicators					
Return on Assets	-	3%	16%	16%	15%
Return on Equity	-	3%	16%	16%	15%

Colored Stone & Marble Manufacturing

3

Project Number:	**PIC-2010-IO-115**
Project Name:	**Colored Stone and Marble Manufacturing**
Sponsor Company:	**Rateb Hussein Sleiman Hidaib**
Contact Details:	**Al Salam Street Yatta, Hebron, Palestine Mobile: +970-59-9257516 Email: ratb.Hadeb@yahoo.com**
Total Cost of the Project:	**US$ 1,025,000**
Investment by Current Owners:	**US$ 365,000**
Required Investment:	**US$ 660,000**

Project Description:

Rateb Hussein Sleiman Hidaib is seeking a financing partner to assist in establishing a company that will manufacture stone and marble products. These products will be characterized by their distinctive colors which will include red, blue and many camouflage colors.

The company will target the local Palestinian market, Israel and international countries seeking these rare distinctive colors and the high quality of the stone and marble products.

The company will have little to no competition in the Palestinian market due to the scarcity of these colors and rare type of stone and marble the company intends to use.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	**10 months**

Current Owners' Profile:

Rateb Hassan Hidab was born in Yatta, Hebron in 1944. Mr. Hidab received his secondary diploma from Hussein Ibn Ali School in Hebron, and continued his higher education in Germany receiving his Masters in Political Science and Business Administration. Mr. Hidab has been involved in managing many projects dealing with stone in Hebron, and is the owner of a 25 dunum stone quarry in Hebron.

Industry Highlights:

The stone and marble industry is considered the biggest industry in terms of number of firms, sales volume, employment rate and total investment. In recent years the industry showed a linear decline in production, sales and returns. The total number of manufacturing firms is around 700 firms, and the total number of workers is estimated at 8000 workers. The industry is spread over the West Bank regions but focused in the regions of Bethlehem and Hebron.

Sector diversification:

Stone and marble industry refers to the stone manufacturers and the quarries. The stone manufacturers are categorized as small, medium and large scale producers. Workshops are another category of buying slabs and cutting it into small size pieces. The main composites of final products are external cladding, internal cladding and tiles, cut to size products, decorative products, special products and tomb products.

Quality as an advantage:

The sector's major competitive advantage is its dependency on local raw materials. Quality is an important issue in selecting the materials as well as in the surface finish of the final product resulting from proper manufacturing practices. The basic competitive features of the products are color and texture. Quality and price are interchangeable factors in the sector. More quality means more costs in the manufacturing and supply chain.

The sector has invested in testing samples of final locally produced products in internationally recognized laboratories in Italy and the results were published in a product catalogue book for the whole industry. Local tests for certain specifications are being performed in local laboratories. Although 50% of the interviewed sample requested the implementation of ISO standards, but in reality only one out of six companies in the sector was able to keep and maintain the ISO certificate after five years of obtaining it.

Technical position and capacity:

Technologically speaking, the sector has an easy access to the most updated and advanced technologies in the international market. Few of the manufacturers develop and upgrade their machinery regularly. There are substantial differences in operating the machines and in the process orders and scheduling. The sector has the capacity to manufacture up to 35 million square meters; actually it operates only at a capacity of about 30% of their total capacity, i.e. 12 million square meters. The sector needs to be better informed about the advancements in abrasives, tools and other needed accessories for production. Maintenance is another problem affecting the continuity of operations.

Marketing position:

The marketing mix is shifting towards export in the last 7-8 years. The composition of the market is classified as: 65% Israel, 25% local market in West Bank and 10% for export. The marketing of these products highly depend on the design specification done by engineering offices. So, networking with engineers and contractors is vital for the survival and growth of these companies. Competition among local producers is severe, whereas competition with imported products in the local market is weak, and almost negligible with external cladding products. Competition in the international market is high especially with economies of low manufacturing costs such as Jordan and Turkey. Palestinian stone and marble has built its image in more 33 countries all over the world. Proper promotional tools are not widely used in the sector. Continuously improved product catalogues and other promotional materials are needed.

