



# INVESTING IN PALESTINE

## Investor Roadmap





## Note

The information contained in this document is for general guidance on matter of interest only. As such, it should not be used as a substitute for consultation with professional accounting, tax, legal, or conducting direct feasibility study or consulting any other advisors, nor should it be totally relied on in any way.



**President of the State of Palestine - Mahmoud Abbas**

## Palestine is ready for a bright future and promising investment

Palestine is the cradle of religion and civilisation – and a land of traditional craft and innovation. The Government of Palestine is building on these ancient and modern foundations to present the world with exciting investment opportunities through the Cluster Development Plan.

Palestine's economy is driven by a unique blend of historical and modern sectors: *Tourism*: The opulent past of this region makes it the destination of religious and historical tourism. Palestine is the land of Jesus' birth and Prophet Muhammad's heavenly journey. Here lies Jericho, the most ancient and lowest city in the world, next to the Dead Sea.

*Agriculture*: This is the traditional work of the Palestinian people, made possible by the mild weather and distinct seasons, whether as irrigated agriculture in the Jordan Valley, Tubas, Jenin, Gaza, and other areas or rain-fed agriculture in Hebron, Nablus, and Salfit. The olive tree - and its blessed olive oil - grows throughout Palestine, with many olive trees hundreds of years old. With bright sunlight and exquisite weather, more than 310 days of sunshine make Palestine a fertile ground for investment in clean solar energy.

*Industry*: Many modern and ancient industries are well-known across Palestine, from soap making and furniture in Nablus to stone and marble processing and glass and textile industries in Hebron.

*ICT*: The unique advantage of Palestine is the link between the ancient past and promising future. Many local ICT companies have the capacity and potential to expand. Creative minds and labouring hands are numerous in the software industry.



Prime Minister of the State of Palestine –  
H.E Dr. Mohamed SHTAIEH

The government seeks to build a solid IT base, and we believe that we are in the homestretch to the Fourth Industrial Revolution. The future lies in investment in smart technologies and applications across urban communities. Our advantage here is our people: Palestine has the highest percentage of university graduates across the region. To build on this advantage, the government has launched a promising programme to provide professional training to thousands of Palestinian young people in coding and smart programming. Hence, we invite global software companies to invest in Palestine, where trained, highly productive and competitive manpower is readily available.

Leveraging these sectoral and human resource opportunities, the government has launched the Cluster Development Plan, which is premised on the relative competitive advantage of different geographical areas in Palestine. The plan places a special focus on these sectors, providing needed infrastructure and giving impetus for investment.

The government has put in place the Agriculture Cluster in Qalqiliya, Tulkarem, Jenin, Tobas, Salfet, and the Jordan Valley; the Industrial Cluster in Nablus and Hebron; the Tourism Cluster in Bethlehem and Jericho; the Capital Cluster in Jerusalem; the Administration and ICT Cluster in Ramallah; and the Marine Cluster in Gaza. Combined, these will enable even development and create economic zones that complement one another.

Warmly welcoming you to Palestine, I would like to invite you to discover and invest in this land of opportunities. I would also like to invite you to be part of the ancient civilisation and modern development and create a bright future for you and for Palestine.

Prime Minister  
Dr. Mohammad Shtayyeh

## Official Commitment to Develop National Economy and Encourage Investment in **Palestine**

### Private Sector IS A KEY DRIVER FOR ECONOMIC DEVELOPMENT

Where emphasis is on attracting and promoting local and foreign investments to build the pillars of a **Palestinian economy**.

Through concentration on the construction Tourism, Agriculture, IT and Energy Sectors.

Developing Palestinian exports, expanding the Palestinian scope in the global trade, designing and implementing the national infrastructure projects needed to develop the Palestinian economy, providing support for start-up businesses, developing small and medium sized enterprises (SMEs), affording the legal environment and administrative procedures that enhance business sector, providing the needed Information Technology and liberalizing Information Technology Sector from domination, piracy and enhancing cyber security, concentrating on supporting and protecting national products and increasing its competitiveness and its market share in the local market, and through rebuilding the production sectors to reinforce the Palestinian industries.

*Sectoral Strategy for Developing National Economy (2017-2022)*



Minister of National Economy and  
IPIEA Chairman – H.E Khaled OSAILY

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## Foreword

It is with great pride that the Investment Promotion and Industrial Estate Agency (IPIEA), bring you the version of Palestine's Investor Roadmap 2021. The roadmap provides information that helps the investors to learn more, in a detailed and clear manner, about Palestine in general, and its economic sectors in particular. In addition to the legal and regulatory frameworks of investment, the provided investment incentives, and the relevant stakeholders. The roadmap shows a number of success stories of local and foreign investments and also answers the most frequent questions that are asked by any potential investor.

Palestine has a number of characteristics that make it a compelling destination for both local and foreign investments, the recorded total investments in Palestine is approximately US 8.5 billion; US 2.6 billion of which are Foreign Direct Investments and US \$ 5.5 billion are local investments.

It is hoped that this publication will be the most comprehensive and reliable source of information for all investors and workers in the business environment. For more information, you can also review the Palestine Investment Guide, and other publications issued by IPIEA, or contact us through our communication channels.



## ROADMAP TO INVEST IN PALESTINE

The Palestinian government has adopted a cluster development methodology as an implementation of the development concept; the government has also provided great attention to engaging public and private partners at various administrative and policy levels. The main goal of this adoption was to develop the competitive advantage of the main governorates that were mentioned in the governmental cluster document by enabling the main tools and incentives. It worth to mention here that this document has been approved by all partners under the leadership of relevant ministries and the direct supervision of the Prime Minister's Office, as a direction that unifies the efforts towards achieving the clusters plans which have been based on investment (private investment and foreign direct investment possibilities for foreigners, Palestinian expatriates, and diaspora).

Part of the investments on which the plans are based is crucial and strategic for Palestine, and it will work as a crosscutting investment in the Palestinian governorates while others will be locally promoted at the level of governorates, these clusters are:

1. Tourism cluster (Bethlehem; east Jerusalem, Jericho)
2. Agriculture cluster (Qalqilieh, Tulkarem, Jenin, Al-Ghur and Jericho area)
3. Industry cluster (Hebron, Nablus)
4. Sea cluster (Gaza strip)
5. Capital cluster

The scope of the required interventions is wide due to the comprehensive renewal and modernization process for economic development and investment climate, as all plans are socioeconomic and business-oriented to reach more green, digital and inclusive economy.

The direct and indirect commitments mentioned within the policies of development clusters lead Palestine to strive to obtain decisive interventions at various levels to adhere to the proposed timetables and manage the process of change in all aspects in an optimal way, which began to be implemented on the ground through; some financial instruments supported

locally and internationally to facilitate Access to finance; guaranties; loans and equities, and through the revision of laws, regulations, and policies to reform, modernization and development the business environment legal framework. Reforming and modernizing the framework leads to unleashing investment potentials, to afford tools that support private and public investments in; Research and development (R&D), medium and high tech, partnership projects between the public and private, smart energy solutions, and specialized industrial and free zones.

### **Investment Opportunities and Roadmap to do business with Palestine**

The available investment opportunities mentioned in the cluster plans were identified based on the needs of the development clusters and the presence of potential investors, while IPIEA identified more than 28 bankable investment project opportunities with private partners, 1.7 billion Euros are the expected investment with an average percentage of partnerships or financing facilities gaps of about 49%. These projects will be available in any possible arrangements such as bilateral meetings to discuss business with the aim of partnership or financing.

To facilitate access to information regarding the business environment, the legal framework of investment and establishing a business in Palestine, and the mechanisms and strategies for entry and exit the Palestinian market, for potential investors and institutions who are looking to do business with Palestine, IPIEA is proud to provide a summary of these easy steps and an overview of the available investment opportunities through this Roadmap, in its two versions English and Arabic.

### **Potential cooperation opportunities and required support**

- Promote Investment opportunities in Palestine through multinational companies mainly in the public-private, especially in the concept of partnership between the public and private sectors in strategic projects such as; Energy, including electricity generation, cement and steel manufacturing, free zones development, wheat and animal feeds, health establishments and hospitalities services.

- Design planned campaigns to motivate exploring the available investment potentials in Palestine and encourage foreign companies to explore business opportunities.
- Contribute and support efforts in building the image of Palestine as a destination for investments, partnership, services, trade, and tourism.
- Sponsor virtual and real business missions to promote Joint investment projects, R&D, and outsourcing.
- Provide and enhance Investment and export guarantee tools.
- Ease transferring technology and related equipment to Palestine.
- Provide financial programs to support capacity building Programs for laborers to upgrade their competitiveness targeting Males and empowerment of Women.
- Provide a joint fund to support R&D especially in industrial modernization and academic R&D institutions.

The available investment opportunities are numerous in all economic sectors, the expected cost of investment opportunities recorded until the date of the preparation of this document estimated at 2 billion USD, these opportunities are classified within agriculture and industrial cluster and consist of 162 projects; 126 agricultural projects and 36 industrial projects, distributed according to the governorates as follows; 19 in Jericho and Al Aghwar, 18 in Hebron, 13 in Nablus, 16 in Qalqilya, 30 in Jenin, 20 in Tubas, 27 in Tulkarm, 16 in Salfit, one project in Gaza, another project in Ramallah, and a final general project.

It is worth mentioning that the expected cost of investment projects classified under the agriculture cluster is approximately 178 million USD, with an investment gap of about 115 million USD, while the total expected cost of investment projects classified under the industrial cluster is 2 billion USD, with about 1.4 billion USD as an investment gap, these gaps require financial support and partnerships with various local and international parties to help in implementing them and benefiting from the available opportunities.

For more information about the investment projects available within the Agricultural and Industrial cluster, please see **Appendix No. (1)**.

# WHY TO INVEST IN PALESTINE?

## 10 REASONS TO INVEST IN PALESTINE

1

### DYNAMIC AND ANNUAL ECONOMIC GROWTH

Economic growth is about 0.95%, with a growth domestic product of USD 15,764.4 million. The economic indicators show a growth in the total economic indicators, and an increase in the value added of the economic activities. The total international investments in Palestine has increased by 24.7%.

Reference: PCBS. 2020.

2

### VARIETY OF INCENTIVES PACKAGE CONTRACT

The investment legal framework and the signed agreements aim to encourage investment in Palestine, and provide a variety of investment incentives granted from PIPA, in cooperation with its partners, according to a certain criteria related to the type of the investment, the economic sector, and its geographic location.

3

### PALESTINE IS A VIRGIN LAND FOR INVESTMENT

Palestine is in the phase of state-building, the efforts are directly and increasingly emphasizing on increasing the economic capacity, benefiting from the human resources as well as the natural resources to expand its production chain to meet the growing local market needs, which generate a variety of investment opportunities in each economic sector in the virgin land.

4

### ADVANCED INFRASTRUCTURE AND COMMUNICATION NETWORKS

The Palestinian infrastructure is sophisticated as it has received attention from the local government and the international donors. It is a key factor in attracting foreign investments and expanding domestic investments, in addition to its excellence in providing competitive services in wire and wireless communication network. Palestine earned 4.67 points on the information and communication technology development indicator.

Reference: MTIT. 2017.

5

### QUALIFIED INDUSTRIAL ESTATES AND FREE ZONES

Palestine offers industrial estates and free zones with advanced infrastructure and facilities, to raise the level of satisfaction and facilitation for the local and foreign businessmen. The free zones also provide additional incentives to the existing investments, as well as a set of facilitation for registration and licensing procedures. These free zones are distributed throughout Palestine.

6

### STRATEGIC LOCATION AND RICH NATURAL RESOURCES

Palestine has a strategic and geographic location, located in the heart of the world and links between Asia, Africa and Europe, and oversees the Mediterranean sea and the Red Sea. Palestine is a tourist destination, it has religious monuments, archaeological areas and a rich cultural heritage. In addition to the diversity of natural resources.

7

### QUALIFIED LABOR FORCE

Palestine has 44.3% of labor force, the highest labor force participation rate was among individual; aged (25-34) years by 60.7% .

Reference: PCBS. 2020.

8

### ATTRACTIVE WORK ENVIRONMENT

The legal and regulatory framework that exists in Palestine motivates local and foreign investors, provides proper facilities and support to the investor through a set of parties that are established to achieve this mission for existing or potential investments.

9

### ACCESS TO GLOBAL MARKET

Palestine signed more than 12 trade and economic agreements with the countries of the world, to ensure the facilitation of intra-trade and simplification of procedures and the granting of customs facilities to open doors for investors to access foreign markets. This is in addition to the detailed agreements of Palestinian products in the Arab world, which has a population of more than 300 million people.

Reference: EUISS. 2015.

10

### ACCESS TO FINANCE

Palestine has a variety of financial institutions, lending institutions, and financial programs that all work together in order to assure flexible respond to the needs and the orientations of the investor.

## THE COMPETITIVE ADVANTAGE OF PALESTINE AS AN INVESTMENT DESTINATION

**% 91,1**

Education rate <sup>1</sup> <sup>+</sup>



Surplus of workforce by 44.3%, 18.1% are females, with an average daily wage of \$ 22

**%205**

Increase in ADSL subscribers 2010 -2019



The exports of the ICT sector are estimated between 20-50 million USD

**12 Banks & 6 Foreign Banks**



Laws Regulating and Promoting Foreign and Domestic Investments providing set of incentives and guarantees



Guarantees and agreements with Arabic and Islamic countries, the EU countries, Russia and the Americas

3 major international airports; Al Ludd, Queen Alia, and Al Areesh



Advanced and qualified infrastructure to establish various investments



### Clusters

To enhance the competitive advantages of each governorate; specialized in; agriculture, tourism, services, administration, and industry



## INVESTMENT PROMOTION and INDUSTRIAL ESTATE AGENCY

“IPIEA”



Investment Promotion and Industrial Estate Agency (IPIEA) works based on the Law on the Encouragement of Investment, provides its services within the framework of promoting and encouraging investment in Palestine, and supports investors, through a set of guarantees and incentives that targeting the investors. PIPA also implements a set of procedures that provide an appropriate environment to encourage investment. The long practical experience that PIPA possess enables it to provide a full-range of care services with a high level of efficiency and effectiveness.

The mandate of IPIEA is to strengthen communication with the Palestinian expatriate and Diaspora community, provide all the required information regarding doing business in Palestine, and facilitate the process of establishing business in Palestine. PIPA also provides after care services for the existing investors, to ensure the success of the investment over the long-term.

IPIEA is an autonomous institution, with a Board of Directors that consists of the public sector and the private sector, 40% of IPIEA's voting board members are drawn from private sector. PIPA has a direct access to the council of ministers and the highest level of Palestinian political and business leaders.

And in line with institutions governance and unifying efforts in March 2021 a presidential decree issued to include PIEFZA activities to PIPA to form one organization called Investment Promotion and Industrial Estate Agency “IPIEA”

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## THE REGULATORY FRAMEWORK OF THE INVESTMENT ACTIVITIES



1.1 Legal Environment

1.2 Taxes

1.3 Labor Law

1.4 Importing

1.5 Exporting

## The Regulatory Framework of the Investment Activities Legal and Operational Framework of Investing In Palestine

At the international level, Palestine has high records in the quality of the legislation, and the ability to rule the law. Whereas the economic laws and the investment laws are part of this powerful legislative framework, both of which are reinforced by international guarantees. The laws provide investment incentive packages within the various economic sectors in Palestine for domestic and foreign investors.

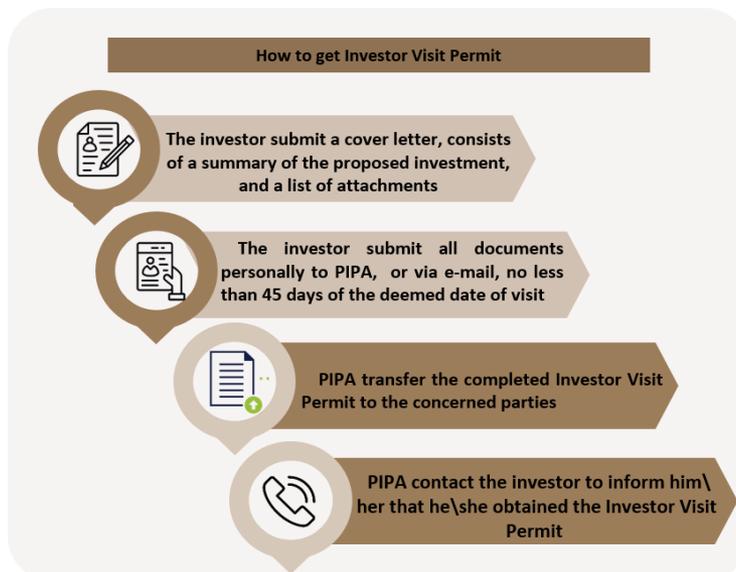
### 1.1 Legal Environment

Currently, the Palestinian legal system is going through a series of reforms and amendments that aims to create a strong legal framework based on the international legal standards, especially that there is a set of inherited laws from ancient historical periods still in force in Palestine which also regulates most details of the Palestinian business life. The reforms and amendments include amending old laws and developing new laws where required to regulate the investment environment in Palestine.

