



# INVEST IN PALESTINE 2016



هيئة تشجيع الاستثمار الفلسطينية  
Palestinian Investment Promotion Agency



Office of the  
Quartet

# Palestine is Open for Business

## Introduction by HE Abeer Odeh

### Investing in Palestine

Palestine is an emerging market with an immense investment potential. Palestine has a strategic geographic location, skilled and young workforce, efficient banking system, trade agreements with key countries in the world and favorable business enabling environment. Investment opportunities are located in a wide range of economic sectors including manufacturing, ICT, tourism, agribusiness, renewable energy and water, education, construction and real estate development, and finance.

The framework for investor's protection is the Investment Promotion Law. Other laws have also been developed to attract investments to Palestine including the Industrial Estates and Free Zones law, the Capital Markets Authority Law and the Palestinian Monetary Authority Law.

The Palestinian private sector plays a key role in the economic development process and works closely with the Palestinian Government. Despite the challenging political and economic situation in Palestine, the Palestinian private sector has shown a remarkable degree of resilience, and managed to accomplish remarkable results compared to other developing countries in the region.

Abeer Odeh  
Minister, Ministry of National Economy  
BoD Chairman of Palestine Investment Promotion Agency

## Introduction by Kito de Boer

### Open for new investment and new business.

Palestine is an ancient land with many modern business opportunities. The land is bordered by Mediterranean beaches and some of the world's most holy religious sites. The people are young, some of the best educated, multilingual, and most motivated in the region. The Palestinian diaspora is one of the largest, richest, and most successful Arab populations in the world with strong regional connections to Jordan, Dubai, and the United States. In the 1990s, the Palestinian economy experienced a period of rapid growth and a budget surplus immediately following the Oslo Accords. However, since 2000, the deteriorating political climate has taken its toll on growth and investment. Despite the political stalemate, Palestine has accomplished many internal governance, regulatory, and management reforms to improve the climate for business and investment. Given prudent fiscal management along with a strong desire to partner with international investors, there are many reasons to visit Palestine and consider investment opportunities from agriculture to tourism.

Palestine is a land of many religions and cultural traditions with a well-educated and welcoming workforce. Please get in touch with PIPA or the Office of the Quartet to learn more about the enormous potential that awaits you here.

Kito de Boer  
Head of Mission  
Office of the Quartet

# 5 reasons to invest in Palestine



## Skilled Labour Force

- ~1 million person labour force
- 95% literacy rate (higher than MENA region, China, India and Turkey)
- 14 Universities and over 50 higher education institutions, higher tertiary levels of education than MENA region



## Attractive Cost Structure

- Competitive labour costs (average wage 77% lower than Israel, also lower than Turkey and Jordan)
- Tax incentives for new investment and new business
- Strong well-regulated domestic banking sector and capital market providing low cost of capital



## Gateway to Major Markets

- Significant export potential to 3 major markets: North America (350 million people), European Union (500 million people) and MENA (600 million people)
- Well-developed import/export infrastructure via Israel and Jordan



## Untapped Investment Opportunities

- Existing sectors poised for major catch-up growth in event of political improvements
- Major growth sectors include agriculture/agribusiness, construction, tourism, IT, and light manufacturing
- World class religious and historic sites (Ancient, Roman, Byzantine, Holy Land) have huge tourism potential



## Investor-Friendly, Pro-Business Environment

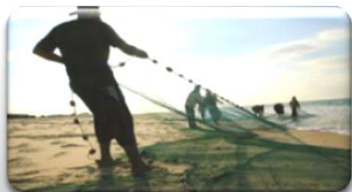
- Well-developed institutions and pro-business government committed to foreign investment and economic growth
- Availability of political risk insurance and investment guarantees through international finance institutions

# Did you know that?



## Palestine is Open for Business and Travel

- No visa required for travel to West Bank for most US, EU, Eastern European, and Central Asian nationals
- Visas easily available for many other nationalities
- Excellent airport facilities in Israel and Jordan, with short journey times from airports to West Bank



## Palestine has Favored Access to the World's Largest Markets

- Investors in Palestine benefit from free trade arrangements with US, EU, EFTA and GAFTA countries
- Customs exemption from several Arab countries such as Saudi Arabia, UAE, Tunisia and Yemen
- There are trade protocols with Egypt, Jordan, Tunisia and Morocco



## Palestine is Physically Safe and Secure

- Palestine is generally a physically safe, well-policed and stable territory
- Palestinians are open, friendly, welcoming to foreigners, with a regionally high level of English fluency
- Palestine is home to a range of foreign nationals from ethnically and religiously diverse backgrounds



## Low Corruption Levels for the Region - Being Tackled Head-On

- The level of corruption in Palestine is very low for the region and for developing economies globally
- Since 2008 there has been a sustained effort by the Palestinian government to fight corruption
- The international community is directly involved in transparency and anti-corruption initiatives





Picture copyright: Ahmad Daghlis

**CITY CENTRE, RAMALLAH**  
A thriving Palestinian city of culture and commerce

# A skilled and talented labour force

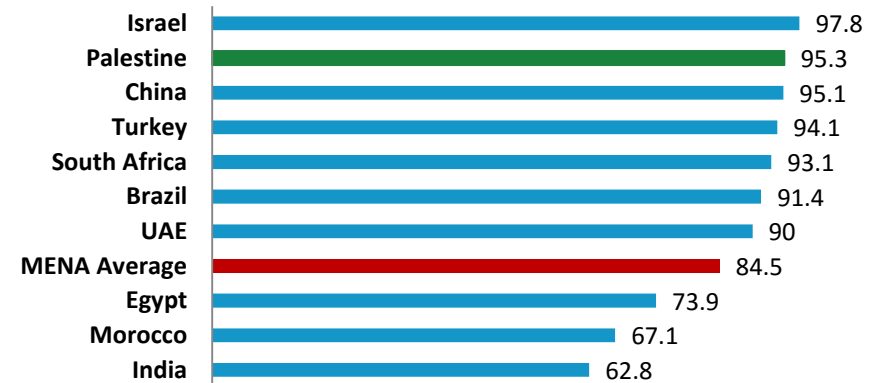
## Young labour force with higher education

**High Education Levels:** Palestine enjoys one of the highest educational levels in the region, with 14 universities, over 50 higher education institutions, and over 200,000 students currently at university.

**Young Labour Force:** Over 1.1 million people. Nearly 60% aged between 15 – 35.

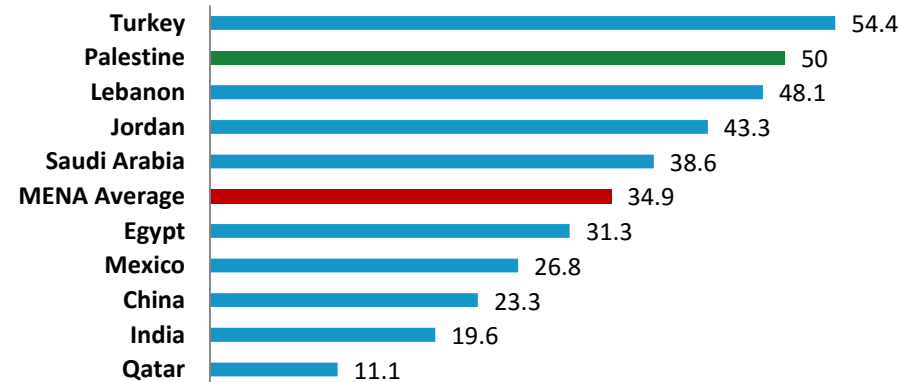
**Excellent English:** English is widely spoken as a second language, and the level of English fluency is high (much higher than the MENA region). Palestinians are noted for having a very clear and easy-to-understand Arabic accent.