Financial position:

The initial investments in the sector exceeds the amount of 400 million dollars and are mostly generated by own savings and family resources. Severe competition and reductions in total sales have influenced payment terms and affected the cash flow of the industry. Most firms depend on commercial banks for facilitation. When factory owners were asked about their priorities in financing, the answer was to buy new machines and develop new markets.

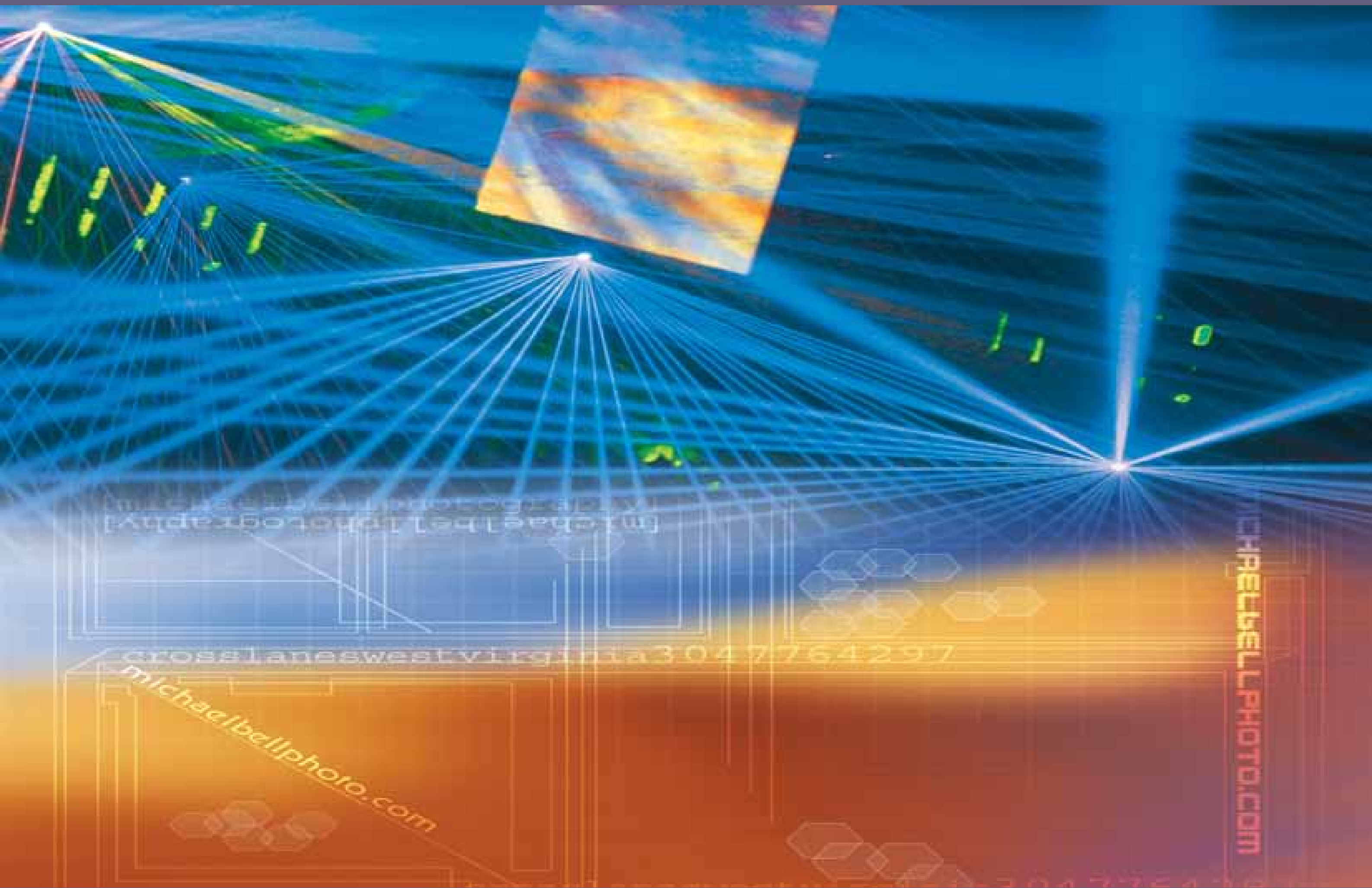
SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• Products will be characterized by their distinctive colors which will include red, blue and many camouflage colors which do not exist in the local Palestinian market	• Lack of financial resources
• Little to no competition in the Palestinian market	