The Palestinian legal framework presents a set of economic laws in areas related to the financing and banking sector regulated by the Palestinian Monetary Authority and the banking law. The business and investment sector regulated by the Companies Law, the movable property law, the Law on the encouragement of Investment, and the industrial estates and free zones law. And the environment and natural resources sector through the environmental law, water law, natural resources law and the Palestinian Law of the General Petroleum Agency. The business sector is regulated by commercial agents law business and the Palestinian standards and measurements law. Finally, the operational sector is regulated by the Palestinian labor law. All the laws mentioned laws are in place to support and strengthen local and foreign investments, as well as ensure risk mitigation, and raise return on investment.

Within the framework of the Law on the encouragement of investment in Palestine No. (1) of the year 1998 and its amendments, any domestic or foreign investor can obtain a package of incentives in order to attract the investor to invest in any main sector or subsector of the Palestinian economy, at any capital size, taking into account the existing laws and legislations. The foreign investor has the right to acquire all economic incentives after obtaining an investor visit permit as a requirement, the investor also has the right to obtain a permanent residents permit to implement the investment in the land of Palestine.

The website of PIPA provides a compendium of economic and commercial legislations. That can be found on the following link: <http://legal.pipa.ps/index.php>. Through the e-service button, the investor can fill and apply the Investor Visit Permit Application and the Request to Benefit From the Law Application, on the following link: <http://www.pipa.ps/login.php?f=2>



The Law on the encouragement of investment specifies the enterprises that are able to enjoy the investment incentives such as; freely transfer all financial resources out of Palestine, the resources include; capital, profits, wages and salaries; etc., at any time and currency which accepted by the investor, Palestine prohibits the nationalization of any investment in its territories, and may not expropriate any investment except by operation of the law, Palestine also protect the confidential information of the investor and allow them to benefit from the political risk insurance provided by MIGA.

In Palestine, the law provided a wide investment incentive package for investors whether they are; domestic investors, Palestinian Diaspora, Palestinian expatriates, foreign investors. The incentive package includes; tax and non-tax incentives, as well as customs incentives, gaining grants starts when the investment starts making profits up to four years.

Establishing and registering company in Palestine is operating under the law of companies No. 12 of the year 1964, and the law of companies No. 18 of the year 1929, and the law of companies No. 19 of the year 1930. The establishment and registration process is implemented in the office of the Companies' Controller in the Ministry of National Economy. The investor has the right to register the company within the following types; public and private shareholding companies, regular companies, regular limited liability companies. It is noteworthy that currently the work is focused on the issuance of a new and modern Palestinian companies law that responds to the needs of investors.

Regarding the Palestinian Companies' Law, the percentage of the capital shareholding for the foreign partners is open to reach 49%, and the minister has the right to raise the percentage as needed to reach 100%. The foreign institutions may register as an ordinary company, shareholding company, foreign company, or a branch of a foreign company after submitting all documents related to the companies' registration process. The encouragement of investment in Palestine Law allows the investor to own the investment at any percentage which accepted by the investor.

Regarding the shareholding companies, the law states that one or more auditors should follow up on the company's financial affairs due to its large financial size. The law also distinguishes between the founder's offering and the public offering, and clarifies the minimum rate (10%) of the total founder's offering of the company's capital, and determines the special cases that the offering of the company's capital may reach the maximum level (50%). In addition, if there is a foreign partner the maximum level of the founders' offering rate of the company's capital is (75%), the law also determine that the minimum contribution of each founding member who signed the Memorandum of Association shall not be less than one share. As for the public offering, the law does not specify the minimum level of offering, either in terms of the number of shares or the rate of an offering of the company's capital.

#### Types of Companies in Palestine

##### Regular Companies

##### Regular Public Companies

1. Number of founders between 2 to 20
2. No limits of capital size
3. All partners within the company are jointly liable for covering all debts, contracts, and obligations of the company
4. Each partner has the right to participate in managing the company's affairs

##### Ordinary Companies - Limited

1. Number of founders between 2 and 20
2. No limits of capital size
3. Two types of partners: one or more partners are jointly and severally liable for all company's debts, contract, and obligations, and one or more partners are limited in their liability according to the size of the participation of the company's capital size
4. Each partner has the right to participate in the management affairs of the company
5. The limited partner is not responsible for the management of the company's affairs

#### Shareholding Companies

##### Limited Public Holding Companies

1. Minimum number of founders is 7
2. The company's capital shall not be less than JD 30,000 and its capital shall consist of negotiable shares and shall be offered for public offering.
3. The shareholders' liability shall be limited by the amount of their respective shares with the capital of the Company
4. The Board of Directors is composed of 5-11 members, who are elected for a term of four years

##### Limited Private Holding Companies

1. Number of founders between 2 and 20
2. The company's capital shall not be less than JD 2,000 and its shares not offered for public offering
3. The shareholders' liability shall be limited by the amount of their respective shares with the capital of the Company
4. If the number of shareholders is less than 20, the management of the company shall be in the form agreed upon by the partners. And if the number of the shareholders is more than 20, the company shall be managed by a board of directors consisting of 2-5 members

#### Foreign Companies

##### Foreign Companies

1. Foreign companies could be regular or shareholding companies, it shall be registered as a foreign company or a branch of a foreign company
2. Foreign companies shall not start their business before registering in the Companies Controller office. The company shall also submit all the necessary data to be submitted by the Controller to the Minister to register the Company, the company shall notify the controller regarding any change in its status.
3. If it is a shareholding company, the company shall submit a performance report before 3 months of ending the financial year and a copy of its budget, indicating the name of the country in which it was founded, and all its entries

Laws that are implementing in Palestine aim to ensure the distinction between investments, under the open market system, and to provide protection for patents and trademarks, and intellectual property rights. The investor shall have the right to invent, to be able to use, operate, manufacture, produce the intervention, and sell or grant licenses to third parties. The term of the invention may be extended to 16 years.

In order to ensure that the goods produced, manufactured, traded or intended to be traded by the investor are distinguished, or to distinguish products that have been issued with a special certificate, and to ensure the quality of products, each investor has the right to use his/her own trademark, according to the Trademarks Law No. (33) for the year 1952, that is applied in the northern governorates, or the Trademarks Law No. (35) for the year 1938 that applied in the southern governorates.

Foreign trademarks, which may registered in Palestine, are trademarks registered in foreign countries that are members of international agreements, that Palestine have already joined in or will be joined in the near future, or countries join in bilateral agreements with Palestine, trademarks registered with the Intellectual Property Organization to make sure there is no previous trademark either for foreign or domestic brands.

Protection period of trademarks is seven years, with the possibility of renewing the registration from time to time and making all amendments on it. The trademark registration process requires to submit four copies of the proposed trademark attached to the application, and a copy of the company registration certificate.

The Palestinian legal system also protects copyright under the copyright laws for the year 1911 and 1924, the duration of the protection is for 50 years after the death of the author.

The industrial sector is regulated by the Crafts and Industries Law of the year 1953, and the temporary Law of encouraging and guiding

the industry in Palestine of the year 1963 No. 33 that are applied in the northern governorates, and the law of regulating Crafts and Industries of the year 1927 that is applied in the southern governorates. The industrial estates and free zones are regulated by the law of Industrial Estates and Industrial Free Zones law as well as the act of the Council of Ministers No. (10) for the year 1999 which illustrates the procedures of licensing factories and industrial establishments.

The Ministry of National Economy provides a number of licenses for industrial projects including; manufacturing industries, and mining industries. The industrial permits are, establishing an industrial establishments, operating and practicing industrial craft, and establishing quarries.

The completion of the permit requires obtaining an industrial license from the municipal council, the permit organized according to the commercial law. It also requires to open a tax file with the Ministry of Finance and Planning, and registering and joining the Chamber of Commerce. The investor must comply with the terms of the industrial license, namely the implementation of the industrial project and the application of the environmental and regulatory requirements, which were set by the environmental consultant. The investor obtains a permanent license after fulfilling all the conditions of the license.

Any investment project must comply with the laws related to local governance and municipalities, where the projects shall obtain a set of licenses related to the industrial activity, the licenses obtained from municipalities. The investor shall also obtain a set of permits such as; occupancy permit, reinsurance permit, and others according to the Local Government Law No. 1 for the year 1997.

In order to protect the consumer, the worker, and the environment, as well as to facilitate trade exchanging and understanding, the Palestinian industries are subject to a set of specifications and standards in accordance with the Standards Law No. 6 of the year 2000, were the Palestinian Standards Institution issues quality

certificates and adopts data cards for goods. The law ensures that the investor obtains the certificates of the Palestinian Standards to expand the marketing horizons of the products and increase the consumer confidence to raise their competitiveness. The manufactured products are subject to the Consumer Protection Law No. 21 of 2005.

The law of industrial estates and Free zones provides a range of tax and non-tax incentives, a set of investment guarantees and risk insurance guarantees. Financial and banking sector is regulated in accordance with the Banking Law of the year 2002, and the Presidential Decree of the year 2008. The sector is regulated by the Palestinian Monetary Authority, which is considered the Central Bank of Palestine. The Palestinian pound was traded until 1947, and currently there is no national currency in circulation. Four major currencies are traded in Palestine: Jordanian Dinar, US Dollar, Israeli Shekel, and European Euro.

To establish a bank in Palestine, it must be in the form of a joint stock company, unless a foreign bank must register as a foreign company and shall obtain the approval of the Monetary Authority. The insurance sector in Palestine is subject to Law No. 5 for the year 1965 regarding the supervision of insurance, Law No. 76 for the year 1965 in the northern governorates and Laws No. 2 of 1966 and No. 1 of 1967 in the southern governorates.

The Palestinian capital market sector is organized by Palestine Capital Market Authority; a public institution that regulates and monitors the capital market to protect the rights of investors. Shares are traded only with high technical capabilities, the Jordanian Dinar and the US Dollar are usually traded currencies. The sector consists of a number of key institutions such as, Palestine Exchange, public holding companies, Palestinian capital market, investors, and others. There are no restrictions on foreign investments in the Palestinian market.

Enrolling in the Palestine Capital Market Authority is mandatory for public holding companies. All public holding companies are required to submit an application for listing in the capital market. The listing follows

the disclosure process, which is carried out periodically during the year. It ensures that the investor is fully aware of the changes that affect the prices of the shares they own and the stages of disclosure in periods; listing, end of the financial year, closing statements, quarterly report, and annual

## 1.2 Taxes

The financial environment in Palestine is governed by a set of laws that govern the collection of direct and indirect taxes from investors.

### ❖ Income Tax:

The state of Palestine applies the Income Tax Law No. 17 for the year 2004 and its amendments, the income tax of Palestine is targeting two parties; the corporates, and the individuals, as follows:

| Annual Income Tax, (\$)*     | Income Tax Rate | Annual Income Tax, (\$)*                                   | Income Tax Rate |
|------------------------------|-----------------|--|-----------------|
| <b>Individual Income Tax</b> |                 | <b>Corporate Income Tax</b>                                |                 |
| 1 – 20,833                   | 5%              | <b>Corporates</b>  | 15%             |
| 20,834 – 41,666              | 10%             | <b>Life Insurance Companies</b>                            | 5%              |
| Up to 41,667                 | 15%             | <b>Telecom Companies and Franchised Monopoly Companies</b> | 20%             |

\* Exchange rate of the US dollar to New Israel shekels is 3.6

The income tax incentives that are provided based on the Law on the encouragement of investment in Palestine No. 1 of the year 1998 and its amendments are applied on the net income.

The income tax law also provides a set of discounts on corporate income tax as shown in the figure:

1 Market research expenditures no more 2% of total income and maximum amount of USD 135,000

2 Actual expenditures of internal research and development, scientific research and partnership with scientific institutions

3 The actual expenditures of adoption the Palestinian standards and the optimal application of the management of institutions, including electronic accounting systems development and adopting international accounting standards

4 Staff training expenditures

5 Hospitality expenditures

The law also provides tax incentives for, capital gains that are gained from the sale of a property, sale of investments, the law allows loss for 5 years without incurring losses.

The investor shall open a tax profile, and then the investor becomes able to obtain the registration certificate from the income tax, Notification of Clearance, Deduction of Tax at Source Certificate.

#### ❖ Taxes on local goods and services:

VAT imposes on all goods and services produced or provided locally in Palestine, except export products, tourism services, fruit and vegetable crops after deducting purchasing of the intermediate goods, amounting to 16% exclude zero of the tourist goods, services, fruits and vegetables.

Fuel tax is also imposed at a fixed rate per 1000 liters and deserves per three months depending on the rise in consumer prices.

Purchase tax is a tax on goods depends on the retail prices, the final consumer pays the tax indirectly when the investor purchase goods, the tax imposes on goods without discrimination since it is a comprehensive sales tax, and it imposes also on certain goods such as luxury goods.

#### ❖ International trade taxes and fees:

In addition to the taxes on local goods and services, there are taxes and fees on the international trade that include; customs duties, the value of imports, including insurance and freight fees.

Purchase tax in Palestine includes the import value plus the shipping, and customs costs, the tax is imposed at the rate between 5% and 24%. The rate of VAT tax is imposed at 16% on all imported goods.

#### ❖ Property taxes:

There are two types of property tax in Palestine, buildings and non-agricultural land tax, and an agricultural land tax that imposes on corporates.

To own land in Palestine or cover the needs of the investment land, the investor shall submit a purchase permit to the Palestinian Land Authority (PLA). The Palestinian Law of land allows the foreign investor to own land.

#### ❖ Other taxes:

1. *Capital Gains Tax:* Businesses and companies do not pay for capital gains tax.
2. *Tax for Service Contracts:* Income generated or earned from contracts are taxable.
3. *Dividends, Leases and Royalties:* Dividends paid out of profit are taxable. Dividends paid after redistribution of capital are exempt. Royalties are not exempt. Lease payments are not exempt. Retained profits are exempt only if they reinvested.
4. *Gift and Inheritance Tax:* There are no taxes paid on gifts or inheritance in Palestine.

### 1.3 Labor Law

The Palestinian Labor Law No. 7 for the year 2000, imposes on all labor and employers except government employees, domestic servants and the first level of the employers' family members. The contract of employment is written in Arabic and the employer who employs at least 20 workers must employ at least 5% of special needs. Youth under age 15 is prohibited to work. The law allows the employer to employ youth between the age of 15-18 years, after ensuring to submit a pre-employment medical examination and every 6 months. Youth workers shall be subject to special conditions which are different from the rest of the workers and shall be complied by the employer.

There are two types of employment contracts in terms of duration; fixed-term employment contract, with a maximum duration of two years, and an unfixed employment contract, with no more than three months' probationary period for new employees. 45 hours are the total working hours of the week, the law does not specify the daily working days, but it gives the worker at minimum level one day to rest per week and one resting hour a day. The 45 hours are divided into at least 5 days and no more than 9 hours a day, with one or more breaks not more than one hour a day.

Wages shall be paid every month for monthly work contracts and on weekly for daily, weekly, or hourly contracts. The minimum monthly wage in Palestine is USD 395, and the minimum daily wage is USD 18, while the minimum wage for one working hour is about USD 2 American.

The employee deserves 14 days of annual leave in the first five years of employment and 21 days of annual leave after the first five years.

In addition to the annual leaves, the employee shall obtain a range of other leaves such as; sick leave of up to 14 days, full paid days, and if the leave days are more than 14 days and less than 28 days the employee should pay half of the salary. And no more than 10 separated days or 3

consecutive days for casual leave, as well as a bereavement leave for 3 days. The employee has the right to obtain al-Hajj leave for 2 weeks, and one week for cultural leave per year, and female employees have the right to obtain a maternity leave for 10 weeks.

The employer is not required to compensate the worker for the cost of transportation, while the employer must ensure to provide health insurance and social insurance for the employee. The employer shall also ensure the employee against injuries and work accidents, and pay a compensate for each an additional hour of work equivalent to 1.5 of the regular wage.

After spending one year in the work, the employee becomes able to take the severance package, which equals one month's salary for each year of the last wage paid of the account of the fractions of the year in case the employee is dismissed by the employer. If the employee has spent five years at work, one-third of a month's wages, and two-thirds of the wage for the employee who has spent more than five years and less than ten years, and full compensation to the employee who spent more than 10 years in the work.

## 1.4 Importing

To import from outside Palestine, the importer must know all the import requirements which are illustrated below:

- ❖ **Issuing a foreign trade card (import number and import card)** from the Ministry of National Economy - Import Department or one of its offices. Issuing a foreign trade card requires to obtain the foreign trade number which consists of the company number or the businessman's number.
- ❖ **Obtaining an import permit** from the Ministry of National Economy, General Directorate of Internal Trade or one of its offices. Some goods require approvals from certain bodies before obtaining the permit, such as; oil and gasoline products, tobacco products and cigarettes, pesticides and paints, vehicles and spare parts, telecommunication tools, agricultural products, food products, and medical products. The period of the permit varies depending on the type of goods, the permit shall illustrate the quantity of imported goods.
- ❖ **An import permit shall be obtained under the following conditions:**

When imports are subject to quotas, as is the case of agriculture and goods listed in lists A1, A2 and B.

When public health is involved

When the trade exchange with countries that do not have free trade agreements with Palestine or with countries that are not members of the World Trade Organization

When importing petroleum and gas, telecommunications equipment and motor vehicles

Palestine applies the unified import policy, the import license is required to indicate an (L) label on the following; almost all motor vehicles, agricultural products, agricultural machinery, leather, processed food, weapons, live animals and animal products, pharmaceuticals.

- ❖ There are no conditions regarding the source of imported goods according to the "MFN Rate". The certificate of origin must include imports to benefit from any preferential tariff exemptions according to the commercial agreements. This certificate shall be issued in the exporting country of the goods. In Palestine, imports are allowed to pass without a certificate of origin, but they will not benefit from any preferential customs exemptions granted under international facilities and agreements.