Literacy rates are higher than MENA region and many developing countries:



Percentage (%) of population aged 15+ who are literate

Higher education levels are better than MENA region and many developing countries:



Percentage (%) of school age population proceeding to tertiary education (university, college) (5 year average 2008 – 2012)

# Competitive wages and costs

## Competitive Wages

**Attractive Wage Rates:** Average daily wage is 97 NIS (\$28 USD). Minimum daily wage is 60 NIS (\$17.5 USD).

**Regional Wage Advantage:** Average Palestinian wages are more competitive than average wages in regional investment destinations such as Israel, Turkey and Jordan:

<i>Average daily wage</i>	Israel	414 NIS	\$120
	Turkey	116 NIS	\$34
	Jordan	104 NIS	\$30
	Palestine	97 NIS	\$28
	Lebanon	73 NIS	\$21

## Competitive Costs

**Low Cost of Starting a New Business:** No minimum capital required to register a new company in Palestine. Tax incentives available for many new businesses.

**Low Inflation Costs:** Consumer Price Index (CPI) inflation has been between 2 – 4% for the past 5 years.

**Competitive Cost of Utilities:** Average utility costs of 0.57 NIS (\$0.17 USD) per kwh electricity and 3.17 NIS (\$0.93 USD) per m<sup>3</sup> water.

***Average Palestinian wages are very competitive for the region, and 77% more competitive than Israeli wages – ideal for investors looking to utilise Palestine's customs envelope with Israel***





## GRADUATION CEREMONY, BIRZEIT UNIVERSITY

Palestine enjoys high education levels with over 200,000 students enrolled at 14 universities



# Industrial Zones are well placed for export



## Jenin

Launch planned in 2016. The site is developed by Turkish TOBB-BIS and the German government has pledged over €19 m to finance infrastructure. The site benefits from a strategic location and access to trade routes, such as the Port of Haifa and Sheikh Hussein Border Crossing, attractive to export-oriented businesses.

## Jericho

Agro-industrial park with tax incentive schemes, infrastructure and logistics in place, 7 km from the border with Jordan, where the Allenby/King Hussein Bridge is planned to start supporting container trade, which will attract more export-oriented businesses once container trade is facilitated. <http://www.jaipark.com/>

## Bethlehem

French-Palestinian partnership. First factories (paper, wood) have already started operating, as well as an energy management company. <http://bmipbethlehem.com/>

## Gaza

Gaza Industrial Estate (GIE) was established in 1997 by PIEDCO. Total available area is 485,619 square meters, of which 50% is currently occupied. There are currently 26 factories at GIE that employ approximately 2,000 people. These factories produce plastic, furniture, garments, food and beverages. [www.piedco.ps/eng/](http://www.piedco.ps/eng/)

# Modern export infrastructure via Israel and Jordan



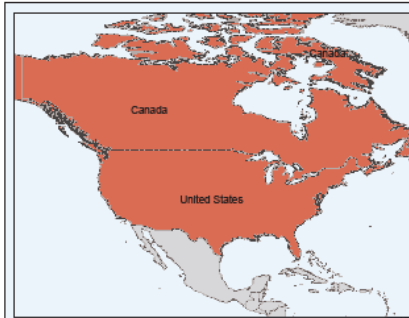
Tel Aviv's **Ben Gurion International Airport** is a key entry and exit point. It provides passenger and cargo services worldwide.

**Queen Alia International Airport** in Jordan provides cargo services to a number of hubs worldwide, including Brussels, Doha, Istanbul, London and New York, as well as passenger services globally.

**The port of Haifa**, Israel, has a natural deep-water harbor. It is one of the largest ports in the eastern Mediterranean in terms of freight volume and handles about 24 million tons of cargo each year. **The port of Ashdod**, located further south close to the Gaza Strip, is another deep-water harbor with the capacity to store and export most kinds of goods.

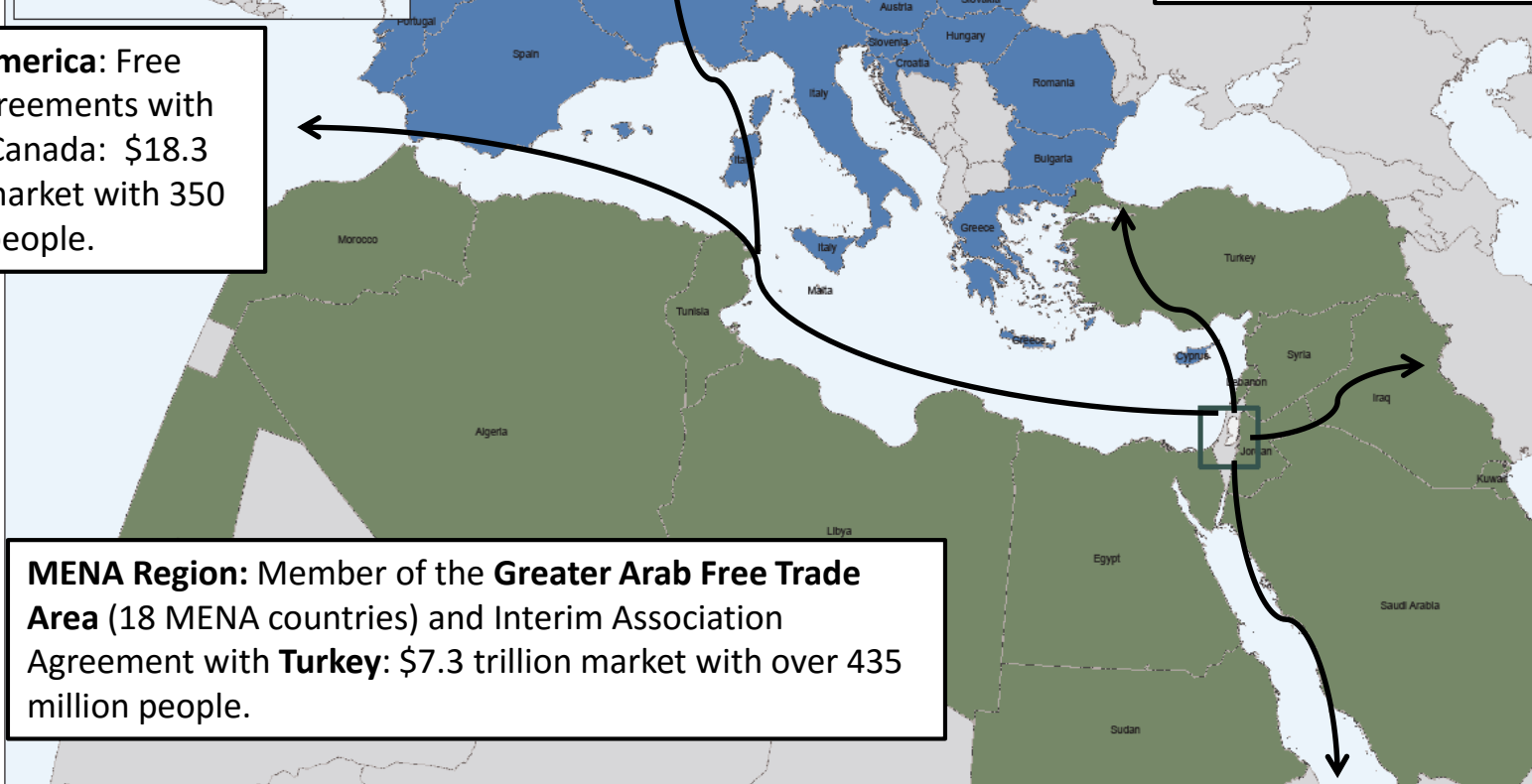
**Aqaba port**: situated on the Red Sea, this port is connected to the north by excellent roads. It has deep-water berths and equipment and storage facilities to handle most kinds of goods.