External Analysis	
Opportunities	**Threats**
• There is market demand for this end product	• Political instability
• Expanding export to other countries	

Financial Projections in US$

Indicators	2011-2010	2012	2013	2014	2015
Income statement Accounts					
Revenues	0	2,760,000	3,220,000	3,680,000	4,140,000
Gross Profit	0	1,297,895	1,527,895	1,753,789	1,979,479
Net Income	0	1,081,949	1,311,949	1,530,546	1,748,574
Cash Flow Accounts					
Operating Cash Flow	(200.000)	131,949	591,949	1,040,546	1,488,574
Investing Cash Flow	(825.000)	0	0	0	0
Financing Cash Flow	1,025,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	1,025,000	2,106,949	2,918,898	3,949,444	4,698,017
Total Liabilities					
Total Equity	1,025,000	2,106,949	2,918,898	3,949,444	4,698,017
Profitability Indicators					
Return on Assets	0%	51%	45%	39%	37%
Return on Equity	0%	51%	45%	39%	37%



Other Sectors

Vehicles for Rental and Sale

1

Project Number:	**PIC-2010-IO-118**
Project Name:	**Vehicles for Rental and Sale**
Sponsor Company:	**Nadeen Co. for Renting, Importing, and Selling Used Vehicles**
Contact Details:	**Mr. Issam Shamroukh** **Jerusalem – Hebron Street** **Bethlehem, Palestine** **Tel: +970-2-2749855** **Mobile: +970-59-7677001** **Email: nadeen_co@yahoo.com**
Total Cost of the Project:	**US$ 555,500 (including existing business)**
Investment by Current Owners:	**US$ 221,500 (including existing business)**
Required Investment:	**US$ 334,000**

Project Description:

Nadeen Co. for renting, importing, and selling used cars is an existing business located in Bethlehem to the south of the West Bank. The Company is registered in the Palestinian Ministry of National Economy under Registration Number 562476374 since 12 February 2005. The Company holds a license for renting cars as well as another license for importing and selling used vehicles.

The company imports used vehicles and re-sells to residents of the West Bank in general and more specifically the Bethlehem Governorate. In addition, the company leases cars to residents and visitors of Bethlehem City.

The company's positive profits for the past four years attest to the company's knowledge and experience.

In addition to responding to the increasing demand for car rental and the shortage in supply, the Company is seeking to expand its operations through increasing the number of cars available for rent to 25 cars – compared with 10 cars currently – and increase the number of imported cars to 30 cars annually.

Project Development Time Table:

Registering the Company	**Completed**
Operations Startup	**Completed**
Accessing finance needed for expansion	**2010**
Increasing the number of vehicles available for rent to 25 cars	**2011**
Increasing the annual number of imported vehicles to 30 cars	**2012**

Current Owners' Profile:

Mr. Issam Shamroukh is the General Manager of the company and one of its owners. Mr. Shamroukh holds a Bachelor Degree in Political Science from Al Quds Open University, he is fluent in both Arabic and English languages.

Before opening the Company, Mr. Shamroukh worked for more than 5 years in importing and selling computers, computer accessories, and surveillance systems. Mr. Shamroukh is experience also includes participation in training programs in technical as well as managerial aspects inside and outside Palestine.