There are mandatory standards and optional measures that are usually additional certifications required by foreign agencies to qualify products for competitive bidding that is applied if the imported quantity exceeds the limits of the agreed quota, or special procedures.

### Goods Require Mandatory Standards

Processed Food

Chemicals

Electrical Materials

Electronics

Constructions  
Materials

Mechanical  
machinery

Energy and  
Hydraulics

Quality systems

Papers and leather

- ❖ The importer receives from either the exporter or his forwarder the necessary documents to clear the goods, these documents are:

### The Required Documents to Clear the Imported Goods

Bill of  
Lading/  
Airway bill

Invoice

Packing  
list

Certificate  
of origin

Other forms  
proving the  
origin of the  
goods

- ❖ Customs fees are repaid to the importer who imported goods from Arab countries. Since the Arab goods are exempt from customs fees according to the Greater Arab Free Trade Area Agreement (GFTA) and the Arab League Summit Resolution No. 200 of the year 2000.
- ❖ Before the shipment of goods, the importer submits a request for approval of the trademark at the Ministry of National Economy in the Foreign Trade Department, the label shall illustrate the following on the imported products; name of item, brand of item, type of item, name and address of the importer, date of production and expiry date, ingredients, any preservation tools, and net weight in Arabic language.

## 1.5 Exporting

Exporting procedures in Palestine are simple and clear, they require a specific requirements to complete the process, the requirements are; the Certificate of Foreign Trade (issued from the Ministry of National Economy), certificate of origin for all countries except the European Union (issued from Chambers of Commerce), the duration of the certificate of origin is 4 months from the date of issue, insurance policy, land transport policy, invoice, packing list prepared by the producer or exporter, and illustrating shipping marks, address, and customs declaration. Pharmaceutical products, food products and agricultural products require additional requirements to complete the exporting procedures.

According to the free trade agreements signed with Palestine, the following procedures are applied to issue the Certificates of Origin.

| Exporting Country                      | Type of Certificate   | Party Issues the Certificate  |
|--|---|---|
| European Union, EFTA countries, Turkey | EUR.1   | Palestinian Customs Department                                      |
| United States of America               | Certificate of Origin Form (a) Label (WB or GS) shall be added to obtain the full fee exemption | From the source without obtaining approval from any official entity |
| Canada                                 | Certificate of Origin from the exporter for the Canadian importer                               | From the source without obtaining approval from any official entity |
| Arab Countries                         | Certificate of Origin   | Chamber of Commerce accredited by Ministry of National Economy      |
| Other Countries                        | National Certificate of Origin  | Chamber of Commerce accredited by Ministry of National Economy      |

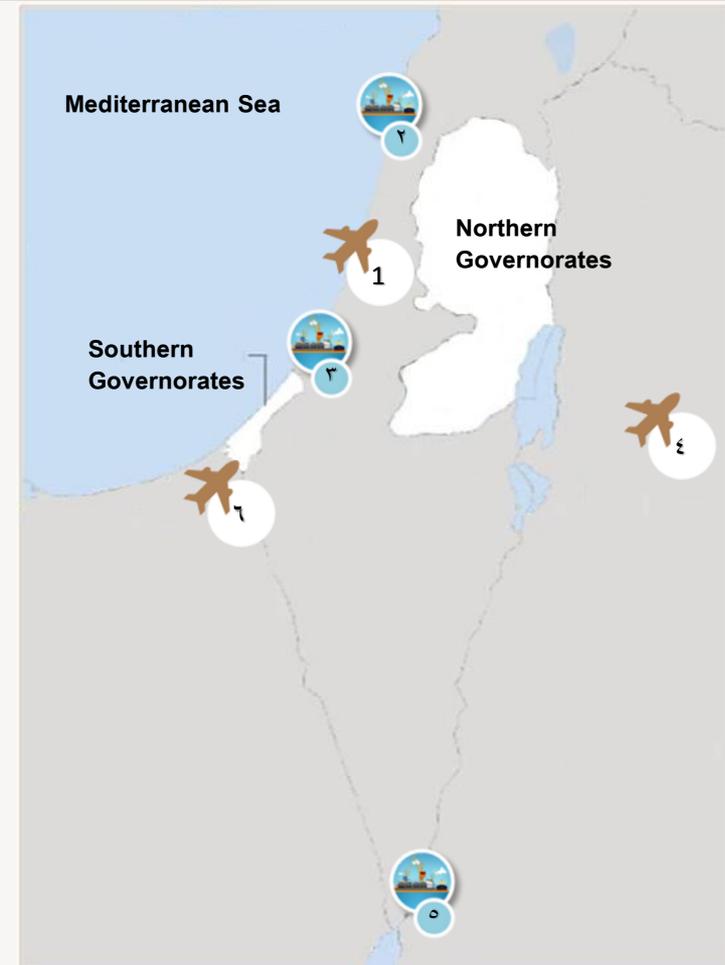
## Trade Points in Palestine

1. **Al Jalama Crossing:** located in the north of Jenin, it is used as a movement point for the Palestinian residents and workers, and the movement of goods.
2. **Tarqumiya Crossing:** serves Hebron governorate and cities located south of the northern governorates. It is used for the movement of exports and imports, except the iron containers.
3. **Taybeh Crossing:** serves the governorate of Nablus, Tulkarem, Qalqilya and parts of Jenin governorate. It is used for the movement of exports and imports, except large pallets and containers.
4. **Beituniya Crossing:** serves the governorate of Ramallah and Al-Bireh, the northern cities, and the suburbs of Jerusalem. It is used for the movement of exports and imports, except vehicles with a height greater than 1.6 meters.
5. **Al-Mentar Crossing:** connects the southern governorates and the northern governorates with the world. It is the main commercial land port for the southern governorates.
6. **Al-Awda Crossing:** located in the border with Egypt. Al-Awda Crossing is importing building materials only, and used if Al Mentar Crossing was closed to import limited commercial goods such as foodstuffs and live animals.
7. **Shujaiya Point:** located in the Shajaiya east of Gaza City. The point used to import liquid fuel and gas.
8. **Al Karama/King Hussein Bridge:** Located between Palestine and Jordan, it is a commercial point through which goods are exported to Jordan.
9. **Jericho Commercial Boarder Crossing:** it is used to export food commodities, durable goods, household equipment, and electrical materials.
10. **Karam Abu Salem Port between Gaza Strip and Egypt:** it is a temporary commercial corridor, used for the movement between the southern governorates and Egypt.
11. **Rafah Crossing:** used to export goods to Egypt.



## Trade Points in Palestine

1. **Al Ludd (Ben Gurion) International Airport:** a key entry and exit point for passengers and cargo services.
2. **Haifa Sea Port:** one of the largest ports in the eastern Mediterranean in terms of freight volume and handles about 24 million tons of cargo each year.
3. **The port of Asdod:** the port has high capacity to store and ship multiple types of goods.
4. **Queen Alia International Airport:** Provides cargo services and passenger services to a number of hubs worldwide including; Brussels, Istanbul, London, and New York.
5. **Aqaba Sea Port:** has deep-water berths and equipment and storage facilities to handle most kinds of goods.
6. **El Arish International Airport:** an international airport, the airport considered the center of Palestinian airline operations.



## COUNTRY OVERVIEW

### Figures and indicators

## WELCOME TO PALESTINE



2.1

**Country Overview...  
Figures and Indicators**

2.2

**Country Overview ...  
Investment Environment**

Palestine is an attractive country for investment, it has an excellent geographic location that connects three major continents; Asia, Africa and Europe, and has a temperate climate as it is located in the Mediterranean area. Palestine divided into four areas; the Jordan Valley, which contains fertile plains necessary for agriculture, the eastern cliffs overlooking the Jordan Valley, the central mountainous area, with a maximum height of (1,000) meters above sea level, and the coastal and semi-coastal area.

In addition to the strategic geographic location, Palestine possesses a dynamic economy that lies in an open market economy, which allows the private sector to play a leading role under a supportive government that believes in partnership principle, and ensures the provision of investment incentives, guarantees by domestic and international institutions.

In Palestine, there are exports and re-exports opportunities through the preferential trade and economic agreements that give the Palestinian goods a high competitive advantage in the international markets due to the availability of highly educated and skilled labor force, and due to the existence of government policies that promote trade and investment significantly, as well as due to the availability of strategies that encourage investment such as the economic development strategy which focuses on improving access to the foreign markets and attracting direct foreign investments, and the national export strategy which determined the Palestinian exports roadmap for both the government and the private sector.

Currently, the Palestinian government focuses on strengthening the national economy's capacities to become a knowledge-based production economy concentrates on; Agriculture Sector, Tourism Sector, Industrial Sector, ICT Sector, Energy and Renewable Energy Sector, and Service Sector.

# COUNTRY Geographical and Demographic OVERVIEW

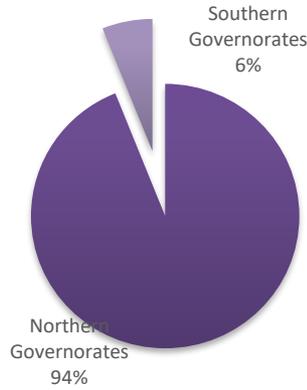
## 1. Palestinian Geography

The combined area of the Palestinian Territories (Northern Governorates and Southern Governorates) is about 6,450 km<sup>2</sup>, consists of 23% of the area of pre-1948 Palestine under the British mandate.

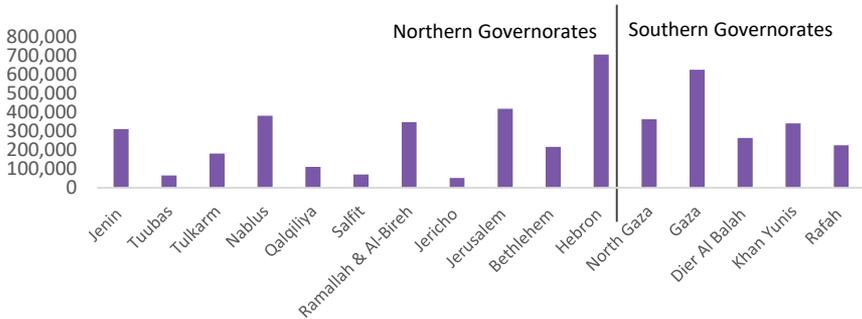
The Northern Governorates cover an area of 5,655 km<sup>2</sup>, with a length of 130 km<sup>ˆ</sup>, and a width of between 40- 65 km<sup>ˆ</sup>, while the total lands of the Southern Governorates equal 365 km<sup>2</sup>, with 40 km<sup>ˆ</sup> length, and between 5 to 12 km<sup>ˆ</sup> width.

In Palestine, there are 16 governorates, 11 represent the Northern Governorates, and 5 represent the Southern Governorates.

The Distribution of the total Palestinian Governorates



Area of Palestinian Governorates, km<sup>2</sup>



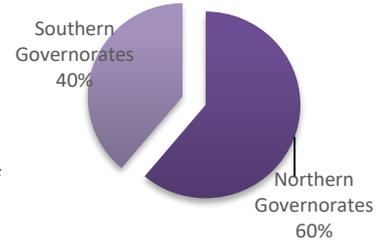
## 2. Palestinian Demographic

The number of Palestinians in the diaspora and alienation in the world is about 13 million, distributed among the Arab countries, Europe and the Americas, and the population of Palestine is 5,038,918 people, including 3,019,948 people in the northern governorates and 2,018,970 people in the southern governorates.

In Palestine, there is no variation in male and female ratios, where males constitute 51% of 2,562,304 people, and females constitute 49% with 2,476,614 people out of the total population..

Population growth rate is 2.8% distributed by; 2.5% in the northern governorates, and 3.2% in the southern governorates. The growth rate is expected to remain in high level due to the low level of mortality and high fertility rates.

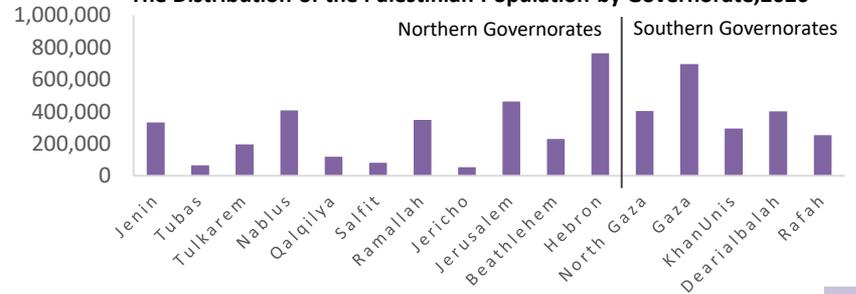
The Distribution of the Palestinian Population



Distribution of Palestinian Population by Sex, 2019



The Distribution of the Palestinian Population by Governorate, 2020



Reference: PCBS. 2020.

# HUMAN RESOURCES

## Labor and Wages

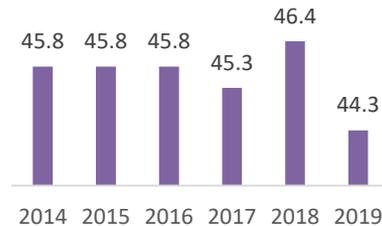
### 1. Labor Force and Employment

In Palestine, there is a surplus in the labor force that has a high level of education and skills. The labor force participation rate in Palestine is 44.3% (1,357,000 workers); 476,000 workers in the southern governorates, and 881,000 workers in the northern governorates.

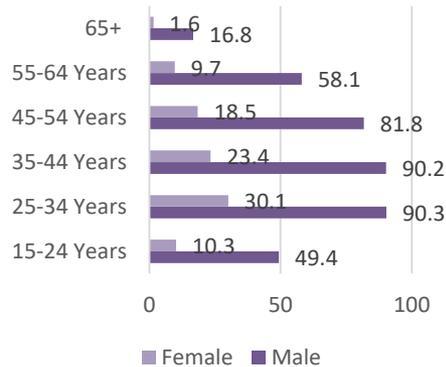
The gap in the participation rate regarding the percentage of the labor force in Palestine between males and females is very big, youth who are (25-34) years old represents the highest percentage of the labor force which reaches 60.7%; 90.3% for males and 30.1% for females.

The service sector is the highest economic sector regarding its accommodation of the labor force, the participation rate of the labor force in this sector is 35.8%; 73.1% are females, and 28.9% are males, and 71.4% are wage employees. While the private sector is the primary source of employment for the Palestinians, its contribution

**Labor Force Participation Rate 2014-2019**



**Labor Force Rate by Age and Sex in Palestine, 2019**



reaches about 66.1% compared to 20.7% in the public sector. The contribution of the private sector in the northern governorates is 66.9%, and 63.6% in the southern governorates.

The number of wage employees in the private sector is 669,593 (503,088 in the northern governorates and 165,996 in the southern governorates) with a monthly wage of about USD 224.3 (about USD 307 in the northern governorates and USD 191.7 in the southern governorates).

Labor force in Palestine has a high level of education which provide various capabilities to the investor.

The rate of employees who studied more than 13 years is about 37.8%.

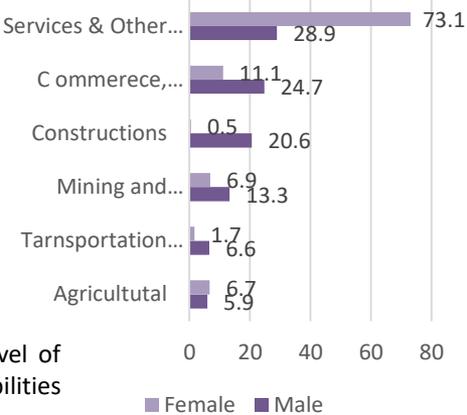
### 2. Wages

The daily average wage in Palestine is USD 28.6 (USD 28.6 in the northern governorates and USD 13 in the southern governorates). The average monthly working hours in the northern governorates is 22.8 days and in the southern governorates is 22.7 days with weekly working hours estimated at 44.1 in the northern governorates and 36.6 in the southern governorates.

**Distribution of Palestinian Force by Number of Academic Years and Economic Activity**

| NO. | Economic Activity                       | Number of academic years |      |      |       |      | Total |
|-----|---|--------------------------|------|------|-------|------|-------|
|     |   | 0                        | 1-6  | 9-7  | 12-10 | +13  |       |
| 1   | Agriculture                             | 37.4                     | 13.7 | 8.8  | 6.4   | 2.6  | 6.1   |
| 2   | Mining & Manufacturing                  | 7.1                      | 12.2 | 18.0 | 16.0  | 6.1  | 12.3  |
| 3   | Construction                            | 10.2                     | 22.6 | 26.2 | 22.2  | 7.7  | 17.4  |
| 4   | Commerce, Hotels & Restaurants          | 21.8                     | 24.9 | 24.1 | 27.1  | 17.1 | 22.6  |
| 5   | Transportation, storage & Communication | 2.1                      | 8.1  | 6.4  | 6.5   | 4.6  | 5.8   |
| 6   | Services & Other Branches               | 21.4                     | 18.5 | 16.5 | 21.8  | 61.9 | 35.8  |

**Distribution of Employment Rate by Economic Activity, 2019**



# ECONOMIC PERFORMANCE

## National Accounts, Inflation and Purchasing Power

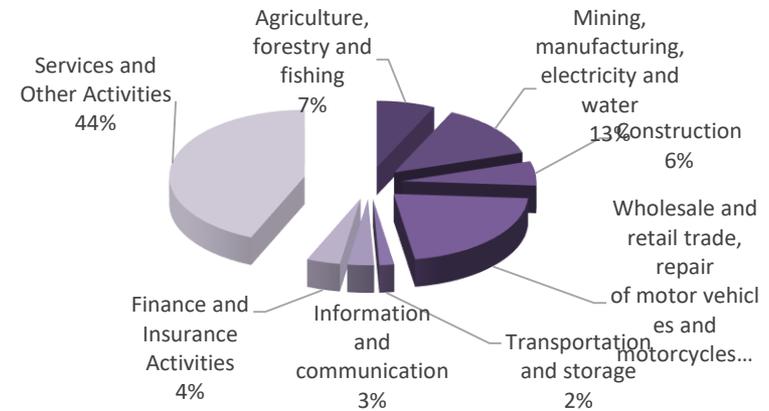
Palestinian gross domestic product (GDP) grew by 0.95%, the services sector is the most economic sector contributing in the Palestinian economy. Palestine has a moderate average cost of living, which is better than the Arab countries as well as the international countries where the inflation rate reaches 1.58%.