# Export to 3 Major Markets: North America, European Union, MENA



**North America:** Free trade agreements with US and Canada: \$18.3 trillion market with 350 million people.

**Europe:** Interim Association Agreement and Free Trade Area with the **EU**: \$17.6 trillion market with over 500 million people.



**MENA Region:** Member of the **Greater Arab Free Trade Area** (18 MENA countries) and Interim Association Agreement with **Turkey**: \$7.3 trillion market with over 435 million people.



# International trade agreements underpin export potential

## The Americas Markets



Free Trade Agreement



Free Trade Agreement



(Argentina, Brazil, Paraguay, Uruguay, Venezuela)

Free Trade Agreement

## European and Russian Markets



Interim Association Agreement & Free Trade Agreement



Commercial Cooperation Agreement



*Palestine has signed numerous international agreements enabling global trade*

## MENA and Turkish Markets

**GAFTA**

Greater Arab Free Trade Area (18 Arab states)

Full Member, Free Trade



Interim Association Agreement

## Neighbouring Markets



Paris Protocol, Customs Envelope



Economic Agreement, Preferential Trade



Economic Agreement, Preferential Trade



## **ROADS AND TRANSPORT INFRASTRUCTURE**

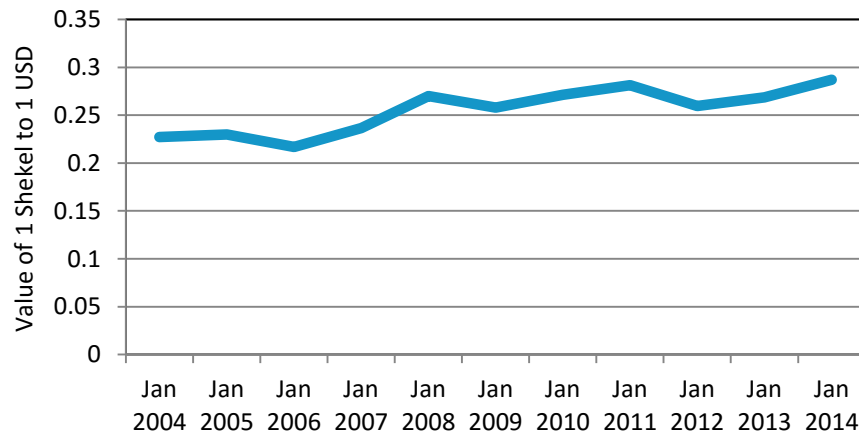
Over 24,000 commercial vehicles, transporting people and goods over 3,500 km of paved roads

# A stable currency and macro-economic environment

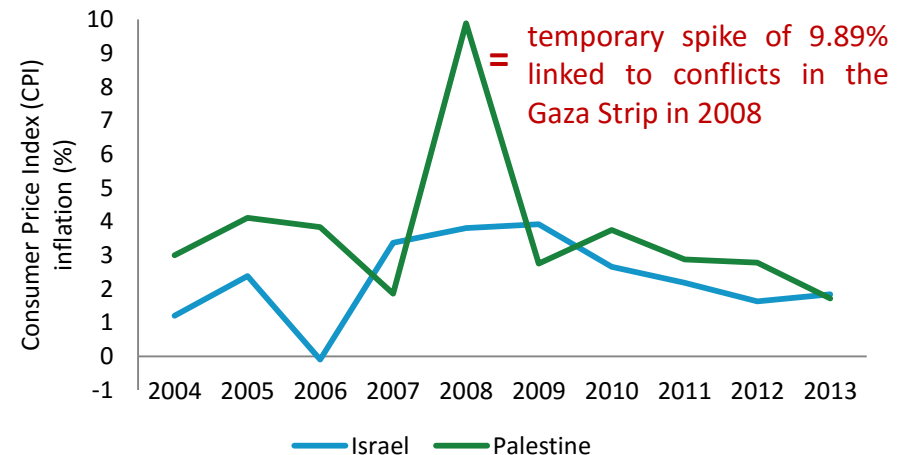
The Palestinian economy and banking sector regularly uses international currencies, and it is easy to conduct business using **US (\$), EU (€), British (£), Jordanian (JOD) and Egyptian currencies (E£).**

Palestine uses the Shekel (₪) as its primary currency, which it shares with Israel. The Shekel is a very stable currency, with low inflation rates in both Palestine and Israel. **The Palestinian macro-economic environment is closely tied to Israel and is stable.**

## Stable exchange rate for over 10 years



## Single-digit CPI for over 10 years

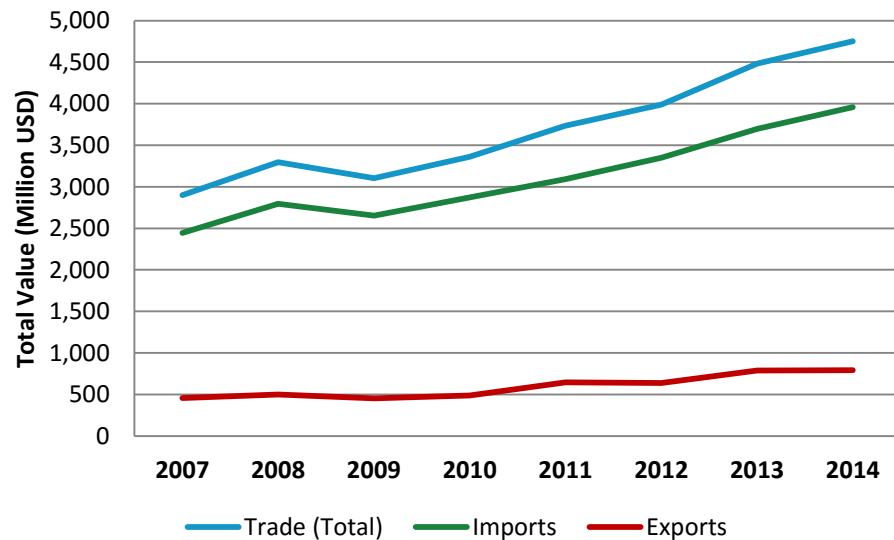




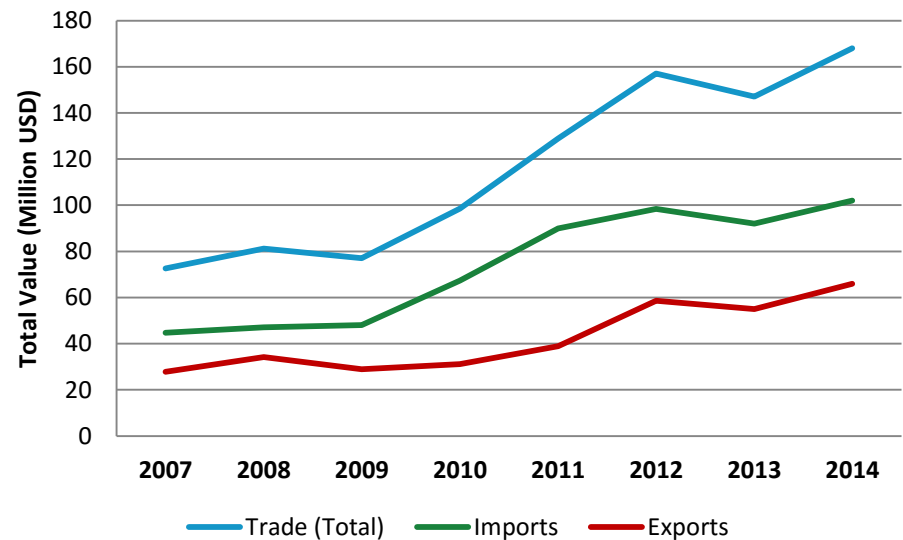
# Palestinian trade is stable

Palestine's primary trade partners are Israel and Jordan. The Palestinian economy is closely integrated with both markets. **Official data shows Palestinian trade is stable and growing: Palestinian import and export markets are robust.**