Industry Highlights:

Palestinians have strong entrepreneurial talent and tradition, and cities and villages in the West Bank and Gaza are crowded with small shops and workshops. The majority (57%) of all the private, public, and NGO establishments in the Palestinian Territory operate in the field of internal trade. More than 80% of these establishments are in retail trade while 4% are wholesalers and the remaining firms sell and repair motor vehicles.

Similar to Palestinian enterprises in general, internal trade establishments are predominantly small-scale activities, and 97% of them employ fewer than 5 people. Most of the persons engaged in this sector are men; only 7% are women. Internal trade establishments are found all over the Palestinian Territory, with approximately one third of enterprises, ad jobs, in the Gaza Strip.

The sector has suffered from the internal and external closures imposed on the movement of people and goods in the West Bank and Gaza Strip. Israeli security procedures delay transportation and lead to large increases in transaction costs, which have reduced competitiveness.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• New cars offered by the company	• Limited financial resources
• Marketing and managerial experience	
• Accessible location	
• License to import cars	

External Analysis	
Opportunities	**Threats**
• Limited number of licensed companies	• High competition in the market
• Shortage in supply in Bethlehem governorate	• Instability in economic and political situation
• Increasing demand on car rental by tourists	
• Relative improvement in economic situation	
• Reduced customs on imported cars	

Financial Projections in US$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	505,120	606,800	644,000	708,400	779,240
Expenses	406,444	458,300	492,132	516,739	542,575
Net Income	98,676	148,500	151,868	191,661	236,665
Cash Flow Accounts					
Operating Cash Flow	120,876	175,900	179,268	228,076	281,631
Investing Cash Flow	0	0	0	0	0
Financing Cash Flow	334,000	(150,000)	(150,000)	(200,000)	(240,000)
Balance Sheet Accounts					
Total Assets	654,176	652,676	654,544	646,205	642,870
Total Liabilities	87,075	87,075	87,075	87,075	87,075
Total Equity	567,101	565,601	567,469	559,130	555,795
Profitability Indicators					
Return on Assets	15.1%	22.8%	23.2%	29.7%	36.8%
Return on Equity	17.4%	26.3%	26.8%	34.3%	42.6%

Stylish Stained Glass

2

Project Number:	**PIC-2010-IO-119**
Project Name:	**Stylish Stained Glass**
Sponsor Company:	**Stylish Stained Glass**
Contact Details:	**Mr. Mervat Jaqman** **Tel: +970-2-2741969** **Mobile: +970-59-9396927** **Email: mervat@stylishstainedglass.com** **Website: www.stylishstainedglass.com**
Total Cost of the Project:	**US$ 27,231**
Investment by Current Owners:	**US$ 10,591**
Required Investment:	**US$ 13,280**
Debt:	**US$ 3,360**

Project Description:

Stylish Stained Glass is seeking a financing partner in order to help develop its current small home studio. The owner is willing to expand the business by constructing trendy displays to show off Stained Glass products in order to draw more customers.

The owner is looking for financial assistance to facilitate the purchase of some essential tools, supplies and advanced equipment. In addition the owner wants to build a room to store the finished products and exhibit them to his prospective customers.

Project Development Time Table:

Equipment Purchase	**3 months after funding**
Renting the Exhibition	**4 month after funding**
Furniture Purchase	**4 month after funding**

Current Owners' Profile:

Stylish Glass factory is a new established business located in Bethlehem. The owner has learned this hand craft in 2004 at the International Center in Bethlehem, for the sake of creating a new and rare art in the area. Moreover, her main goal is to help and support her family as to have better standard of living.

Stylish Stained Glass is the name of the new factory which presents a very unique variety of colored glass made of recycled and raw glass. The factory produces high end home garnishes, office accessories, gifts, made to order glass art work, and special ornaments for Christmas and Easter.