### 1. National Accounts

The Palestinian economy confirms its ability to achieve sustained economic recovery. GDP in Palestine has recently grown by 0.95%, the growth rates of GDP vary between the northern and southern governorates, where it reaches about 0.02% in the southern governorates versus 1.15% in the northern governorates, this variance is due to the reconstruction process that has been started in the southern governorate which required to import raw building materials and increase aid and assistance, this growth is less than what was achieved in the years before the aggression, especially the period 2011-2013. The value of the gross domestic product in Palestine at constant prices is about USD 15,764.4 million until the end of 2019.

GDP per capita in Palestine decreased by 1.5% (USD 3,364.5), this is due to the growth of the GDP with a percentage less than that of the growth of population. The standard of living in Palestine is about USD 1,807.5 and due to the variance in the growth rates, the rate of per capita of the GDP in the southern governorates reaches USD 1,416.8 while reaches in the northern governorates about USD 4,802.5.

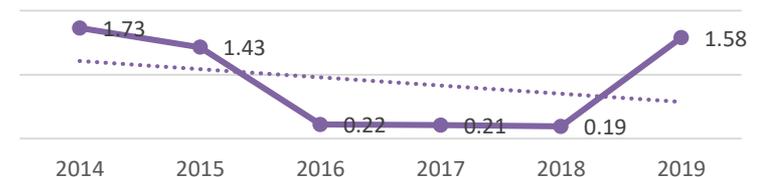
Percentage Contribution to GDP in Palestine at Constant Prices by Economic Activity (2019)



### 2. Inflation and Purchasing Power

The cost of living index in Palestine is 1.58%. The drop in the inflation rate is due to the lower import costs and a decline in international markets for some commodities, especially oil and food, which constitute the largest weight of the Palestinian consumer basket. The rate of inflation is low compared to the inflation rates at the global and regional levels since it is about 4.75% in developing countries and around 0.3% in the developed countries. Tobacco and alcoholic beverages play a major role in raising the inflation rate. Regarding the purchasing power, the rate was increased in about 7.2% lately, this increase was due to the increase in the value of the US dollar and the Jordanian dinar which were affect the increase of the purchasing power of the citizens.

Inflation Rate in Palestine 2014-2019



Reference: PCBS. 2020. MF, 2015

# COUNTRY OVERVIEW

## Investment Environment

The Palestinian private sector is one of the dynamic driving force for the local economic growth, contributing about 81% of the Palestinian GDP. Here in Palestine, the investor in the private sector can easily implement the investment idea since the sector poses an adequate investment environment.

### 1. Market Size

The Palestinian market is recording an annual population growth, recently the growth reached 2.9% (5,038,918 people), the local market also located in a strategic geographical area, which connects Asia, Europe, and Africa. In addition to the improvement of the final consumption level which recorded about 4.2%, as a result of the improvement in the private consumption and the increase of the government consumption expenditure, and the improvements of the income levels, which reached USD 1,744.5 per capita.

Palestinian domestic demand is expected to increase, along with an increase in the labor force since Palestine is a young country. Youth and children are considered important groups for domestic and international business activities and form the human capital that will build the future competitiveness of Palestine.

The local market of Palestine has recorded an improvement in total public and private investments, the market also registered a increasing in the value of trade balance about 2.3%.

### 2. International Trade

Palestine has signed several trade agreements and cooperation agreements between several countries, which enabled it to access the regional and international markets. These agreements include; Free Trade Agreement with the European Union, the European Free Trade Union, the United States of America, Canada, and Turkey, Organizing trade relations and cooperation with Russia, Jordan, Egypt, Saudi Arabia, United Arab Emirates, Yemen, Morocco, Tunisia, and other Arab countries. Were the European countries market reach about USD 17.6 trillion, the middle east and North Africa reach around USD 76.3 trillion, and the United States and Canada market reach approximately USD 18.3 trillion.

#### Bilateral & Multilateral Agreements



The value of commodity imports reached 6,613.5 Million USD, which reflects an increase of 1.1 %. The value of exports reached 1,103.8 Million USD with an increased rate of about 4.5%.

Regarding the trade balance deficit, it increased by 2.3% (5,509.6 Million USD) with a trading volume of 7,717.3 Million USD.

The most imported products are; fuel, food and livestock, and manufactured goods. Most of the exported products are stone and marble, plastic, pharmaceuticals, furniture, vegetables, and medical herbs. The most important Palestinian exported services are; travel and tourism services; transport and insurance services; and ICT services, especially software and outsourcing services.

### 3. Infrastructure and Public Facilities

The infrastructure and public utilities have achieved remarkable progress due to the great governmental attention to develop the economic sector and the private sector.

The Palestinian government has developed public road system, and developed water networks and provided clean drinking water, the government also expanded the number of communities connected to water networks, developed electricity and communication networks, developed and expanded the wastewater systems.

Now, the Palestinian government is working on completing, rehabilitating the establishment of public transport networks and connecting them with the international land, sea and airports to ensure easy and safe movement for citizens and goods.

The government is also keen on developing the necessary infrastructure to activate and facilitate the private sector, especially in the fields of transportation, energy, water and sanitation networks, communications, tourism, industrial facilities, international trade ports, and focusing on land ports with Egypt and Jordan.

The attention of the government in the field of infrastructure and public utilities is to achieve the strategic objectives related to the creation of a safer and more effective transport system and road networks connected to the Arab and international networks according to the international

standards, provision of energy within sufficient quantities and suitable prices in light the technical and environmental standards which meet international standards, and develop water and sanitation system to be more organized and capable to ensure the equitable distribution to the citizens for all uses, and develop the housing sector to be more able to allow full use of public services and to meet the needs efficiently and effectively. All the above mentioned objectives are implemented in partnership with all relevant official stakeholders to ensure the implementation of the strategic goals.



In 2019, there were over 25,068 commercial vehicles that transported people and goods on over 3,461 km of paved roads in Palestine.

Reference: PCBS. 2020.

## ECONOMIC SECTORS IN PALESTINE



3.1

General Economic Indicators

3.2

Investment Incentives

3.3

Potential Investment Opportunities

AGRICULTURE SECTOR

INDUSTRIAL SECTOR

Construction SECTOR

ICT SECTOR

RENEWABLE ENERGY SECTOR

TOURISM SECTOR

SERVICES SECTOR

# AGRICULTURE Economic SECTOR Indicators, Investment Incentives and Potential Opportunities

The Agriculture Sector is a core component of the Palestinian economy, which contributes about 7% of the Palestinian gross domestic product, and employs a wide range of the Palestinian labor force. High range of investment opportunities are available in the Palestinian Agriculture Sector due to the expected increase in income and population.



## 1. General Economic Indicators

The contribution of the Palestinian Agriculture Sector is about 7% of the GDP, despite the significant decline in the sector contribution of the GDP, the sector still considered as a dynamic sector for the Palestinian economy. The Sector employs more than 87,066 workers (6.3%) most of them are from the northern governorates, according to the statistics of the PCBS for the year of 2019.

The agricultural export rate is about 15.2% of the total Palestinian exports includes; olive oil, dates, grains, grapes, medical herbs, flowers, strawberry, vegetables, and fruits. Recently, these exports prove a high competitive ability in international markets.

The statistics of the PCBS for the year of 2019 mentioned that the cultivated land in Palestine is about 1,382.5 km<sup>2</sup>, the climate of Palestine is diverse that allows more than 49 categories of agricultural products to grow, in addition to the use of a high level of technology such as; greenhouses, irrigation and land

preparing technology, spraying pesticides. Using such technologies contributes to improving the efficiency of the production process.

The Palestinian Agriculture Sector achieves a high rate of self-sufficiency in; poultry, eggs, and honey. However, the sector until now does not become self-sufficient in; red meat and fish, due to the restrictions on pasture entry to the northern governorates, and fishing restrictions in the southern governorates.

Based on Palestinian National development Plan, Palestinian Government adopted new development prospective based on cluster system, a development system designed to suit Palestinian privacy by benefiting from the competitive advantage of each governorate. Vertical continuity of advantages that each province has in order to promote the national products. preparing technology, spraying pesticides. Using such technologies contributes to improving the efficiency of the production process.

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## 2. Investment Incentives Granted for Agriculture Sector

The Law on the Encouragement of Investment in Palestine No. 1 of the year 1998 and its amendments provide valuable incentive packages for every domestic and foreign investor who decides to establish a new agricultural investment or develop the existing agricultural investment in Palestine. The agricultural incentives package aims to improve and

strengthen the Palestinian agriculture sector in general, and the private investments within the sector which play a major role in forming the sector in Palestine in specific.

It should be noted that according to the amendments of the Income Tax Law of the year 2016; the income of the individual is exempted from the income tax, and the first USD 86,000 is exempted from the net income of the legal person that gained from an agriculture activity.

0% is the rate of income tax for all agricultural investments that its income are generated directly from land, cultivation or livestock.



In addition to the incentives package, the investor may freely transfer all financial resources out of Palestine, and receives customs and tax incentives related to; fixed assets of the investment such as; machinery and equipment, and all production inputs, as well as imported spare parts of the investment.

### 3. Potential Investment Opportunities In Agricultural Sector

The agricultural sector has an enormous investment opportunities, due to the ability of the sector to attract new investments in various agricultural activities, as a result of the climate diversity that meets the needs of domestic, regional, and international markets over the year through; increasing the exports rate of high-value crops and agricultural products, increasing job opportunities. It is worth mentioning that there is serious attention on the agriculture sector from public sector, private sector, as well as the domestic regulator, which benefited from the local expertise in its ability to adapt the sector's products to respond to the internal and external market needs such as; regional market, European market, American market, Japanese market and other markets, in light of the high productive capacities and long experience of the local force in managing and operating agricultural investments according to local and international standards, and the preferential agreements with the Palestinian government.

### Potential investment opportunities in the Palestinian Agriculture Sector:

1. Fish Farming Projects
2. Red Meat Import & Fattening Projects
3. Medical Herbs
4. Aggregation Business
5. Chicken and Turkey Farms
6. Vegetables and Fruit's Juices' Factories
7. Plants Hybridization Labs
8. Hybrid Vegetables and Fruit Farms
9. Refrigerating Warehouse



# INDUSTRIAL Economic Indicators, SECTOR Investment Incentives and Potential Opportunities

The industrial sector plays a significant role in the process of economic development in Palestine, and it is characterized by its long-term investments, which are rapidly influenced by the external environmental factors and its openness to the countries that are the least cost in the production process.



## 1. General Economic Indicators

The industrial sector contributes about 13.2% of the GDP, more than 19,118 enterprises are operating within the sector (more than 14,099 enterprises are operating in the northern governorates, and about 5,019 enterprises are operating in the southern governorates), the industrial enterprises form approximately 14.1% of the total enterprises of the whole Palestinian enterprises operating in the economic sector. Currently, the sector ranked the third sector in Palestine after the domestic trade sector and services sector in terms of the size of the labor force which reaches 21.6%. It is worth to mention that the value-added of the industrial activities is about USD 2 billion according to the statistics of the PCBS for the year 2019.

Construction stone, plastic bags, marble, footwear and leather, sponge mattresses, metal and wooden furniture are the most important exported goods.

The Palestinian industrial sector confirmed its development on the quality standard, which enabled it to access the regional and international markets. The sector also reflects the availability of adequate human resources that have long experience and capable to use modern technology, as well as produce high-value products with real competitive advantages compared to the developing countries.

Within the framework of the Palestinian governmental development plans, the government affirmed its constant efforts to improve and support the industrial sector through; developing the industrial and investment capacities by establishing industrial cities and free zones in several Palestinian governorates, encouraging light manufacturing industries, opening new markets for trading national products through signing new international conventions and agreements to increase the ability to access more and more regional and international markets.

Industrial sector in Palestine consists of the following sub-sectors:

- Footwear and Leather Sector,
- Textile and Garments Sector,
- Food and Beverage Sector,
- Stone and Marble Sector,
- Metal and Engineering Sector,
- Chemical Sector,
- Plastics Sector,
- Paper and Printings Sector,
- Pharmaceuticals Sector,
- Wood and Furniture Sector.
- Construction Industries Sector.
- Renewable Energy Sector.

It should be noted here, due the importance of the construction industries and renewable energy sectors we are presenting them in two main sections in this Road Map.

## 2. Investment Incentives Granted for Industrial Sector

The Law on the Encouragement of Investment in Palestine No. 1 of the year 1998 and its amendments provide several incentives packages for every domestic and foreign investor who decides to establish a new industrial investment or develop the existing industrial investment in Palestine. The industrial incentives package consists of taxes and customs incentives which aims to improve and strengthen the Palestinian industrial sector at the national level.

- 1 Income tax of 5% for a period of five years commencing from the date of realizing a profit but not exceeding four years, whichever is earlier
- 2 Income tax of 10% for three years commencing from the end of the first phase. It will be, thereafter, calculated based on the applicable and in effect percentages and segments
- 3 Exempting fixed assets from taxes and customs.
- 4 Tax incentives for all financial resources related to machinery and equipment, as well as imported spare parts.



## 1. Footwear and Leather Sector



The Footwear and leather sector became one of the largest industrial sub-sector in Palestine since a few years ago, due to the high quality of leather, and the highly skilled workforce.

Footwear and leather sector mainly consists of tanneries and footwear factories, the sector employs more than 1,000 workers; 2.1% of them work in footwear industry, according to the statistics of the PCBS for the year of 2019. The sector competes in the international markets, especially in China, Italy and Vietnam.

Approximately, 296 institutes operating in footwear and leather sector, most of these institutes are small family businesses employ less than 10 workers. Tanning is the main raw material for footwear products which include; sport footwear, women footwear, summer footwear, kids footwear, handbags and luggage bags, tanning is also the main raw material for garment manufacturers as well as for furniture manufacturers.

Footwear and leather sector is one of the most profitable sector in Palestine. Since the availability of the high technical skilled workers, who produce hand made products in high quality and high level of production. Footwear and leather sector has a high competitive advantage in the domestic market as well as the foreign markets, and the neighboring countries are the most countries where shoe products are exported.

Footwear and leather sector needs more attention regarding involvement women in the labor force, strengthening technical vocational training, developing environmentally friendly footwear, connect the sector with ICT sector to use the technology in the manufacturing process, and also strengthen the connections between this sector and other related sectors such as; textile sector and furniture sector.

The size of the Investment benefiting from investment incentives within the footwear and leather sector is about \$ USD 4 million, with 16

investments, which employ more than 300 workers.

Footwear and leather sector has huge investment opportunities. The sector has enormous strengths such as, the availability of the labor force with long-term practical experience, the strong infrastructure, and the supportive formal efforts that aim to encourage the local industries, to increase their quality to compete in the international markets, in the presence of Chinese competition. The union of leather and footwear industries is the formal representative of the sector.

One of the supported project is the Hebron leather and shoes cluster, which is a new experience in Palestine, that proves the ability of this kind of projects in supporting the industrial institutions operating in the sector, especially that the sector consists of micro, small, and medium enterprises which facilitate the implementation of its activities and contributing in strengthening their strengths and solve their weaknesses. "Safe Shopping" is one of the best opportunities for the private sector in marketing their products in a one- stop-shop, the exhibition presents footwear products for more than 13 manufactories.

### Potential investment opportunities in the Palestinian footwear and leather sector:

1. Designs and researches related to the industrial development
2. Industrial leather and competitive inputs
3. Marketing services
4. Mold industry

## 2. Textile and Garments Sector



Textile and garment sector is one of the most important industrial sector in Palestine in terms of; production, investments, operations, and exports. The accumulated experience of the sector labor force, the availability of the labor force, and the ability of the sector, the response to the producers and the needs of firms work in other sectors are the main features of the sector.

Textile and garment sector mainly consists of; textiles and garments, clothing production, dyeing, woolen garments, and other related products. The main advantage of the sector lies in the possibility of subcontracting. Recently, the sector becomes able to produce high-quality products that meet international standards.

The sector contributes 6.3% of the total value added of the industrial sector, the number of institutions operating in the sector is more than 2,009, the majority of them work in the garment industry and a limited number work in the textile industry. These institutions employ up to 11,464 workers, woman in this sector is the main workforce in the sector, according to the statistics of the PCBS for the year of 2019.