## Palestinian-Israeli trade is stable



## Palestinian-Jordanian trade is stable





## **DOME OF THE ROCK, EAST JERUSALEM**

The iconic 7<sup>th</sup> century shrine is adjacent to the third holiest site in Islam, the Al Aqsa Mosque





## CHURCH OF THE NATIVITY, BETHLEHEM

A world-class destination for Christian pilgrims and Palestine's first UNESCO World Heritage site



# Pro-business leadership and institutions



*The Palestinian government is driving a range of new initiatives promoting business and investment*

## **Did you know?**

*Income tax is 0% for Agriculture projects and 5% for industrial and tourism projects. For industrial and tourism projects, income exemption is up to five years, and 10% income tax for 3 years commencing at the end of the 5% phase, preceded by a grace period of a maximum of four years or until the business starts to generate profit.*

## A package of reforms promoting business

The Palestinian government is **pro-business and pro-investment**, with a credible strategy for enabling continued private sector economic growth.

A framework of economic laws has been created to encourage and support foreign and local investment in Palestine, designed to help **mitigate risk and enhance returns on investment**.

The [“Encouragement of Investment in Palestine Law”](#) provides a range of tax incentives designed to promote new investment and business development. <http://legal.pipa.ps/>

Equal treatment for all investors and percentage of ownership is flexible and unrestricted transfer of financial resources.

# A game-changing economic framework

The **Initiative for the Palestinian Economy (IPE)** was introduced in 2014, and is:

- **An economic framework**, with backing from the US and EU political and business communities
- **Designed to facilitate major new private investment in the Palestinian economy**, by identifying investment opportunities in eight sectors
- **Providing the Palestinian Government and Israeli Government with a strategic framework for economic growth and reform**, identifying the benefits of removing barriers to businesses in order to minimise costs and maximise investor profitability



Kito De Boer discussing IPE's efforts in partnership with the Palestinian Government to affect transformative change and growth in the Palestinian economy and create hundreds of new jobs, June 2015

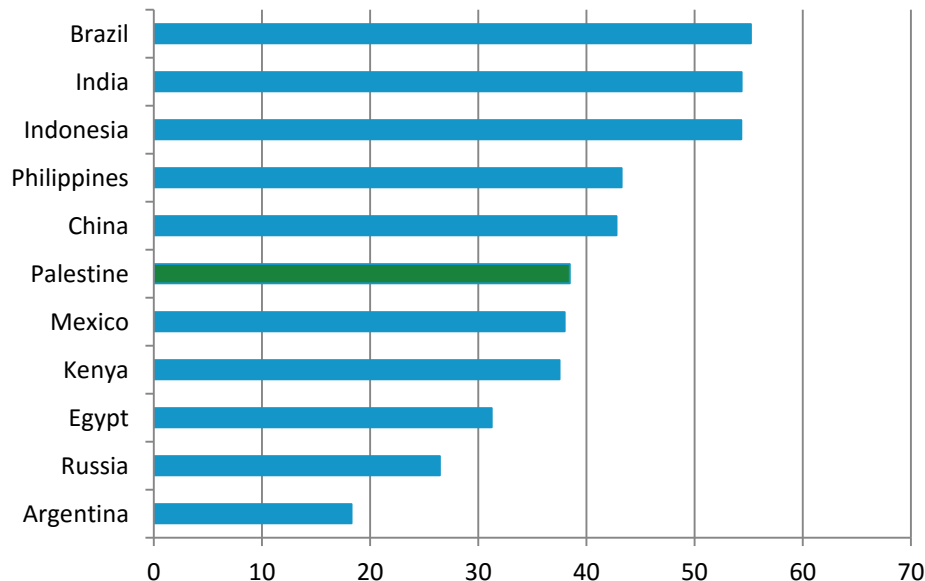
# Strong regulation and rule of law

Strong regulation and rule of law are critical to all investments.

Palestine's international rankings for Regulatory Quality and Rule of Law are **better than many current international investment locations.**

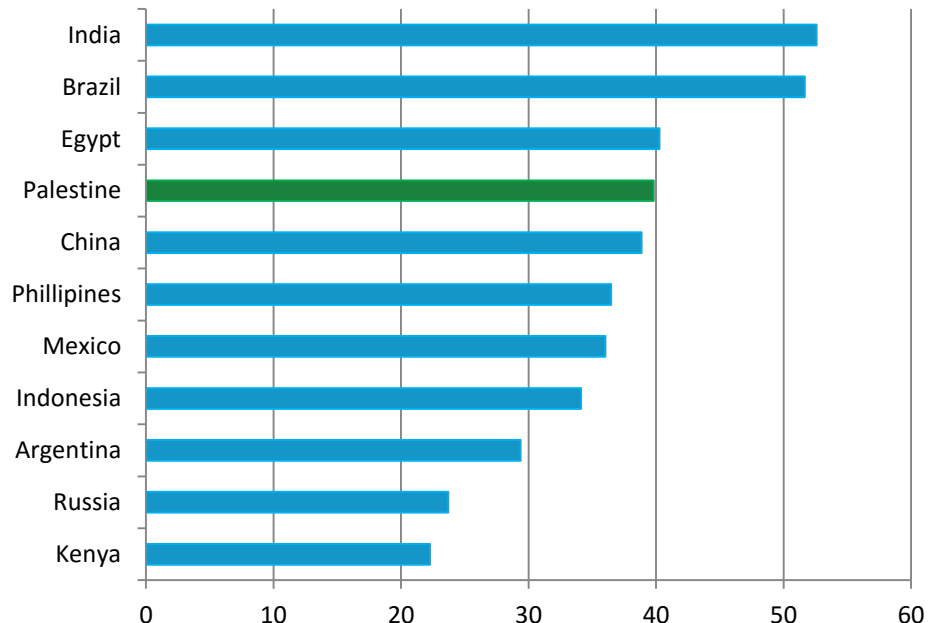
## Regulatory Quality: (higher is better)

*The ability of the government to formulate and implement sound policies that permit and promote private sector development.*



## Rule of Law: (higher is better)

*The quality of contract enforcement, property rights, the police, the courts, and the likelihood of crime and violence.*

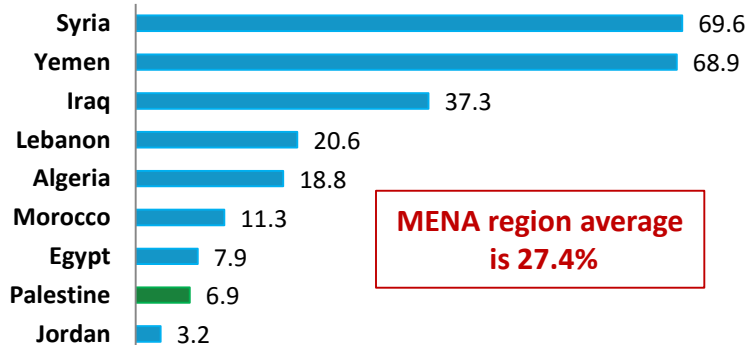




# Taking important steps to tackle corruption

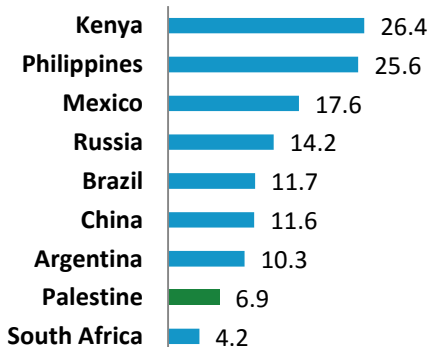
## Low corruption levels for the region

**Bribery Incidence: % firms experiencing at least one bribe request**



## ...and for a developing economy

**Bribery Incidence: % firms experiencing at least one bribe request**



## Efforts to control corruption

Since 2008 there has been a **sustained and successful effort** by the government to fight corruption.