Industry Highlights:

Bethlehem is the number one attraction for pilgrims and tourists. The number of olive wood workshops has decreased from about 160 to 135, where 12 of them have reasonable size operations and the remainders are small. The mother- of- pearl workshops have also sharply declined from about 130 to 15 working operations. Hebron was famous for family owned pottery, glass and ceramic workshops. Today, very few of these workshops still exist in each category. Other sectors of handicrafts are scattered all over the West Bank.

Sector diversification:

The sector is composed of diversified components. These are classified as oriental handicrafts; olive wood carving, mother-of-pearl, ceramics, glass works, pottery, embroidery, carpet knitting, wax, sham jewelry and other hand works.

Quality as an advantage:

The quality of these products is derived from being handmade which adds a great value to it. Quality is seen in the surface finish appearance and results from good chosen raw materials. A certificate of excellence is issued by some chambers but nothing to do with PSI. Traditionally, this industry was related to the tourism sector. Hence, thousands of skilled people, especially in Bethlehem area, were specializing in this sector. So, this represents a great value to the local population there, and it is one of its features.

Technical position and capacity:

Generally speaking, the industry is working on low capacity in most of the fields. Since this industry is highly sensitive to tourism, the last decade has shown some shifts in production. Smaller workshops have vanished and fewer workshops have grown their production capacity and sales. The mother-of-pearl workshops have declined sharply and also ceramic and glass art works.

The industry has a rich capacity of skilled labor and traditional culture in this regard. It is also moving towards more exports and therefore the need for development is highly urgent. Most of the machinery and hand tools are old and need to be upgraded. One great feature of this industry is low investment, and hence any development will create substantial effects on production. This industry needs an overhaul when it comes to the use of modern technologies and developments in machinery and design.

Marketing position:

Traditionally, handicrafts products used to be sold locally to tourists and pilgrims. The activities carried out by promotional institutions and chambers, and the holding of regional and international cultural trade shows have opened the door for direct exports. Other major exports are sold in the American markets and some are sent there in the form of gifts. These exports have created the need to change in the industry. Informal figures from the industry show that the volume of sales last year reached up to six million dollars, whereas the formal figures hardly reach the figure of one million dollars. The industry has a potential in the export market and can capitalize on the unemployed skilled labor.

Financial position:

The sector is categorized by low investments in machinery. It is largely dependent on skilled labor. Cash is needed in obtaining the necessary raw materials and in financing the workers until the receivables are in the account which might take months. The industry operators need the cash to finance their procurements. They are also looking for financing the opening up of potential markets.

SWOT Analysis

Internal Analysis	
Strengths	**Weaknesses**
• The owner experienced and qualified for this type of handcrafts	• Lack of additional financial resources from the current owner
• The availability of labor	

External Analysis	
Opportunities	**Threats**
• Great opportunity to export the products	• Political instability
• The possibility to design the products according to the customers' needs	

Financial Projections in US$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	58,065	77,419	96,774	106,452
Gross Profit	0	20,161	38,839	50,935	56,065
Net Income	(1,389)	5,299	21,995	31,356	34,811
Cash Flow Accounts					
Operating Cash Flow	(1,255)	7,956	25,170	34,754	38,177
Investing Cash Flow	(13,441)	(7,796)	(1,344)	(2,151)	0
Financing Cash Flow	14,907	13,182	(1,743)	(2,247)	(2,458)
Balance Sheet Accounts					
Total Assets	13,652	32,334	52,642	81,816	114,201
Total Liabilities	3,213	2,806	2,220	1,605	919
Total Equity	10,438	29,527	50,423	80,211	113,281
Profitability Indicators					
Return on Assets	(9%)	16%	42%	38%	30%
Return on Equity	(12%)	18%	44%	39%	31%

P.O.Box 1984, Ramallah, Palestine
Phone: +970 2 2988791/2, Fax: +970 2 2988793

E-mail: info@pipa.gov.ps
Website: www.pipa.gov.ps