This sector is growing continuously, with about USD 13 million exports, of which 98.4% export to the neighboring counties (82 products export to the neighboring counties), 45% of these products are textile products. Palestine mainly exported textile and garments products to Jordan, United Arabs of Emirate, United Nations, Japan. Two specialized unions represent the sector; one represents textile industries, and the other represents Garment industries.

indicates a rabid and continuous growth, which is reflected in the growth of the production size in light the availability of the skilled labor force, who have a long experience, and a high ability to access new export markets and maximize the size of exports.

## Potential investment opportunities in the Palestinian footwear and leather sector:

1. Design clothes
2. Industrial tissues and competitive raw materials
3. Marketing and Packaging Services
4. Researches related to developing the sector

## 3. Food and Beverage Sector



Food and beverage sector is one of the fastest growing economic sector in Palestine, vertically and horizontally, most of the institutions in this sector concentrate on improving the local food processing conditions, as well as obtaining local and international standards certificates.

Food and beverage industry consists of a wide range of products, including; production and preserving meat, processing and preserving vegetables and fruits, processing vegetable oils and fats, processing dairy, producing flour and wheat, producing bakery products, making candies and sweets, making noodles and pasta, processing soft drinks and other beverage.

Statistics of the PCBS for 2019 indicate that the number of institutions operating in the sector is more than 3,248 institution, which forms around 17% of the total institutions operating in the whole industrial sector, about 18,711 workers are working in these institutions, constituting approximately 19.5% of the labor force who work in the industrial sector.

The factories in this industry are well equipped, most of them are semi-automatic or fully automatic, and lots of these factories have ISO certificates, HACCP certificates. 95% of food is included within the Palestinian technical standards which are very closed to European standards. It is worth to mention that the food industries union is the formal part which represents this sector, the union also plays a vital role in improving the sector through its supportive activities provided to the member.

Food and beverage sector is witnessing significant investment opportunities since it is characterized by a diversity of its products, which creates the opportunity to integrate all types of food industries and can improve and develop the competitive advantage of the food and beverage products in order to expand the number of international markets who willing to receive Palestinian food and beverage products.

The following factors support the food and beverage sector; increase the awareness of Palestinian consumer, increase the attention of Palestinian bodies to support the Palestinian local products, the availability of promising markets that might become an export markets for the Palestinian products, in light of the offered incentives and guarantees for establishing investments in the food and beverage sector.

#### **Potential investment opportunities in the Palestinian in the food and beverage sector:**

1. Drying and packing vegetables and fruits
2. Vegetable and animal fats and oils industries
3. Confectionery industries
4. Olive oil and related industries
5. Packaging and marketing

#### **4. Stone and Marble Sector**



Palestine is rich in the raw material needed for manufacturing stones and marble. There are high-quality and quantitative quantities in various colors. The demand rate of this material is growing, it reaches about 10%.

The stone and marble sector contributes 5.5% of GDP, and the number of enterprises operating in the sector is about 1,600 enterprises that specialize in three main activities; quarries (300 quarries), stone and marble factories (700 factories), quarry workshops (600 workshops). The sector employs around 8,500 workers, 99% of them are male, and it highly depends on using machinery and technology despite the availability of the labor force.

The rank of Palestine is 12th over the world in producing stones and marble, Palestine has huge quantities of this high-quality resource, which is concentrated in; Hebron, Bethlehem, Nablus, Ramallah. The production size reaches approximately 22 million square meters annually, and the reserve size of the raw material is USD 30 billion which forms a competitive advantage and a real investment opportunity, according to the statistics of the PCBS for the year 2019.

The value of Palestinian exports of stone and marble is about USD 130 million, the main export markets of this products are; the United States, China, Europe, Japan, India, Turkey. The growing demand of this product in the local market and international market, the growing demand is an investment opportunity in light of using the modern technologies, and the facilities that provided by the supportive parties of the investment in cooperation with the representative of the sector (Stone and Marble Union).

#### **Potential investment opportunities in the Palestinian stone and marble sector:**

1. Produce Artificial Stones and Marble

2. Recycling Residues of Stone

3. Produce Tails

## 5. Metal and Engineering Sector



Metal and engineering sector achieved high competition rates in Palestine, most of its establishments obtained international quality certificates and were able to access the international markets.

The metal and engineering sector in Palestine contributes 5.5% of GDP, the main activities of this sector are; manufacturing metal doors, manufacturing aluminum sheets, manufacturing iron bars and sheets, manufacturing welding materials, manufacturing nails, manufacturing metal furniture. More than 26,000 workers with practical and knowledge experience are working in about 6,000 enterprises according to the statistics of the PCBS for the year 2019.

Metal and engineering industry located in almost all Palestinian governorates, and concentrated in Hebron, the homeland of manufacturing machines of forming stone and marble, manufacturing Ingots and industrial tools, manufacturing grinding and cutting tools, manufacturing nails, wires, and iron fence. Ramallah is the second city where this industry is concentrated, the following products are main products of this city; nails and wires, household appliances, dump trailers. Nablus is the third city famous in producing solar energy equipment, Aluminum, Jenin occupies the fourth level, it manufactures agricultural tools, gas cylinders, iron used for construction purposes, and packaging machines.

The value of Palestinian exports of metal products is around USD 313

million, welding materials and abrasives are the most important mineral exports. The opportunity to access wide international markets is still available in light of the ability to diversifying metal products such as; metal doors, stone machines, and packaging machines. Metal and Engineering Industries Union represents the sector and it works to provide many services to support its members.

### Potential investment opportunities in the Palestinian metal and engineering sector:

1. Produce Agriculture Tools and Machinery

2. Steel Construction

3. Produce Iron Bars

4. Produce Aluminum Bars

## 6. Chemical Sector



Chemical sector is the second-largest sector in terms of its contribution to the Palestinian industrial investments, its contribution reaches up to 16% of the total industrial investments.

Chemical sector is one of the growing sectors in Palestine, its contribution to the industrial sector becomes 0.5%. According to the PCBS, 150 chemical institutions were operating 900 workers in 2019, these workers have high qualifications and skills and receive a moderate wage that represents a real opportunity to invest in the sector.

The chemical industry consists of three main categories; colors and inks, detergents, and cosmetics. Traditional cosmetics are relying on olive oil and they are concentrated mainly in Ramallah and Nablus. The Palestinian

products especially detergents and cosmetics are high-quality and have high confidence from domestic and international consumers.

The manufactures that operating in the paints and inks category cover between 25% to 30% of the domestic needs, this industrial scope are characterized by various production lines of water and oil paints, artificial paints, vehicle paints.

The value of Palestinian chemical exports is about USD 21,000 million, which is limited value versus the high demand for the chemical products.

The value of the Palestinian exports is USD 167 million, the high level of demand forms a great investment opportunity as well as the availability of the dead sea materials, one of the richest commercial raw ingredients used in producing a wide range of products.

#### Potential investment opportunities in the Palestinian chemical sector:

1. Produce Shampoo and creams
2. Manufacture Traditional Cosmetics Products
3. Manufacture Dead Sea Products
4. Manufacture Perfumes and Cosmetics
5. Manufacture Washing Powders and Industrial Detergents
6. Packaging

## 6. Plastics Sector



Plastic sector is a fundamental sector for the whole industrial sector in Palestine. Although the limited production size of this sector, the Palestinian products became able to cover the whole domestic as well as foreign demand.

The plastics sector is one of the main sub-sectors in the whole industrial sector that is developing in a slow-motion in spite of its ability to cover the high level of demand. The sector still needs more and more empowerment and diversity, according to the statistics it contributes around 1% of the Palestinian GDP, the sector employs more than 200 workers, and consists of approximately 2,000 establishments.

Hebron, Bethlehem, Jerusalem, Ramallah, and Nablus, are the main governorates that produce plastics in Palestine, some of the Palestinian products are exported to the neighboring countries. The main plastic products are; electrical wiring supplies, pipes and fittings for water supply and sanitation, plastic drums, pharmaceutical packaging packages food, plastics for agricultural supplies, packaging bags and printings, furniture, window and door accessories, household utensils, polystyrene, melamine and others.

The value of the total Palestinian plastic products is approximately USD 165,000, USD 75,000 is the value of the Palestinian exports, and USD 220,000 is the value of the imports from abroad Palestine, which covers the growing needs of the local market.

The Palestinian Plastics Industries Union is the formal representative of the Plastics sector in Palestine is which is working to transfer information, building alliances and advocacy on priority sector issues.

### Potential investment opportunities in the Palestinian plastics sector:

1. Produce Various Plastic Industries
2. Recycle tires
3. Recycle Plastics

## 8. Papers, Cardboard and Printings Sector



The Palestinian papers, cardboard and printings sector has associated with the German industry. The development of the services sector which linked with packaging, promotion and advertising activities, as well as the linkage with other economic sectors positively affected the growth of this sector.

Paper, cardboard and printing industries consist of two main areas; paper production, and printings. The paper industry employs more than 1,270 workers and consists of about 96 enterprises, while the printing industry employs about 2,248 workers, and consists of 669 printers' house according to the statistics of the PCBS for the year 2019.

Paper, cardboard and printings sector is characterized by the entry of numbers of huge investments, distributed in Nablus, Ramallah, and Hebron, which contributed in making a qualitative shift in the industry and promote investments in the sector, and utilize modern technology in the sector, in light the rapid growth in demand of the industry. This sector is acting its activities under the umbrella of the Palestinian Federation for the paper Industry.

### Potential investment opportunities in the Palestinian Paper and printings sector:

1. Recycle Papers and Cardboard for Use in Different Industries
2. Produce Eggs Cardboard Containers
3. Packaging

## 9. Pharmaceuticals Sector



Pharmaceutical sector is one of the vital sectors in Palestine, due to the availability of high-quality products that have replaced the products of neighboring countries and foreign countries. Over the past 40 years, the products of the Pharmaceutical sector have met more than half of the Palestinian local market needs.

The Palestinian Pharmaceutical sector has expanded significantly in recent years. Now, Palestine has 16 pharmaceutical and cosmetic companies, which provides 1,785 job opportunities for about 70% of the labor force that has a specialized certificate according to the statistics of the PCBS for the year 2019.

The pharmaceutical companies in Palestine have been able to increase its capacity to meet the local needs, as their products cover more than half of the domestic demand. pharmaceutical companies also prove their competitiveness in the regional and international markets and their availability to access a wide markets, and have pharmaceutical factories abroad. Currently, Palestinian products of this sector reach more than 17 Arab and foreign countries including; Germany.

The adoption of modern management methods, the expansion of production processes, adoption of integrated and expansion strategies as well as R&D strategies, and investing in human resources, commitment to produce in light the international standards all were main reasons that empower the sector in achieving this rapid development, and access the International markets with a high competitive advantage.

In addition to the pharmaceutical products, and as a result of expanding the production lines, the factories established new production lines to produce various kinds of cosmetics, creams, sterilization and cleaning materials. These products form an important proportion of production and constitute a necessary diversity in production lines and their outputs. It is worth mentioning that many factories added Dead Sea products into their marketing mix.

Union of Palestinian pharmaceutical manufacturers represents the companies that operate in this industry, the union responsible for presenting the common commercial interests for all members, and also cooperates the legal and regulatory positions in this industry, it promotes the pharmaceutical industry in Palestine and all over the world.

#### **Potential investment opportunities in the Palestinian pharmaceuticals sector:**

1. Produce medicines for chronic diseases and cancer
2. Produce agriculture and veterinary medicines
3. Produce cosmetics and Dead Sea products

## 10. Wood and Furniture Sector



Wood and furniture sector is one of the promising sectors in Palestine, the sector has doubled its export value by three values in a very short period. In 2000-2012, the export value increased from USD 23 million to USD 64 million, and in 2015, the value recorded about USD 133 million.

Wood and furniture sector is witnessing a qualitative and quantitative development. The industry has demonstrated its ability to compete in the local, neighboring, and international markets, and to meet about 70% of the domestic demand. The sector contributes about 2% of the Palestinian GDP and consists of approximately 3,607 enterprise, that operates 13,013 workers with high skills and long experience that enable them to produce the competitive products within high production capacities, according to the statistics of the PCBS for the year 2019.

Wood and furniture sector consists of four sub-industries; house furniture, which constitutes the largest part of the whole industry, with around 46% production rate, office furniture, with about 17% production rate, kitchen furniture with approximately 17%, and traditional furniture which consists of doors, windows, and other building components with 15% of production rate.

The main export market for Wood and furniture sector are the neighboring market, the Jordanian market, and the United Arab Emirate market, the products of the sector also reach the Italian market, the United States market and other Arab and foreign countries.

Wood and furniture sector has huge opportunities and real capabilities to expand the investment size on it and enlarge the competitiveness size to reach new regional and international markets, especially that most of the enterprises of the sector are up to date and have the international standards certificates. The Palestinian Wood Industries Union is the formal representative of the sector.

**Potential investment opportunities in the Palestinian wood and furniture sector:**

1. Produce industrial inputs and raw materials of the sector
2. Produce other furniture types for schools, restaurants, and hospitals
3. Produce the wooden construction materials
4. Produce the traditional handicrafts
5. Designing and marketing



# CONSTRUCTION Economic SECTOR Indicators, Investment Incentives and Potential Opportunities

The Palestinian construction sector plays an important role in generating income and providing the necessary buildings for housing and various business activities, which contribute to driving the economic growth. The number of companies operating in the construction sector is increasing significantly to about 600 companies.



## 1. General Economic Indicators

Construction sector contributes about 5.9% of the Palestinian GDP, and also contributes 1.9% of the local labor force. The sector witnessed a remarkable development over the past years, this rapid development is due to the increase in the demand of housing for up to 25,000 housing units annually, in addition to the need to provide around 140,000 housing units in the southern governorate alone.

In addition to the ability to provide the products needed for the construction industry, such as; cement, high quality colored stones. Where the annual demand of the cement is about 2.5 million tones. It is worth mentioning that the southern governorates achieved a growth rate in the demand of cement by more than 800%, which increased the value of the imported cement to approximately 2 million tones.

Palestine imports around 90% of the construction industry from abroad. Therefore, the government has started working hard to provide the

products of this industry locally and attract investments due to the presence of the available market and the increasing demand. Regarding the infrastructure, the Palestinian governorate has adopted the privatization and partnership concept with the private sector in implementing the road and bridges construction projects, which provides a real infrastructure to encourage investment in this sector.

## 2. Investment Incentives Granted for Construction Sector

The Law on the Encouragement of Investment in Palestine No. (1) of the year 1998 and its amendments provide a set of valuable incentive packages for every domestic and foreign investor who decides to establish a new constructional investment or develop his\her existing constructional investment in Palestine, as illustrated below.

1

Income tax of 5% for a period of five years commencing from the date of realizing profit but not exceeding four years, whichever is earlier

2

Income tax of 10% for a period of three years commencing from the end of the first phase. It will be, thereafter, calculated based on the applicable and in effect percentages and segments

3

Exempting fixed assets from taxes and customs.

4

Tax incentives for all financial resources related to; fixed assets such as; machinery and equipment, as well as imported spare parts.

### 3. Potential Investment Opportunities In Construction Sector

There are many investment opportunities within the construction sector, especially with the increase in the demand for housing units in light the increase in population growth in Palestine, and in light the government's attention to support the sector and the investors by providing various incentives and guarantees as well as submit tenders for investing in hosing construction at affordable prices, to meet the needs, and reform on the sector.

#### Potential Palestinian investment opportunities in construction sector:

Manufacturing iron and steel

Manufacturing cement

Real estate development  
Projects

Infrastructure

Manufacture constructing  
accessories and accessories



# RENEWABLE ENERGY SECTOR

## Economic Indicators, Investment Incentives and Potential Opportunities

The fact that Palestine is a developing country requires continuous development in the renewable energy sector, especially as it imports all its electricity and oil needs from neighboring countries. Currently, Palestine is focusing on increasing the investments in the renewable sector to face the growing threat of stopping neighboring countries' energy supply.



### 1. General Economic Indicators

The energy used in Palestine is classified into electrical energy, petroleum products (gas, diesel, kerosene) and renewable energy. The main renewable energy sources used in Palestine are solar, electrical, thermal, biomass (coal, firewood, peat, waste) and wind. Wind generated energy is relatively small and limited to elevated areas above 1,000 meters, utilization of wind could be feasible in specific locations, the estimated installed capacity is around 700 kw in Hebron.

The value of the investments registered in the PIPA within the energy sector is about 6 million US dollars, representing about 1% of the total economic investments within other sectors registered in PIPA, and the number of registered investments reached 32, creating a total of 213 job opportunity.

The following figure illustrates the current needs of the energy sector and the future needs with the current prices.



## 2. Investment Incentives Granted for Renewable Energy Sector

Recently, the renewable energy incentive contract package initiative has been launched in order to increase the domestic energy production capacity, reduce dependency on energy imports, respond to energy sector targets by generating 130 mega watt by 2020 from renewable energy sources, respond to the local development requirements and sustainable global goals of the year 2030, rationalize energy consumption, support economic activities and increase energy needs to drive development, as well as create new jobs in the sector.

The contract targets local, foreign, expatriate investors, and investment funds to carry out power plants, in order to enhance their contribution in generating power. The initiative aims to serve 800 economic facilities, including power plants, with an investment of USD 50 million, that would create approximately 5,750 direct jobs.

### The incentives are as follows:

1

Utility scale projects, more than 1 mega watt\ power generation within three stages; 0% income tax for five years starts from operations, 5% income tax following stage one for five years, 10% income tax following stage two for three years.