**Palestine is committed to tackling corruption at every level:**

- The Palestinian **Anti-Corruption Commission** was established in 2010 to investigate and prosecute corrupt officials.
- In 2011 a **Code of Conduct** was developed for political parties to reinforce integrity, systems of accountability and principles of transparency.

**59%**

*The percentage of Palestinians who believe that their government's efforts to fight corruption are effective, and that the level of corruption in the country decreased from 2007 – 2010.*

# Political risk insurance and low-interest loans to investors in Palestine

## Overseas Private Investment Corporation (OPIC)



- Independent US government agency
- Offers medium/long-term debt financing
- Offers various insurance products (including political risk insurance) and export guarantees
- Condition is US involvement in project

## International Finance Corporation (IFC)



- Part of World Bank Group, aims to encourage private sector development
- Offers debt and equity financing services
- Offers a partial credit guarantees

## Guarantco



- Shareholders are Swiss, Dutch, UK and Swedish governments
- Provides risk insurance and bank guarantees
- Partially guaranteed the largest ever private sector investment in Palestine - \$145m financing of Wataniya Telecom start-up

## Multilateral Investment Guarantee Agency (MIGA)



- Member of the World Bank Group
- Offers political risk insurance for long-term debt and equity investments
- Insures against currency inconvertibility, expropriations, war and civil disturbances, breaches of contract, and non-honoring of sovereign financial obligations



## **BANK OF PALESTINE, RAMALLAH**

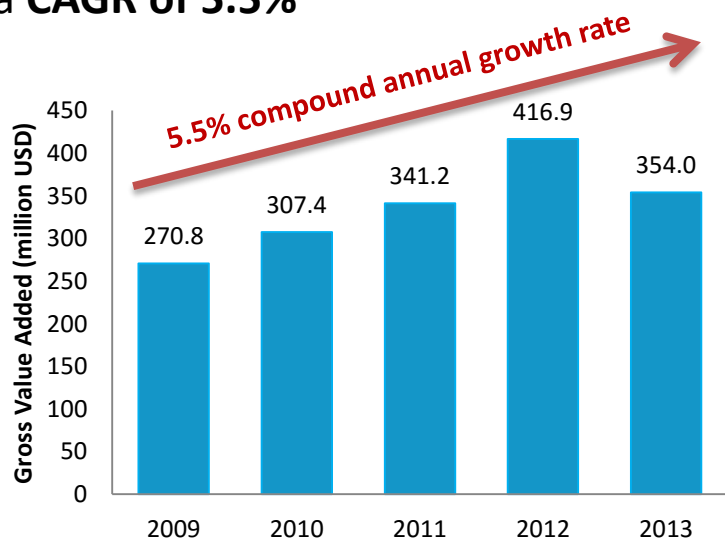
Palestine's largest bank with over 650k customers, 50 branches, and assets of over \$2.3b USD

# Commercial banking and financial services sectors are successful and growing

## An overall growing financial sector

The Palestinian financial sector consists of **46 commercial banks, Islamic banks, insurance corporations, stock market brokers and other credit institutions.**

This sector contributed **\$354 million USD** to the Palestinian economy in 2013, with a **CAGR of 5.5%**



Source: PCBS (Note: GVA used as proxy for GDP)

## Exceptional revenue growth in services

The Palestinian financial sector 5-year CAGR from 2009-2013 was 64% for service revenues. This growth has occurred across all subsectors including Banking 48% and Stock Brokers 168%.

**The high growth rate reflects the growing maturity of financial services in Palestine.**

### Palestine Monetary Authority (PMA)

*The PMA acts as the central bank of Palestine, setting **independent** monetary and banking policies designed to ensure the effective and transparent regulation of the sector. The PMA has a strong record of delivering effective regulation, balanced growth, and price stability.*



سلطة النقد الفلسطينية  
PALESTINE MONETARY AUTHORITY



# Palestinian Stock Exchange (PEX) performance in 2012-2014

The Palestinian Exchange (PEX) is the first fully automated stock exchange in the Arab world, and is the only Arab exchange that is publically traded and fully owned by the private sector.

Of listed companies on PEX, net profits were \$227.5 million USD in 2014, representing a 3-year CAGR of 7%.

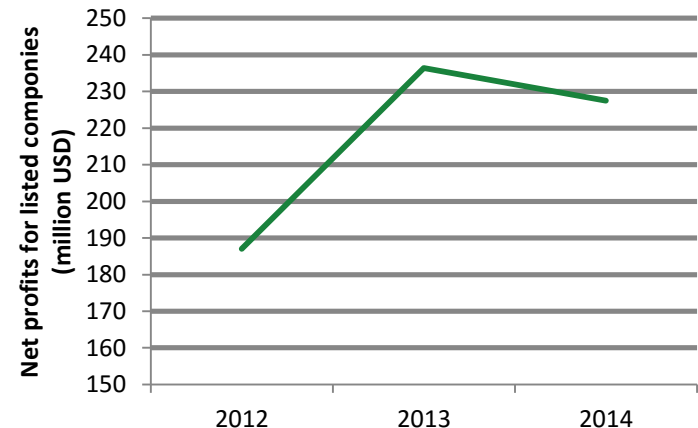
*Listed companies with top net profit growth from 2012 – 2014 included:*



*This is a clear message of the ability of our listed companies to generate profits and maintain a constant trend of growth year after year in spite of our challenging economic and political conditions.*

Ahmed Aweidah, CEO of PEX, 2014

## Net profits for listed companies on PEX in 2012-2014

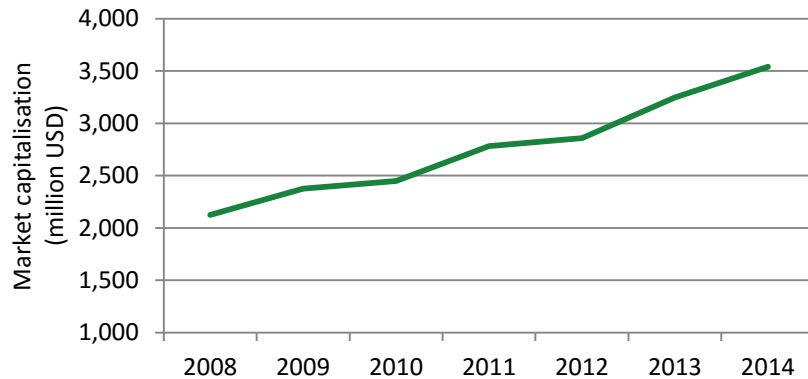


*One of the reasons of the drop in profits is the loss in exchange rates due to the rise of the US Dollar. Ahmed Aweidah, CEO of PEX, 2015*