2

Net metering projects with less than 1 mega watt\h power generation.

3

Loans granted by financing institutions and banks that finance electricity generation projects from renewable sources are treated as loans granted to small and medium enterprises that are covered by the Income Tax Law and Regulations.

4

The BoD of the IPIEA shall set the instructions for the contract, the number of employees and their specialties.



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### 3. Potential Investment Opportunities in the Renewable Energy Sector:

The renewable energy sector in Palestine has a bright future, with diverse natural resources and a wide range of local and foreign bodies. The sector is regulated by the Palestinian Energy Authority, in light of the renewable energy strategy for the year 2020, whose main goal is to produce 50% of energy needs at a local level, as well as promote and develop renewable energy sources, in order to obtain the equivalent to 10% of locally produced electricity (about 130 GW per hour), through a set of stages.

The Palestinian Solar Initiative is one of the stages of the strategy, which aims to establish small separate projects within several stages, the first stage targeting (1000 homes), net measurement less than 1 megawatt. And live shows for the generating stations (1-5 Mega). There are a lot of successful Investment stories in this sector such as the project that have been implemented in the field of recycling wastewater which were carried out in cooperation with municipal and village councils such as The Deir Sharaf project located in west of Nablus.

#### Potential investment opportunities in the Palestinian renewable energy sector:

1. Assembling solar cell panels and related materials
2. Control energy and apply the energy efficiency standards
3. Use the renewable energy in heating systems
4. Research and development in renewable energy sector, wind, generating electricity
5. Electricity generating stations.

# INFORMATION & COMMUNICATION TECHNOLOGY SECTOR

## Economic Indicators, Investment Incentives and Potential Opportunities

ICT sector in Palestine is growing rapidly, due to the availability of an educated workforce, the geographic location of Palestine, and the cooperation with leading international technology centers. As well as the commitment to follow international quality standards such as; the Capability Maturity Model, ISO quality certificates, and signing trade agreements with supportive international parties lead the leading companies to establish branches in Palestine to manage their research and development operations in Palestine such as; IDS, Oracle, 3Com and Timex



### 1. General Economic Indicators

The Palestinian ICT sector contributes about 5% of GDP, the number of establishments operating in the sector is 698, which provide job opportunities for 8,408 workers. The ICT establishments are divided into various types depending on their activity; application programming companies, IT professional consultants, network services providers, software development and solutions companies, Internet service providers, technical and vocational training providers, and specialized hardware equipment including; computers, telecommunications equipment and accessories, according to the statistics of the PCBS for the year 2019.

The number of ICT graduates exceeds 2,500, the sector has 25 financial programs that aim to provide investment projects.

The exports of the sector have strengthened the status of the ICT sector among other Palestinian economic sectors, the value of the sector's revenue ranges between USD 350 million to USD 1 billion, and the value of exports between USD 20 million and USD 50 million.

Palestine exports its ICT services to the Gulf States, the European Union, United States of America. Outsourcing competencies to foreign companies is considered to be one of the most important exports of the sector.

The attention of the Palestinian government regarding the development of the ICT sector has been reflected in the Palestinian national policy agenda (2017-2022), and the response to the requirements of local development and the sustainable development goals for 2030. The most important achievement made to support this sector was issuing a special incentive package for projects operating within this sector.

### 2. Investment Incentives Granted for ICT Sector

The Law on the Encouragement of Investment in Palestine No. 1 of the year 1998 and its amendments provide a package of valuable incentives package for every domestic and foreign investor who decides to establish a new investment in the ICT sector or develop their existing investment in Palestine. Recently, a special contract was issued that provides special incentives for investors in this field.

Criteria of Labor force (25 or plus) and export (40% or more) the projects can benefit from the following:

1. Reduction of corporate tax by 66% this will be 5% for the first 5 years followed by 10% for three years
2. Customs and tax incentives for projects
3. Incentives for any applicable spare parts

### 3. Potential Investment Opportunities In ICT Sector

The Palestinian ICT sector is one of the economic sectors that offers a wide range of opportunities for local, regional and International investors. The practical experience of the enterprises operating in the ICT sector over the years is a conclusive proof of these attractive opportunities, especially in light of the availability of a skilled and competent, and supportive governmental and institutional policies.

#### Potential investment opportunities in the Palestinian ICT sector:

1. Establish Investment funds that target new ICT firms
2. ICT solutions in the financial and banking sector
3. Outsourcing services and call centers
4. Arabizing computer software
5. E-Marketing services
6. Artificial Intelligence



# TOURISM Economic Indicators, SECTOR Investment Incentives and Potential Opportunities

Palestine embraces Bethlehem, the birthplace of Jesus, Jericho the oldest walled city in the world, and Jerusalem the hub of the three monotheistic religions. These places play a valuable role in increasing the number of sub-activities that reflect the Palestinian culture, history and beauty of its nature to visitors domestic and foreign alike.



## 1. General Economic Indicators

The Palestinian tourism sector and its complementary sectors have been successfully redeveloped and reconstructed themselves rapidly, through the high formal and informal attention to promoting the sector, where very large amounts have been allocated to create new investment in it. New hotels were built, various tourism facilities were established as well as restoration in all Palestinian areas. Within a short period, the tourism sector became one of the most important components of service exports, as travel and tourism services contribute 70% of it.

The tourism sector contributes about 2.8% of the Palestinian GDP, the

number of establishments operating in the sector is more than 7,000 which employ around 2,975 workers, according to the statistics of the PCBS for the year 2019.

Some of the activities in the tourism sector include; restaurants and cafés, accommodations, vehicle rentals, tourism and pilgrimage tours, travel agency activities, regular long-distance passenger transport, souvenir and handicraft activities, wood crafting, and entertainment and art.

There are more than 142 hotels in Palestine, 130 of which are located in Northern Governorates with approximately 7,800 rooms and more than 17,102 beds. The room occupancy rate is 30.9%, with about 650,000 guests, 1,833,687 is the number of nights, concentrated between Bethlehem, Jerusalem, Ramallah, Jericho, the Jordan Valley, Jenin, and Nablus. The number of visitors reached around 5 million, 1.5 million of whom are foreign visitors, concentrated in Bethlehem, Jenin, and Nablus, according to the statistics of the PCBS for the year 2019.

The Palestinian government has paid attention to supporting the private sector investments in each tourism sub-sector, by allocating USD 12 million within the national strategic plan 2014-2016 which is equivalent to 4% of the total budget of the economic development in order to develop and empower the tourism sector.

The tourism cluster was one of the clusters that were launched in Bethlehem, East Jerusalem, and Jericho since they considered the main governorates in this sector

## 2. Investment Incentives Granted for Tourism Sector

The Law on the Encouragement of Investment in Palestine No. (1) of the year 1998 and its amendments provide a set of valuable incentives packages for every domestic and foreign investor who decides to establish a new investment in the tourism sector or develop his/her existing investment in Palestine. These incentives include incentives for income tax and incentives for customs duties.

1

Income tax of 5% for a period of five years commencing from the date of realizing a profit but not exceeding four years, whichever is earlier

2

Income tax of 10% for three years commencing from the end of the first phase. It will be, thereafter, calculated based on the applicable and in effect percentages and segments

3

Exempting fixed assets from taxes and customs.

4

Tax incentives for all financial resources related to machinery and equipment, as well as imported spare parts.

## 3. Potential Investment Opportunities in the Tourism Sector:

There are various investment opportunities in the tourism sector, due to the availability of a wide potential for success in light of the rapid growth of Palestinian tourism. Multiple factors together strengthen the investment environment of tourism, such as the geographical location of Palestine, the historical and religious status of the Palestinian cities in general and Bethlehem, Jerusalem, Jericho, and Nablus in particular, and the long experience of the tourism sector in managing and operating different touristic activities.

The most essential prosperity pillars of the Palestinian tourism sector are:

1. Religious tourism.
2. Cultural tourism.
3. Eco-tourism.
4. Medical and therapeutic tourism.
5. Sporting tourism.
6. Internal tourism.
7. Entertainment tourism.
8. Business tourism.
9. Handicraft industries.

### Potential investment opportunities in the Palestinian tourism sector:

1. Tourist Hotels

2. Luxury Hotels and Resorts

3. Amusement park

4. Sports and entertainment center

5. Service projects related to the tourism sector



# SERVICE SECTOR

## Economic Indicators, Investment Incentives and Potential Opportunities

The service sector plays a vital role in the Palestinian economy, it contributes to about 47% of the GDP and 33% of total employment. Much of the growth in the sector has been linked to the real need to improve and expand specific product lines that fall within the activities of other economic sectors.

Reference: PCBS, 2019.



### 1. General Economic Indicators

The service sector is one of the pillars of the Palestinian economy as it contributes about half of the Palestinian GDP. The importance of the sector is reflected in the number of activities within it, which include (but are not limited to): education, health, logistics, financial services and others. All of which depend on experienced and skilled human resources.

The sector has flourished over the last ten years, due to the local need to improve the various service activities which are closely related to other economic sectors such as; the industrial sector, construction sector, ICT sector and agriculture sector.

The role of the services sector is expected to increase in the near future, taking advantage of newly available business, the result of advancements in the ICT sector and the Palestinian integration in regional and international markets.

## 2. Investment Incentives granted for the service sector

The Law on the Encouragement of Investment in Palestine No. 1 of the year 1998 and its amendments provide a set of valuable incentive packages for every domestic and foreign investor who decides to establish a new investment in the service sector or develop the existing investment in Palestine.

To benefit from the incentives package, the investment should meet one of the following criteria: employs more than 25 workers during the benefiting period for new projects or employs new 25 workers for existing projects. Uses around 70% of the local product as raw materials, inputs, or equipment in the production process. Or exports more than 40% of products.

**1** Income tax of (5%) for a period of five years commencing from the date of realizing profit but not exceeding four years, whichever is earlier.

**2** Income tax of (10%) for a period of three years commencing from the end of the first phase. It will be, thereafter, calculated based on the applicable and in effect percentages and segments.

**3** Tax incentives on fixed assets, including machinery, equipment and imported spare parts of the investment

**4** The ability to freely transfer all financial resources out of Palestine

## 1. Logistic Services Sector



The importance of the logistics sector stems from its strong correlation with the growing trade and industrial sectors. The sector is vital for providing facilities needed for all economic sectors, especially in the trade and industrial sectors.

The logistics sector consists of two main branches: transportation and storage (and other related services). The sector contributes about 1.8% of the Palestinian GDP, and around 1,074 establishments operate in it employ 6,862 workers. The ratio of the operating establishments is 0.8% of the total economic establishments, and 2% of the total Palestinian labor force. The value-added of the sector grows annually, according to the statistics of PCBS the value-added of the sector for the year 2019 was about 7%, and the amounts of the exports are USD 116 million.

The Palestinian logistics sector relies on the private sector, where the Ministry of Transportation, the Ministry of Telecommunications and Information Technology and other formal related bodies provide a range of studies and plans which are prepared jointly with the private sector to be implemented with partners and investors from the private sector. The joint venture is the main form for the logistics projects, this form proved its ability in achieving competitive advantage for those projects which became more attractive for doing business, especially in the following areas.

### Potential investment opportunities in the Palestinian logistics sector:

1. Bus Transportation Services

2. Land Transport Sector

3. Railways and trains in Gaza, Bethlehem and Ramallah

4. Manage and maintain ports and build storage facilities

5. Provide logistic transport areas

6. Packaging Services

## 2. Educational Sector



The Education sector in Palestine has achieved rapid and high development during the past few years. It contributes 7.2% of the GDP, and employs around 34,796 workers producing an annual USD 396 million.

Ministry of Education and Higher Education Ministry supervises the formal education sector in Palestine, which consists of three stages: pre-school (Kindergarten), compulsory school (Primary and secondary school), and higher education. In Palestine non-formal education also consists of school education which is divided into adult education and literacy programs, parallel education for those who dropped out of school, and academic courses in private centers. The duration of school education is 12 years.

There are more than 1,332 kindergartens in Palestine, the bulk of them are allocated in the northern governorates. More than 148,253 children are enrolled in those kindergartens, and approximately 9,400 teachers are working in them.

Schools in Palestine exceed 3,037. More than 1,282,054 students are enrolled in these schools, and about 69,413 teachers, 60% of them are female teachers. Approximately 433 private schools operating in Palestine.

In terms of higher education, there are 14 traditional universities. 3 of them are private, one public open university. There are also 13 college universities, 7 private college universities, 18 community colleges, 6 of which are private. According to the statistics of the Ministry of Education and Higher Education, for the period 2018-2019.

Recently, the efforts are concentrated on TVET programs. They are provided under the supervision of the Ministry of Education and Higher Education within the following streams: industrial, agricultural and hotel management, of which there are 17 TVET schools. 14 TVET centers that are operated by the Ministry of Labor and 16 TVET centers operated by the Ministry of Social Affairs. All TVET schools and centers provide a range of training fields.

### Potential investment opportunities in the Palestinian educational sector:

1. Establish TVET centers that provide international certificates

2. Establish languages schools

3. Establish vocational universities

4. Establish research centers and institutions

5. Establish centers for developing preparatory and institutional studies

#### 4. Health Sector



The Palestinian health sector witnessed a remarkable development linked with the growing demand for it. Recently, the sector contributes about 2.8% of GDP and the number of hospitals in it has increased to 82.

The Palestinian government, UNRWA, NGO's and the private sector institutions are working together to provide health services to the Palestinian population. The total number of institutions which provide health services is 5,009, providing job opportunities for more than 8,001 workers.

With regard to the hospitals that exist in Palestine, there are 82 of them, with a capacity of around 6,440 beds. The bed occupancy rate increases in Jerusalem and Hebron., according to the statistics of PCBS .The workforce of the Health sector is one of the most important pillars of the sector's success. The rate of medical coverage in Palestine is about 26 per 10,000 people, which is a very high rate, especially that the majority of the Palestinian human resources are certified by the American Medical Board or by the British Medical Council.

Lately, Palestine has been able to improve the status of health, due to the recent efforts which concentrated on directing the investment to directing the investment of the health sector by; establishing and rehabilitating health facilities to reduce the medical bill issued abroad amounting annually to around USD 137 million, implementing educational and health awareness programs, investing in the human resources work in the health sector and establishing continuous health education programs through raising the levels of partnership with all relevant stakeholders.

The public and private sector are the main providers of health insurance in Palestine; public health insurance is compulsory for all public sector employees and public retirees, and all employers in the private sector are obliged to ensure their employees against work injuries.

#### Potential investment opportunities in the Palestinian health sector:

1. Establish specialized companies in the field of medical research
2. Establish therapeutic tourism resorts
3. Establish specialized hospitals
4. Provide home health care services

#### 4. Financial Sector (Banking and non-banking)



The Palestinian financial sector contributes to achieving the desired economic development, through providing direct credit facilities to the economic investments, and a legislative system that governs the sectors' activities that contributes to supporting other economic sectors.

The contribution of the Palestinian financial sector to the GDP is about 4%, where there are various types of financial establishments, including the banking sector that consists of the Palestinian Monetary Authority, 14 banks, 7 of which are local and 9 are foreign banks. And the non-financial sector, which includes the Palestine Capital Market Authority, Palestine Exchange, 9 Brokerage companies, 9 insurance companies, and 6 specialized lending companies.

The Palestinian financial sector has witnessed a remarkable growth in the recent period. The value-added of the sector has increased to around 9%, and the Palestine exchange ranked second in the Arab world and ranked 33<sup>rd</sup> globally. The Palestine exchange works on regulating the financial activities of listed companies, 48 of which are companies with a capital size of about USD 3.5 million. Palestine has also achieved progress in business performance indicators, according to the World Bank Report regarding credit facilities its rank reached 109.

#### Potential investment opportunities in the Palestinian financial sector:

1. Establish Islamic and specialized banks
2. Establish financial programs and specialized business joined venture



Palestine Exchange is the first stock exchange in the Arab world that using a computerized system, and is wholly owned by the private sector, and has adopted public trading. "Al Quds" market index achieved a high confidence level among investors.

|               |                   |
|---------------|-------------------|
| ▼ %7.87       | Al Quds Index     |
| \$353,476,019 | Value             |
| \$185,071,060 | Trades            |
| 48            | Listed Securities |

Reference: PEX. 2019.

## INDUSTRIAL ESTATES AND FREE ZONES IN PALESTINE



4.1

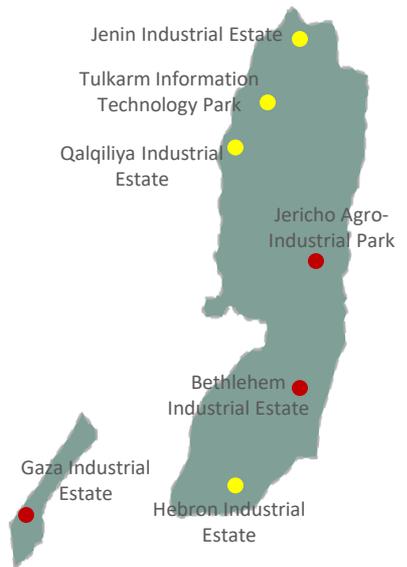
**Industrial Estates and Free Zones**

4.2

**Leading Economic Activities**

## INDUSTRIAL ESTATES AND FREE ZONES Qualified Zones To Absorb Local And Foreign Investments

The success of attracting local and foreign investments that has been achieved by the Jericho, Bethlehem, and Gaza industrial estates and free zones led the concerned parties to expand the experience of the industrial zones to reach further areas in Palestine like Hebron in the south and Qalqiliya and Jenin in the north, and establish an information technology zone in Tulkarm, as well as establishing a number of centers for research and studies in many areas in Palestine.



### 1. Jericho Agro-Industrial Park

Jericho agro-industrial park has an area of 615 dunums, it started its operations in 2014 and was developed by Jericho Industrial Development Company (JAIPCO) with funding from both the Japanese government and the European Union has been developed the zone. The zone has a strategic location, since it is far away from the Jordan border by around 7 km, it targets agricultural investments and food and beverage industrial investments.

### 2. Bethlehem Industrial Estate

The area of Bethlehem Industrial Estate is 195 dunums. Operations started in 2013. Developed by the Bethlehem Multidisciplinary Industrial Park (BMIP)

with funding from Agence Française de Développement (AFD). Bethlehem Industrial Estate targets small and medium industrial investments.

### 3. Gaza Industrial Estate

Gaza industrial estate has an area of 500 dunums, the estate began its operations in 1999. PIEDICO was the implementer of the project, which was financed by the World Bank and USAID. The estate targets small and medium industrial investments.

### 4. Tarqumia Industrial Estate

The industrial city of Tarqumia was proposed in 2017 with an area of 1,500 dunums, it will have a strategic location that will enable investors to facilitate the export process to regional and international markets through ports and link them to the strategic road of Jericho Industrial and Agricultural City as well as integrate the economy Palestinians in the Gaza Strip and the West Bank, where the region is only 40 km from the Gaza Strip and the Asdod port

## 2. Investment Incentives granted from PIEFZA

In addition to the incentives granted by the Palestinian Encouragement Law and its amendments for industrial projects, a special incentive contract was issued for industrial cities and free industrial zones, which gives them additional incentives, as illustrated below.

1

New projects or the development of existing projects or projects that move to the scope of industrial areas benefit from extending the period of incentives stipulated by the law for an additional three years

2

Goods or services purchased or imported for the purpose of carrying out export-oriented economic activity are exempt from VAT.

3

The soft loans granted by banks and financing institutions are treated like loans granted to small and medium enterprises, in accordance with the provisions of the Income Tax Law.

For more detailed information regarding the Palestinian Industrial Estates and Free Zones please visit the website of the Authority:

[www.piefza.ps](http://www.piefza.ps)

Reference: Piefz. 2015.

# LEADING ECONOMIC ACTIVITIES MAP

Each governorate in Palestinian enjoys many leading economic activities that distinguish it from other governorates, based on the number of establishments operating in it and the number of workers in each economic activity separately.

|                                     |  |
|-------------------------------------|--|
| <b><u>Jerusalem Governorate</u></b> | Activities in the food industry, mainly manufacturing vegetable oils and fats, meat, and preserving fruits and vegetables, sweets and beverages. Wood and furniture industries, leather and footwear industry and tourism activities.                      |
| <b><u>Jenin Governorate</u></b>     | Activities in the vocational, scientific, and technical services. Financial and insurance services. The tourism industry, light industries, food and vegetable preservation, and agricultural marketing activities.  |
| <b><u>Tubas Governorate</u></b>     | Activities in the agricultural and food industries, electricity generation from solar energy, food and vegetable preservation and agricultural marketing activities.   |
| <b><u>Tulkarm Governorate</u></b>   | Activities in the food and beverage industry, manufacturing construction materials, activities, tourism activities, fruit and vegetables conservation, and agriculture and agricultural marketing activities.  |
| <b><u>Nablus Governorate</u></b>    | Activities in the chemical manufacturing, leather and footwear, textile and garment, food industries mainly; fruits, vegetable oils and fats, and meat preservation. Sweet manufacturing activities, metal and construction, tourism and light industries. |

|   |  |
|---|--|
| <b><u>Qalqilia Governorate</u></b>              | Activities in the agricultural and food industries, textile and garment industries and tourism industry.   |
| <b><u>Salfit Governorate</u></b>                | Activities in the food industries mainly producing olive oil, vocational, financial, and scientific services, light industries, wood and furniture industries.   |
| <b><u>Ramallah and Al Bireh Governorate</u></b> | Activities in the food industry, paper and cardboard industries, pharmaceutical industry, chemical manufacturing industry, plastics industry, textile and garment industries, light industry, tourism services                                       |
| <b><u>Jericho Governorate</u></b>               | Activities in the tourism industry, entertainment and economic services, vocational, scientific and technical services, agricultural and food industry mainly palm production and logistic services.   |
| <b><u>Bethlehem Governorate</u></b>             | Activities in the stone and marble industry, light tourism and craft industry, tourism activities, electricity generation, light industries, heavy industries.   |
| <b><u>Hebron Governorate</u></b>                | Activities in the stone and marble industries, leather and shoes industries, wood and furniture industries, textile and garment industry, metal industry, food and beverage industry, electricity generation, tourism.                               |
| <b><u>Gaza Governorate</u></b>                  | Activities related to producing olive oil, food industries, light industries, tourism services and activities, fishing activities, financial and banking activities, logistic services, desalinate sea water, and electricity generation activities. |

**Rafah Governorate**

Activities include: water purification, olive oil production, logistic and services, light industries and tourism services.

**Khan Younis Governorate**

Activities related to producing olive oil, tourism, agricultural activities mainly involving palm crops, Calves Fattening fattening activities, storage and packaging activities, logistic and services activities.

**Deir Al Balah Governorate**

Activities in the food industry, textile industry, craft manufacturing, light industries, agriculture activities mainly involving palm production.



## 5

## INVESTMENT GUARANTEES IN PALESTINE



5.1

**Promotion And Initiatives Programs**

5.2

**Promotion Guarantees**

# INVESTMENT PROMOTION & INITIATIVES PROGRAMS

## International, Arabic and Palestinian Programs and initiatives to Support the Private Sector

Several joint programs and initiatives between Palestine and various international and Arabic development agencies have been launched in order to support the Palestinian private sector and enable in achieving its role, were the private sector plays a leading role in empowering the Palestinian economic sector. Joint programs and initiatives focus on empowering SME's which form more than 95% of the private sector.

### 1. Investment Promotion and Initiatives Programs

المؤسسة العربية لضمان  
الاستثمار والتجارة الصادرات  
The Arab Investment & Export  
Credit Guarantee Corporation



The Arab investment and export credit guarantee corporation (Dhaman) is a pioneer multinational organization that has provided guarantee services against commercial and non-commercial risks for the last four decades. The first multilateral investment guarantee provider in the world, Dhaman is owned by the governments of Arab states and 4 Arab financial institutions. Standard & Poor's reaffirmed its "AA Stable outlook" rating of Dhaman, reflecting both Dhaman's very strong business and financial profiles

In 2008, the PNA signed an agreement with the World Bank that guaranteed local and foreign investments in the West Bank. The European Investment Bank, the Japanese Government and the PNA funded this project. The fund is administered by the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group specializing in the field of political risk insurance.



Overseas Private Investment Corporation (OPIC) is an independent US agency that offers a number of medium and long-term loans, as well as insurance services that include insurance against political risks and export guarantees



Guarantco is part of the Private Infrastructure Development Group and sponsored by five G12 governments. Guarantco was established to help address and overcome existing constraints in the supply of local financing to infrastructure projects and to help the development of local financial markets. In Palestine, Guarantco financed Wataniya Mobile the largest private sector investment in the amount of USD \$ 145 million.



International Finance Corporation is a member of the World Bank Group, IFC is committed to providing investments, expertise and building long-term private sector companies, providing financing services and partial credit guarantees.

### 2. Investment Promotion Guarantees



1. There is no distinction between foreign and local investors.
2. Investors may freely transfer all financial resources out of Palestine at any time and currency which is accepted by the investor.
3. Investor may freely own projects, guaranteeing against any future expropriation of the properties.

## ESTABLISHING A BUSINESS IN PALESTINE



6.1

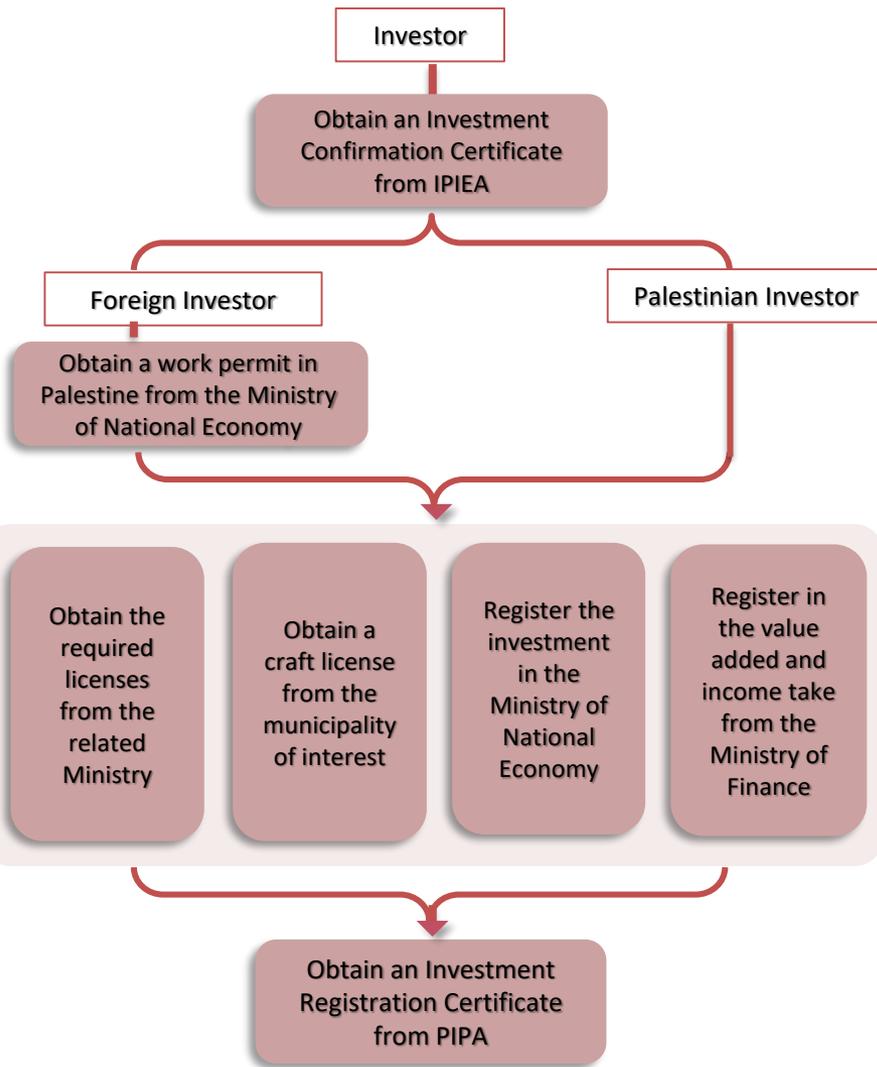
### Starting a Business: Step by Step

## Starting a Business: Simple and easy procedures for foreign and local investors

In Palestine, foreign and local investors will follow very simple and easy procedures needed to establish a new business or expand their current business in Palestine.

### Starting a business : step by step

The procedures for establishing a business in Palestine for local and foreign investors are not that different. The only exception is that an additional step foreign investors need to undertake, which is to obtain a Palestinian work permit from the Ministry of National Economy.



## INSTITUTIONS SUPPORT THE INVESTMENT ENVIRONMENT IN PALESTINE



7.1

Public Institutions

7.2

Private Institutions

# Institutions Support the Investment Environment in Palestine

A wide range of public and private institutions are involved in providing various services that seek to regulate the investment environment in Palestine and provide facilities that will encourage investors to start their business in Palestine.



## 7.1 Public Institutions

|   |   |   |  |
|---|---|---|--|
| Ministry of National Economy                  | Provides various services to the investors as well as the private sector, it aims to create a stable and efficient economic partnership with the private sector. The main activities of the ministry include: providing commercial licenses and facilities, registration of companies, consumer protection, and information and research. | Ministry of Foreign Affairs and Expatriates   | organizes Palestine's foreign diplomatic relations, and ensures the continuation of external support, and maintains the relations with Palestinians diaspora and expatriates.  |
| Ministry of Finance                           | Operates within the financial system that meets the international standards of integrity, transparency and accountability. The MoF is responsible for regulating all financial matters related to direct and indirect taxes, including the implementation of investment incentives.   | Palestinian Energy & Natural Resources Authority  | The Palestinian Energy & Natural Resources Authority aims to develop the energy sector in Palestine by supervising and controlling the process of generating, transmitting and distributing energy, setting specifications for energy, and researching and developing alternative sources of energy in partnership with the private sector.                                |
| Ministry of Tourism and Antiques              | Aims to promote the tourism industry by preserving cultural heritage, developing infrastructure, organizing and controlling the work of tourism institutions and facilities, and developing tourism products in partnership with the private sector.  | Ministry of Health  | Supervises all health-related issues, including the development of health standards and procedures, and certification of exported or imported food products.   |
| Ministry of Telecom. & Information Technology | Organizes the ICT sector in Palestine, develops the infrastructure of the sector and facilitates the work of its companies.   | Ministry of Agriculture   | Regulates the agricultural sector, the role of the ministry includes: preparing the primary and secondary legislation necessary to regulate the sector, issuing the necessary certificates, including sanitary and phytosanitary certificates, that are needed to export the agricultural commodities and improving the competitive advantage of the Palestinian products. |
| Ministry of Local Government                  | Aims to strengthen the concept of partnership between local, public and private sectors to achieve targeted local development.  | Palestinian Central Bureau of Statistics  | The source of Palestinian statistics, including regular and accurate data of trade, prices, society and economy. The bureau is also the source of data regarding the status of the various Palestinian economic sectors and their annual performance.  |
|   |   | <br><small>مكتب الترويج الاستثمار الفلسطيني<br/>Palestinian Investment Promotion Agency</small> | Operates based on the Law on the encouragement of investment. PIPA encourages and promotes investment in Palestine, through providing investment guarantees and incentive packages and recently its mandate expanded to-   |



establish industrial zones with international specifications to attract foreign and local investments in partnership with the private sector. The Authority also provides integrated services that meet the investors' needs.



Palestinian Standards Institution is the gateway for national and international standards, and aims to facilitate trade and investment in Palestine by setting the standards and specifications of the Palestinian businesses as well as controlling inspection and quality.



سلطة النقد الفلسطينية  
PALESTINE MONETARY AUTHORITY

Palestinian Monetary Authority is similar to the National Central Bank, which regulates banking operations, monitors and restructures the local banking sector.



هيئة مسوؤ رأس المال الفلسطينية  
Palestine Capital Market Authority

Palestine Capital Market Authority regulates and monitors the capital market and its growth in order to protect the rights of investors

## 7.2 Private Institutions



لغة التجارة الخارجية للصناعة والزراعة الفلسطينية  
Federation of Palestinian Chambers of Commerce, Industry & Agriculture

Federation of Palestinian Chambers of Commerce, Industry, and Agriculture works on developing the role of the Palestinian chambers of commerce and empower its contribution in economic development to serve the private sector, and strengthen the chambers' in the local, regional and international level, and promote the Palestinian products to expand the targeted markets.



الاتحاد العام للصناعات الفلسطينية  
Palestinian Federation of Industries

Palestinian Federation of Industries aims to facilitate the status of industrial development, since it is the base of progress for the Palestinian industrial sector, by concentrating on education, advocacy, and disseminating the value of industry to enable it to compete at the international level.



The Palestinian Businessmen Association is a research center for the Palestinian business community, addressing the issues of the business community.



مركز التجارة الفلسطينية - بالتريد  
PALESTINE TRADE CENTER

The Palestine Trade Center develops exports of Palestine as a key force for sustainable economic growth through promoting exports, market research and capacity building to promote a competitive and encouraging environment.



The Private Sector Coordination Council represents all its members from the Palestinian private sector, providing a range of incentives and facilities to enable the economic role of the private sector, as well as coordinate with the various governmental bodies to prepare and implement economic policies.

The Private Sector Coordinating Council includes the following members: Palestinian Businessmen Association, Palestine Trade Center, Federation of Palestinian Chambers of Commerce, Industry, and Agriculture, Palestinian Federation of Industries, Association of Bank In Palestine, Palestinian Information Technology Association of Companies, Arab Hotel Association, Palestinian Insurance Federation, Palestinian Contractor Union, Palestinian Shippers' Council, Business Women Forum – Palestine.

# Annex (1): Available Investment Opportunities Within Published Clusters

The following table shows the economic projects that need financial support and partnerships with local and international parties to facilitate their implementation, these projects are classified within agricultural and industrial clusters.