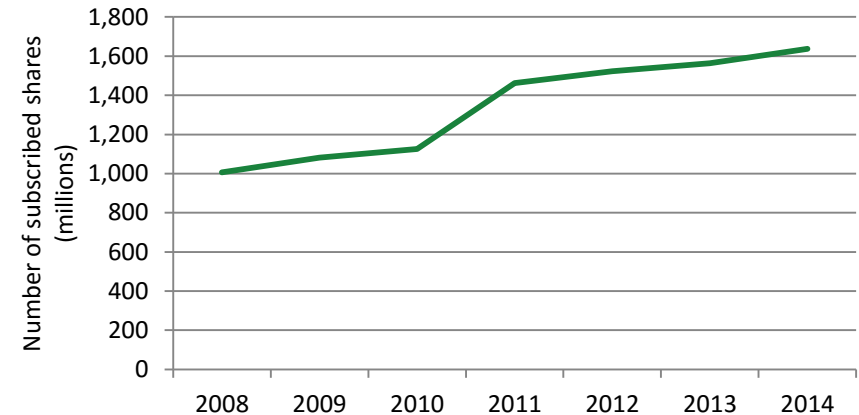


# PEX vital statistics show steady growth

## PEX: Market capitalisation



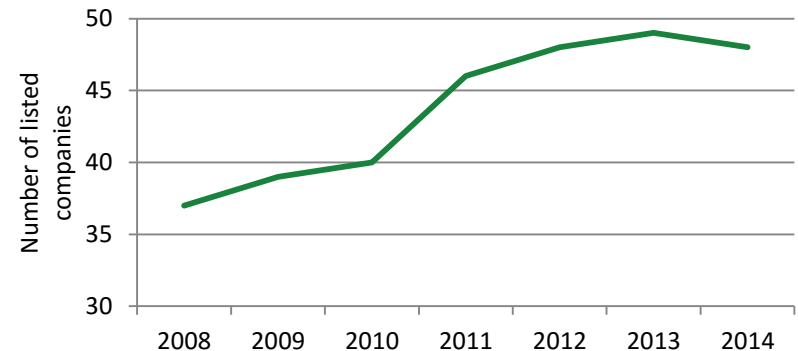
## PEX: Number of subscribed shares



## Average dividend yield highest in region

The PEX has had an **average dividend yield of 6%** for the past 5 years – the highest dividend yield in the region.

## PEX: Number of listed companies



*Listed companies comprise five sectors: banking and financial services, insurance, investment, industry, and services.*






## EAST JERUSALEM

Bustling and vibrant markets are testament to Palestinian business acumen and drive



# Profiles of Selected Businesses

Palestine is home to a wide range of successful businesses, from small start-ups to international conglomerates, from family-run businesses to commercial banks. Here we profile six different Palestinian businesses which characterise the diversity of the Palestinian private sector.

 <p><b>Amaar Real Estate Group</b></p> <p>The Amaar Group is one of the leading property developers in Palestine, creating new real estate and infrastructure ventures across multiple sectors of the Palestinian economy including industry and commerce.</p> <p><a href="http://www.amaar.ps">www.amaar.ps</a></p>	<p><b>Paltel Group</b></p> <p>Palestine's largest private-sector company and employer, the Paltel Group provides a full range of landline, mobile and internet services to millions of Palestinians and is valued at over \$1 billion USD.</p> <p><a href="http://www.paltelgroup.ps">www.paltelgroup.ps</a></p>  <p>مجموعة الاتصالات الفلسطينية PALTEL GROUP</p>
 <p><b>Sinokrot Group</b></p> <p>The largest family-owned business in Palestine with over 500 employees, the Sinokrot Group have over 30 years experience in the agro-industrial sector, manufacturing, tourism, trade and IT.</p> <p><a href="http://www.sinokrot.com">www.sinokrot.com</a></p>	<p><b>Taybeh Brewing Company</b></p> <p>A family-run business producing one of Palestine's most recognisable brands, Taybeh beer has extensive domestic sales and is exported globally to consumers in Japan, Germany, Sweden and beyond.</p> <p><a href="http://www.taybehbeer.com">www.taybehbeer.com</a></p> 
 <p><b>EXALT Technologies</b></p> <p>A leading Palestinian software business, Ramallah-based EXALT provides end-to-end mobile application development services to a range of international clients, including Cisco, Hewlett-Packard, and Siemens.</p> <p><a href="http://www.exalt-tech.com">www.exalt-tech.com</a></p>	<p><b>Grand Park Hotel</b></p> <p>The first 5 Star hotel in Palestine, the Grand Park Hotel in Ramallah has now opened a second branch in Bethlehem and offers business visitors and tourists the highest quality of service and luxury in the region.</p> <p><a href="http://www.grandpark.com">www.grandpark.com</a></p> 



# International companies in multiple sectors investing in Palestine

Notable success stories and investors include:



**CISCO** in Palestine

Cisco has already:

- Outsourced R&D projects to three Palestinian firms.
- Invested in telecommunications infrastructure.
- Contributed to the first Palestinian ICT focused venture capital fund.
- Trained over 200 members of the local workforce.

*“Cisco saw an opportunity. Cisco’s leadership has inspired other high tech companies to recognize that the West Bank is open for business.”*

Hillary Clinton  
Former U.S. Secretary of State

**Coca-Cola** in Palestine

Coca-Cola partnered with local Palestinian businessmen and:

- Established the National Beverage Company Coca-Cola in 1998, investing \$15m USD for a 15% stake.
- Today, the National Beverage Company Coca-Cola owns 3 plants and 4 branches in the West Bank with a market value of over \$100m USD.
- Plans to expand Coca Cola plants in both the West Bank and the Gaza Strip highlight exciting future growth potential.



**SIEMENS**





## **JERICO AGRO-INDUSTRIAL PARK (JAIP), JORDAN VALLEY**

A state of the art facility for agro-processing, ideally situated for quick export via Jordan

# Invest in: Agriculture

## Investor Opportunities At A Glance:

A farming production sector with huge potential for integration into vertical processing chains

Scale of farming suitable for large and medium international food processing companies

Strong infrastructure and trade agreements already in place for export to key food markets (MENA and EU)

Agricultural land suitable for range of high yield high value crops

## Farmers ready for integration into the processing chain

The Palestinian agricultural sector has significant growth potential, opening up new possibilities for integration into vertical processing chains:

Growth Potential: Tremendous opportunities exist to expand and diversify production for import substitution as well as export. Agribusiness investments could have a transformational impact on the manufacturing and agriculture sectors while enhancing their role as drivers of economic growth. Local banks are keen to provide finance in this sector which takes advantage of excess labor resources and competitive wage rate differentials.

Integration: A process of consolidating horizontal land and production chains is already underway. As the switch is made to high value high yield crops and fertiliser use, this greater land use will see **production rise by an estimated 200% over 3 years**. This value will be unlocked through integration of producers with vertical processing chains.

Export Potential: The scale and quality of Palestinian produce will be of value to large and medium international food processing companies. **Export of processed foods to key markets (MENA, EU) is already possible due to existing infrastructure and trade agreements.** Competitive wages and high education levels add value to any investment.

### ***Producers can grow a range of high value crops***

*The agricultural land in Palestine is highly suited to a range of crops valued by food processing companies. Crops particularly suited to the soil include **subtropical fruits** (such as mangoes, guavas, and lychees), **field vegetables** (such as tomatoes, cucumbers, and potatoes), **greenhouse vegetables** and **roses**.*



# Invest in: Building Materials

## Investor Opportunities At A Glance:

Increasing domestic demand  
for building materials

Investment opportunities in  
existing quarries and new  
quarry site discovery

Market capacity for 1 or 2  
new domestic cement mills

Domestic stone and marble  
industry ready for value-add  
processing factories

Export market available for  
production of high-value  
processed stone and marble  
products e.g. slab and tile

## Opportunities in both production and processing

There are 3 main areas of opportunity for investors in this sector, covering both production and processing for domestic and export markets:

Raw Materials: The raw materials for gravel, stone, and sand are available in Palestine, however existing quarries are underdeveloped. Improving access to explosives licences will increase production by up to 900%. There is potential for geological surveys to determine location and magnitude of new stone deposits. **These are substantial opportunities for investment in both existing quarries and in new quarry site discovery.**

Cement and Concrete: Domestic demand for cement and concrete is high (cement is not yet produced domestically, with over 1.5 million tonnes being imported per year). The raw materials for production are available within Palestine. **There is market capacity for a new cement mill in the West Bank to meet existing domestic demand.** Development of a second cement mill, likely in Gaza, is currently the subject of an ongoing feasibility study.

Stone and Marble Processing: Domestic stone and marble production is the largest segment of the Palestinian manufacturing sector, at 2.4 million tonnes per year. Value-add processing of stone and marble is possible domestically, but lack of advanced machinery holds back the sector. Only 75 factories are currently equipped to export high-value processed slab and tile products which meet international standards. **Investors in new processing machinery and factories can take advantage of this processing gap, to meet growing domestic and export market needs.**

### ***Substantial export markets add investor value***

*International market demand for "Jerusalem stone" is high and growing. Infrastructure and trade agreements are already in place to enable export of both raw and processed building materials overseas.*





# Invest in: Construction

## Investor Opportunities At A Glance:

Upcoming tenders to  
develop innovative  
affordable housing schemes

Construction of up to 30,000  
affordable units needed per  
year

Government support for  
investors includes loan  
guarantees and an  
accelerated planning process

Population demographics,  
new land, new mortgages,  
and new rental market  
driving high demand

## Catch-up growth driving opportunities in affordable housing

There are 5 key reasons why the Construction sector is ready for investment:

- High Demand for Affordable Housing: Average Palestinian household sizes are increasing every year (5.4 in 2007 to 6 in 2013), however the existing housing market doesn't cater to average family needs: existing average unit prices are beyond the housing budget of 50 – 80% of the population. Up to 30,000 affordable housing units are needed per year to meet this high demand.
- New Land for Construction: In partnership with the World Bank, a new zoning and land registration drive is increasing the availability of land for development, with anticipated reductions in land prices predicted.
- Mortgage Reform: Reforms in the mortgage sector are increasing buyer access to low-interest mortgages, unlocking housing demand from new socio-economic segments.
- Government Incentives: Affordable housing is a top government priority. The government is supporting several new initiatives to drive investment in this sector, including the provision of loan guarantees and an accelerated planning process.
- Upcoming Tenders: New tenders for investment in affordable housing projects are expected in 2014 and beyond.

### ***Palestinian demographic growth***

*Palestine has a rapidly growing population, with one of the highest birth rates in the Arab world. More affordable housing is required to meet the needs of demographic growth.*



# Invest in: Energy

## Investor Opportunities At A Glance:

Large national infrastructure projects planned and under development in West Bank and Gaza Strip

Opportunities in a range of areas from contracting and finance through to consultancy services

The Gaza Marine gas field development should constitute a major boost for industry and economy across Palestine

## Major national infrastructure opportunities

**National infrastructure projects will create major opportunities for international energy companies, including:**

Offshore Gas Reserves: The development of Gaza's offshore gas reserves will create major opportunities for international energy companies, including production, transport and sale of gas, consultancy, and financial services.

Power Plants and Electricity Grid: A range of projects to construct new power plants and new electricity grid lines, and to expand the existing Gaza Power Plant and grid infrastructure, are in progress and offer significant opportunities for international companies.

Renewables: Palestine is home to a number of renewable initiatives and there is scope for more cost-efficient projects. Palestine is well suited to small and medium scale solar developments, which represent an emerging growth area with opportunities for innovation and new investment.

**Projects in the Palestinian Energy Sector are anticipated to involve billions of dollars of new business activity**

### ***Gaza Marine development***

*British Gas, CCC, and PIF are currently leading efforts to develop the Gaza Marine gas field – home to approximately 1.3 trillion cubic metres of natural gas. When fully developed this field should **significantly reduce the cost of electricity** and could meet Palestine's energy needs for up to 25 years.*



# Invest in: Water

## Investor Opportunities At A Glance:

**Short Term: Micro-PPPs for small water infrastructure projects; contracts for servicing/operating existing water infrastructure**

**Medium Term: PPPs for small and medium BOT concessions; contracts for construction of new water infrastructure**

**Long Term: PPPs for large national BOT concessions**

## **New water infrastructure is a top government priority**

**Palestinians currently face a 90 MCM shortage, and could face a 450 MCM gap by 2020. New water infrastructure is a top priority for the Palestinian Authority, and a major opportunity for the private sector.**

Projects: New water infrastructure construction projects are currently being developed in both the West Bank and the Gaza Strip. To address major water shortage issues, priority is being given to the construction of new:

- **Wastewater treatment plants**
- **Desalination plants**
- **Rainwater dams**
- **Technologies for conserving agricultural water**

Private Sector Opportunities: There is a growing role for the private sector in both contract delivery and PPPs. New construction, maintenance, and operations contracts will be available over the short and medium term. For the first-time, the PA is planning to tender new PPPs for Build-Operate-Transfer (BOT) concessions. These will start small, but early successes will open the door to major future PPP concessions. **First-mover advantage is likely to unlock significant long-term profits.**



# Invest in: Light Manufacturing

## Investor Opportunities At A Glance:

Competitive advantages suit  
manufacture of high-end  
value-added goods

Trade agreements in place  
with MENA, EU, Russia,  
Canada and the USA

Prime location for export to  
Israel, EU, and Middle East

Skilled and trainable labour  
force at competitive costs

Preferential access and  
import/export arrangements  
possible for large companies

## Manufactured products for export & value-chain integration

**This sector offers a strong base for high-end value-added and export-focused goods, with potential for vertical integration into global value chains:**

Diverse Production: Existing SMEs are already manufacturing a range of value-added products for both domestic and export markets, including:

- Fabricated metal products;
- Pharmaceutical products;
- Furniture;
- Rubber and plastic products.

Investor Potential: The sector's competitive advantages will **primarily appeal to international companies seeking a low-cost manufacturing base**, either for export or integration into global value-chains. Key competitive advantages include:

- Existing skilled and trainable labour force;
- Competitive labour costs ideal for high-end value added production;
- Infrastructure and trade agreements for export to more than 27 countries;
- Investment Promotion Law lowers taxes for new businesses in this sector;
- Special Economic Zones offer tax incentives and quality infrastructure;
- Preferential access and import/export arrangements are viable for large and/or international manufacturing companies.

### ***A Palestinian-German joint venture exporting to EU***

*In 1999 Palestinian pharmaceutical manufacturer Pharmacare entered into an exciting joint-venture with Grünenthal GmbH. Today Pharmacare exports to 8 EU markets, including Germany and the UK, manufacturing pharmaceutical products under license and meeting the EU's high quality production standards.*





# Invest in: Information Technology

## Investor Opportunities

### At A Glance:

Software development and business process outsourcing is available now

Opportunities to open new branches and partnerships

2500 ICT graduates annually with in-demand IT skills and excellent English

Very competitive labour costs, 30% lower than Israel

Major global companies including Cisco, Intel and Google already investing

## A new partner for software development and BPO services

The Palestinian IT sector delivers high quality IT services to international businesses with both cost savings and competitive advantages.

### Available Services

#### **Software Development:**

Offering a full range of services in software programming, testing, and development; content Arabisation; server maintenance; mobile app development; and e-government.

#### **Business Process Outsourcing:**

Offering both advanced (HR, payroll, accounting) and basic (call centre, microwork, data management) BPO services.

### Competitive Advantages

- Over 250 existing ICT companies
- Sector predicted to grow almost 300% over next three years
- 2500 skilled ICT graduates annually
- Competitive costs, 30% lower than Israel
- Multilingual staff with excellent English
- Palestinians have a moderate accent (for both English and Arabic speakers)
- Timezone is closer to Europe than other outsourcing destinations (e.g. India)

## Global companies already investing

A number of global companies are already outsourcing IT to Palestine, partnering with local firms, or opening new branches:



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SIEMENS

P&G

OQ code



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# Invest in: Tourism

## Investor Opportunities At A Glance:

World class tourist sites with unlimited potential

Palestinian investors with capital ready to partner with international hotel chains

Opportunities for tour operators to expand

Over 3 million inbound tourists per year, with a total expenditure of \$678m USD

Highly trained staff with excellent English and other European languages at very competitive rates

## A new market for international hotels and tour operators



Palestine has world class religious and historical tourist sites, coupled with an attractive climate, culture, food, and stunning geography – including the Dead Sea. There are significant investor opportunities in two main areas:

- New Hotels and Tourist Facilities: A strong Palestinian business community is ready to invest in new hotels and tourist facilities, in partnership with international hotel chains with brand identity and hotel management expertise.
- New Tour Operators: There is great potential for international tour operators to expand into Palestine, incorporating Palestinian sights into existing regional tours, and attracting new tourist segments to visit.

*The total number of tourists who visited the West Bank in 2012 (day trips and overnight stays)*

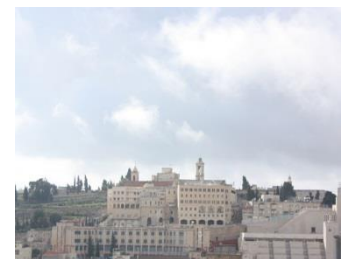
**3million**

**400%**

*The amount the tourism sector is predicted to grow over 6 years under the IPE*

### ***Palestine's first world class tourism institute***

*Bethlehem University is currently upgrading its School of Hotel Management into a hospitality and tourism institute providing cutting edge training facilities. This multi-million dollar project features a new four star teaching hotel, providing students with world class experience in hospitality and tourism services.*







## **ST GEORGE'S MONASTERY, WADI QELT**

A spectacular 6<sup>th</sup> century monastery carved into the cliff-face hiking trails of the Wadi Qelt

# About Us:

## The Palestinian Investment Agency (PIPA)

### Who we are

The Palestinian Investment Agency (PIPA) was established by the PA in 1998 to promote the many and varied investment opportunities in Palestine.

**We believe the Palestinian economy is an untapped emerging market with enormous investment potential.**

**We are an autonomous institution, with a Board of Directors drawn from both the private and public sector.** We have direct access to the highest level of Palestinian political and business leaders, and meet all 3 of the WAIPA's key characteristics for an effective IPA:

- **Private Sector Participation:** 40% of PIPA's voting board members are drawn from the Private sector;
- **Political Visibility:** PIPA's Board has direct access to the Council of Ministers;
- **Autonomy:** PIPA is an autonomous agency with legal authority in respect of any obligation, right, or legal act.

### Our role in promoting investment

**We have years of experience in facilitating new investment in Palestinian businesses quickly, efficiently, and in full accordance with the law.**

Our Board of Directors and team of investment experts are exceptionally well-placed to link prospective investors to major business opportunities, and to work with government to continue to improve the positive investment environment in Palestine, through new and improved pro-investment pro-business laws and incentives.

See [www.pipa.ps](http://www.pipa.ps) for full details of investing in Palestine



# About Us: PIPA support for investors

## Our role in supporting your investment

### Providing Investor Support

#### Information and Expertise

PIPA board members and investment experts are able to provide you with detailed information and contacts on all areas of the Palestinian economy.

#### One Stop Shop

A One-Stop-Shop exists to assist all investors from licensing their projects, to acquiring permits, to obtaining tax incentives.

#### Aftercare

We provide a full-range of aftercare services to investors, to ensure that your investment is successful over the long-term.

### Providing Fiscal Incentives

#### Incentives for Multiple Sectors

Fiscal incentives available in multiple economic sectors, including Agriculture, Tourism, and Industry. Potential to include new sectors with BoD approval.

#### Eligibility Criteria

Fiscal incentives available to companies which meet eligibility criteria, relating to no. of employees, proportion of products for export, and use of local materials.

### Working with Government

#### Advocacy

We advocate pro-business pro-investment laws and incentives to senior government decision makers.

#### Public-Private Cooperation

We facilitate cooperation between the private sector and the government, thereby creating and maintaining a more competitive investment environment.

#### Implementing Economic Laws

We implement economic laws such as the Law on Encouraging Investment, thus ensuring Palestine continues to be a positive investment environment.

# About Us: OQ support for investors

## OQ role in supporting your investment

### Creating Investor Opportunity

#### Identify Opportunities

Our team of investment experts work with Palestinian government agencies and private sector businesses to identify existing and new investment opportunities

#### Link Investors to Opportunities

We coordinate outreach events for investors and match investors with investment opportunities, businesses, government officials, and donors

#### Link Investors to Finance

We work with IFIs, banks, and government to ensure investor finance is available, and help investors to arrange financial support from IFIs and banks

### Technical Support

#### Project Planning

We assist in sectorial and project planning in coordination with all project stakeholders

#### Facilitate Delivery

We help coordinate and facilitate projects and project stakeholders, to ensure successful delivery

#### Enabling Projects

We coordinate and facilitate projects which are 'enabling' to investment (such as enterprise zones, infrastructure, etc.)

### Political Enabling

#### Enabling Environment

We shape and advance the agenda of cross-cutting issues, enablers and legislation through high level interaction with the PA and GOI

#### Troubleshooting

We assist with the rapid identification of issues facing projects and troubleshooting / escalation to relevant authorities and political levels

#### Capability Building

We work with the Palestinian government to build government and institutional capacity to better support and execute investor projects

**The OQ is particularly well placed to facilitate investment in the following economic sectors:**  
**Agriculture, Building Materials, Construction, Energy, Information & Communication**  
**Technology, Light Manufacturing, Tourism and Water**

# Facilitating restrictions to movement and access

The security situation in Palestine has significantly improved since 2005, though some restrictions on movement and access still remain. The international community is committed to resolving these restrictions to facilitate business in Palestine.

## Restrictions

**Imports and exports:** Commercial crossings between the West Bank and Israel/Jordan, and Gaza and Israel are limited in number, location, and opening hours, and some items are prohibited

**Visas:** Agreements are in place between Israel and many countries (including most European and American countries) allowing travel to Israel for up to 90 days, which also allows access to the West Bank

**Gaza:** Access to Gaza is tightly controlled by the Governments of Israel and Egypt; an investor needs support of their embassy or a local organisation to arrange travel.



# Key contacts

This brochure gives only a snapshot of the investment opportunities available in Palestine. For expert advice and more detailed sector information packs please contact:

## Contact PIPA

**For all general investment enquiries please contact:**

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Tel: +970 2 2988791/2  
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**View our website at:** [www.pipa.ps](http://www.pipa.ps)

**Follow us on Twitter** @InvestinPalestine

**Follow us on Facebook** InvestinPalestine

For more information about the Palestinian economy and the investment opportunities in Palestine:

1. Ministry of National Economy ([www.met.gov.ps](http://www.met.gov.ps) )
2. Palestine Trade Center (PALTRADE) ([www.paltrade.org](http://www.paltrade.org) )
3. Palestine Securities Exchange (PEX)  
(<http://www.pex.ps/PSEWebSite/Default.aspx> )

## Contact OQ

**For all general investment enquiries please contact:**

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**View our website at:** [www.quartetrep.org](http://www.quartetrep.org)

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