\* The used currency is the US dollar.

| # | Investment Opportunity                      | Investment Summary   | Location           | Expected Cost        | Available Investment | Investment Gap       |
|---|---|--|--------------------|----------------------|----------------------|----------------------|
|   |   |  |                    | <b>2,186,159,145</b> | <b>659,791,499</b>   | <b>1,523,019,307</b> |
| 1 | Reclaiming and developing Agricultural Land | Reclaiming of 12,250 Dunums, to increase the agricultural output and to protect 2,500 Dunum from irrigated farming land  | Jericho & Alaghwar | 6,454,600            | 1,290,920            | 5,163,680            |
|   |   | agricultural products which has high value added   | Hebron             | 10,000,000           | 3,000,000            | 7,000,000            |
|   |   | agricultural products which has high value added   | Nablus             | 15,000,000           | 0                    | 15,000,000           |
|   |   | Reclaiming of agricultural land which are located near the settlements and are rich with water sources; to increase the agricultural output and to protect 2,500 Dunum from irrigated farming land | Qalqilya           | 5,000,000            | 1,000,000            | 4,000,000            |
|   |   | Reclaiming of 4,015 dunums   | Jenin              | 7,186,850            | 2,186,037            | 5,000,813            |
|   |   | Reclaiming of 867 dunums   | Tubas              | 1,734,000            | 374,000              | 1,360,000            |
|   |   | Reclaiming of 1,790 dunums from agricultural land to increase the farming area   | Tulkarem           | 3,506,600            | 701,320              | 2,805,280            |
|   |   | Reclaiming of 1,170 dunums of mountains' land  | Salfeet            | 2,094,300            | 418,860              | 1,675,440            |

| # | Investment Opportunity                              | Investment Summary  | Location           | Expected Cost | Available Investment | Investment Gap |
|---|---|---|--------------------|---------------|----------------------|----------------|
| 2 | Rehabilitation and Improvement of Agricultural Land | Improving 2,340 Dunums of mountains' land                       | Salfeet            | 3,112,200     | 622,440              | 2,489,760      |
|   |   | Improving 3,810 Dunums of agricultural land                     | Tulkarem           | 2,887,980     | 577,596              | 2,310,384      |
|   |   | Improving 1,275 Dunums of agricultural land                     | Tubas              | 1,912,500     | 772,500              | 1,140,000      |
|   |   | Improving 3,172 Dunums of agricultural land                     | Jenin              | 3,488,650     | 2,091,925            | 1,396,725      |
|   |   | Improving 1,000 Dunums of forest land                           | Jenin              | 350,000       | 350,000              | 0              |
| 3 | Farming crops                                       | Cultivating 130 dunums of the strategic crops (seedless grapes) | Jericho & Alaghwar | 585,000       | 117,000              | 468,000        |
|   |   | Cultivating 300 dunums of the strategic crops (Lemon)           | Jericho & Alaghwar | 225,000       | 45,000               | 180,000        |
|   |   | Cultivating 240 dunums of the strategic crops (Mango)           | Jericho & Alaghwar | 240,000       | 48,000               | 192,000        |
|   |   | Fodder cultivation crops (corn seeds)                           | Jericho & Alaghwar | 150,000       | 30,000               | 120,000        |
|   |   | Cultivating 17,400 seedlings of the strategic crops (grapes)    | Salfeet            | 69,600        | 13,920               | 55,680         |
|   |   | Cultivating 28,200 seedlings of the strategic crops (Olive)     | Salfeet            | 78,960        | 15,792               | 63,168         |
|   |   | Cultivating 16,200 seedlings of the strategic crops (Almonds)   | Salfeet            | 29,160        | 5,832                | 23,328         |
|   |   | Mushroom cultivating (15 projects)                              | Salfeet            | 150,000       | 150,000              | 0              |
|   |   | Herbal plant cultivating (Thyme: Za'tar crops)                  | Salfeet            | 30,000        | 6,000                | 24,000         |
|   |   | Herbal plant cultivating (Sagebrush crops)                      | Salfeet            | 30,000        | 6,000                | 24,000         |

| # | Investment Opportunity | Investment Summary  | Location | Expected Cost | Available Investment | Investment Gap |
|---|------------------------|---|----------|---------------|----------------------|----------------|
| ٣ | Farming crops          | Cultivating of 935 dunums of the tropical crops (Avocado, Mango, Lemon)     | Tulkarem | 374,000       | 78,640               | 295,360        |
|   |                        | Cultivating 3,080 dunums of rain fed crops                                  | Tulkarem | 692,000       | 138,400              | 553,600        |
|   |                        | Cultivating 5,400 dunums of (wheat and sesame) crops                        | Jenin    | 324,000       | 27,300               | 296,700        |
|   |                        | Expanding in cultivating 2,100 dunums with melon crops                      | Jenin    | 840,000       | 210,000              | 630,000        |
|   |                        | cultivating 7,500 dunums with olive seedlings                               | Jenin    | 450,000       | 140,000              | 310,000        |
|   |                        | cultivating 2,000 dunum with Grapes seedlings                               | Jenin    | 1,440,000     | 338,400              | 1,101,600      |
|   |                        | Cultivating 88,000 seedlings of grapes                                      | Tubas    | 308,000       | 154,000              | 154,000        |
|   |                        | Cultivating 6,000 of cluster lemon seedlings                                | Tubas    | 21,000        | 10,500               | 10,500         |
|   |                        | Cultivating 3,000 dunums of garlic crops                                    | Tubas    | 1,500,000     | 150,000              | 1,350,000      |
|   |                        | Cultivating 2,300 seedlings of palms  | Tubas    | 230,000       | 115,000              | 115,000        |
|   |                        | Cultivating 40 dunums of hydroponics  | Tubas    | 1,400,000     | 700,000              | 700,000        |
|   |                        | Establishing nurseries for the production of mothers strawberries and fruit | Jenin    | 300,000       | 0                    | 300,000        |
|   |                        | Establishing nurseries for the production of mothers                        | Tulkarem | 80,000        | 64,000               | 16,000         |
|   |                        | Cultivating 30 dunums of strawberries crops                                 | Tulkarem | 840,000       | 840,000              | 0              |
|   |                        | Cultivating 90 dunums of green houses' products                             | Tulkarem | 900,000       | 900,000              | 0              |
| ٤ | Calves Fattening       | Establishing fattening farms for calves                                     | Tulkarem | 2,550,000     | 2,040,000            | 510,000        |
| ٥ | Cows Breeding          | Establishing the cow farm: (AZIZA)  | Tulkarem | 6,000,000     | 4,800,000            | 1,200,000      |

| #  | Investment Opportunity | Investment Summary   | Location           | Expected Cost | Available Investment | Investment Gap |
|----|------------------------|--|--------------------|---------------|----------------------|----------------|
| ٥  | Cows Breeding          | Establishing 30 projects of cows breeding  | Tulkarem           | 450,000       | 450,000              | 0              |
| ٦  | Sheep Breeding         | Products   | Tulkarem           | 900,000       | 900,000              | 0              |
| ٧  | Bee Breeding           | Establishing 50 projects of bee breeding   | Tulkarem           | 300,000       | 300,000              | 0              |
| ٨  | Feed Plant             | Establishing a feed plant factory with a production capacity of 300 thousands tons per year.                     | Hebron             | 15,000,000    | 9,000,000            | 6,000,000      |
|    |                        | Establishing a feed plant factory in Al-Sha'rawiya   | Tulkarem           | 4,000,000     | 3,200,000            | 800,000        |
|    |                        | Establishing a feed plant factory  | Jenin              | 250,000       | 200,000              | 50,000         |
|    |                        | Developing a feed plant factory in Rafat and Mashaa, to enhance the agricultural investment                      | Salfeet            | 700,000       | 350,000              | 350,000        |
| ٩  | Grain Silos            | Establishing 30 grain silos with a production capacity of A1:M162 thousands tons per year                        | Hebron             | 35,000,000    | 26,250,000           | 8,750,000      |
| ١٠ | Recycling Unit         | Establishing an agricultural recycling unit  | Jenin              | 300,000       | 300,000              | 0              |
| ١١ | Land Fencing           | Protecting 4,700 dunums of agricultural land from animals by fencing it with rustproof fences of 1.5 meters high | Jericho & Alaghwar | 4,700,000     | 940,000              | 3,760,000      |
|    |                        | Protecting 7,650 dunums of agricultural land from animals by fencing it with a rustproof fence of 1.5 meters     | Salfeet            | 7,650,000     | 765,000              | 6,885,000      |
|    |                        | Protecting 2,350 dunums of agricultural land from animals by fencing it with a rustproof fence of 1.5 meters     | Jenin              | 2,350,000     | 235,000              | 2,115,000      |

| #  | Investment Opportunity       | Investment Summary  | Location           | Expected Cost | Available Investment | Investment Gap |
|----|------------------------------|---|--------------------|---------------|----------------------|----------------|
| ١١ | Land Fencing                 | Protecting 2,550 dunum of agricultural land from animals by fencing it with a rustproof fence of 1.5 meters         | Tubas              | 2,510,000     | 251,000              | 2,259,000      |
|    |                              | Protecting 202 thousands meter of agricultural land from animals by fencing it with a rustproof fence of 1.5 meters | Tulkarem           | 2,020,000     | 202,000              | 1,818,000      |
| ١٢ | Improving Agricultural Roads | Improving 129 km  | Jericho & Alaghwar | 3,328,200     | 665,640              | 2,662,560      |
|    |                              | Establishing and improving 201 km to facilitate farmers' commuting and reaching their lands                         | Salfeet            | 5,101,800     | 140,165              | 4,196,365      |
|    |                              | Establishing and improving 305 km to facilitate farmers' commuting and reaching their lands                         | Jenin              | 7,867,710     | 1,283,357            | 6,010,884      |
|    |                              | Establishing and improving 50 km to facilitate armors' commuting and reaching their lands                           | Qalqilya           | 700,000       | 140,000              | 560,000        |
|    |                              | Establishing and improving 104 km to facilitate armors' commuting and reaching their lands                          | Jenin              | 624,000       | 218,400              | 405,600        |
|    |                              | Establishing and improving 109 km to facilitate armers' commuting and reaching their lands                          | Tulkarem           | 2,812,200     | 992,010              | 1,820,190      |
| ١٣ | Installing main Water Lines  | Establishing 28 km (16 inch) main water line from Al-Bireh to Al-Ouja   | Jericho & Alaghwar | 8,400,000     |                      | 8,400,000      |
|    |                              | Establishing 50 km (16 inch)  | Qalqilya           | 750,000       | 150,000              | 600,000        |
|    |                              | Establishing 126 km (6 inch)  | Tubas              | 3,409,020     | 543,402              | 2,865,618      |

| #  | Investment Opportunity                              | Investment Summary                                     | Location           | Expected Cost | Available Investment | Investment Gap |
|----|---|--|--------------------|---------------|----------------------|----------------|
| ١٣ | Installing main Water Lines                         | Establishing 68 km (6 inch)                            | Tulkarem           | 1,350,000     | 135,000              | 1,215,000      |
|    |   | Establishing 74 km (4 inch)                            | Tulkarem           | 1,029,000     | 102,900              | 926,100        |
|    |   | Establishing 8 km (6 inch)                             | Jenin              | 160,000       | 32,000               | 128,000        |
|    |   | Establishing 8 km (4 inch)                             | Jenin              | 120,000       | 72,000               | 48,000         |
| ١٤ | Storage   | Establishing avocado storage units                     | Tulkarem           | 100,000       | 50,000               | 50,000         |
|    |   | Establishing avocado storage units                     | Qalqilya           | 100,000       | 0                    | 100,000        |
| ١٥ | Packaging Factory                                   | Establishing packaging factories                       | Qalqilya           | 200,000       | 0                    | 200,000        |
| ١٦ | Establishing Irrigation Units                       | Establishing irrigation units in Arabaa                | Jenin              | 90,000        | 18,000               | 72,000         |
|    |   | Establishing 11 irrigation units                       | Jericho & Alaghwar | 990,000       | 198,000              | 792,000        |
|    |   | Establishing 19 irrigation units                       | Tulkarem           | 1,710,000     | 576,000              | 1,134,000      |
|    |   | Establishing 16 irrigation units                       | Tulkarem           | 720,000       |                      | 720,000        |
| ١٧ | Rehabilitation and Improvement of Underground Wells | Rehabilitation and improvement of 16 underground wells | Jenin              | 1,440,000     | 288,000              | 360,000        |
|    |   | Rehabilitation and improvement of 35 underground wells | Jericho & Alaghwar | 3,150,000     | 945,000              | 2,205,000      |
|    |   | Rehabilitation and improvement of 25 underground wells | Qalqilya           | 1,500,000     | 300,000              | 1,200,000      |
|    |   | Rehabilitation and improvement of 22 underground wells | Salfeet            | 88,000        | 32,000               | 38,400         |

| #  | Investment Opportunity                              | Investment Summary  | Location           | Expected Cost | Available Investment | Investment Gap |
|----|---|---|--------------------|---------------|----------------------|----------------|
| ١٧ | Rehabilitation and Improvement of Underground Wells | Rehabilitation and improvement of 21 underground wells                | Tulkarem           | 1,890,000     | 189,000              | 1,701,000      |
|    |   | Rehabilitation and improvement of 15 underground wells                | Tubas              | 1,500,000     | 150,000              | 1,350,000      |
|    |   | Rehabilitation and improvement of 5 underground wells                 | Tubas              | 500,000       | 500,00               | 0              |
|    |   | Rehabilitation and improvement of 3 underground wells                 | Tulkarem           | 180,000       | 27,000               | 153,000        |
| ١٨ | Improvement of Sheep Breeds                         | Improving the breeds of 11,190 head of sheep's                        | Jericho & Alaghwar | 111,900       | 22,380               | 89,520         |
|    |   | Establishing labs to improve sheep breeds in Beit Qad                 | Jenin              | 50,000        | 0                    | 50,000         |
|    |   | Establishing a farm to improve the mothers of sheep breeds            | Tubas              | 800,000       | 800,000              | 0              |
|    |   | Establishing a sanitation unit to improve sheep breeds in Beit Qad    | Jenin              | 300,000       | 0                    | 300,000        |
| ١٩ | Improvement of Bee Breeds                           | Establishing a lab to improve bee breeds in Beit Qad                  | Jenin              | 50,000        | 0                    | 50,000         |
|    |   | Establishing a lab to improve bee breeds                              | Qalqilya           | 20,000        | 0                    | 20,000         |
| ٢٠ | Manufacturing for Beehives                          | Establishing a lab to improve bee breeds                              | Qalqilya           | 100,000       | 0                    | 100,000        |
| ٢١ | Fish Farming  | 15 projects of fish farming, 4 projects of breeding 79 types of fish. | Jericho & Alaghwar | 316,000       | 0                    | 316,000        |
|    |   | Establishing 50 fish pools in irrigated areas                         | Qalqilya           | 500,000       | 100,000              | 400,000        |

| #  | Investment Opportunity      | Investment Summary  | Location           | Expected Cost | Available Investment | Investment Gap |
|----|-----------------------------|---|--------------------|---------------|----------------------|----------------|
| ٢١ | Fish Farming                | Establishing 41 fish pools in irrigated areas   | Jenin              | 697,000       | 139,400              | 557,600        |
|    |                             | Establishing 22 fish pools in irrigated areas   | Tulkarem           | 93,200        | 18,640               | 74,560         |
| ٢٢ | Refrigerated Storage        | Establishing refrigerated storage with a capacity of 20 tons                            | Jericho & Alaghwar | 54,000        | 16,200               | 37,800         |
|    |                             | Establishing refrigerated storage with a capacity of 300 tons                           | Jericho & Alaghwar | 500,000       | 150,000              | 350,000        |
|    |                             | Establishing refrigerated storage to reserve the crops                                  | Tulkarem           | 300,000       | 150,000              | 150,000        |
|    |                             | Establishing refrigerated storage to reserve the milk                                   | Salfeet            | 300,000       | 150,000              | 150,000        |
| ٢٣ | Yoghurt Factory             | Establishing refrigerated storage to reserve the crops                                  | Qalqilya           | 300,000       | 0                    | 300,000        |
|    |                             | Establishing refrigerator unit to produce ice molds to reserve the fish and other crops | Qalqilya           | 30,000        | 0                    | 30,000         |
|    |                             | Developing the Yoghurt Factory  | Jericho & Alaghwar |               |                      |                |
|    |                             | Establishing a yoghurt factory in Silat Al-Daher  | Jenin              | 1,500,000     | 1,200,000            | 300,000        |
| ٢٤ | Factory of Frozen Products  | Establishing a factory of agricultural frozen products                                  | Tubas              | 300,000       | 300,000              | 0              |
| ٢٥ | Juice Factory               | Establishing a juice factory from agricultural frozen products                          | Qalqilya           | 250,000       | 0                    | 250,000        |
| ٢٦ | Slaughterhouse              | Establishing a slaughterhouse in Jenin  | Jenin              | 3,500,000     | 2,800,000            | 700,000        |
|    |                             | Establishing a slaughterhouse in Tubas  | Tubas              | 1,000,000     | 500,000              | 500,000        |
| ٢٧ | Egg Drying Unit             | Establishing egg drying unit in Qabatya   | Jenin              | 800,000       | 640,000              | 160,000        |
| ٢٨ | Developing a Central Market | Developing the central market in Qabatya  | Jenin              | 437,000       | 0                    | 437,000        |

| #  | Investment Opportunity   | Investment Summary  | Location           | Expected Cost | Available Investment | Investment Gap |
|----|--|---|--------------------|---------------|----------------------|----------------|
| ٢٩ | <b>Agricultural Marketing Company</b>                                    | Establishing an agricultural marketing company (packaging, storing)                             | Tubas              | 10,000,000    | 10,000,000           | 0              |
| ٣٠ | <b>Wastewater Treatment Plants for Reuse in Agriculture</b>              |   | Jericho & Alaghwar |               |                      |                |
| ٣١ | <b>Establishing Pools, Wells, and Dams to Collect the Rainfall Water</b> | Establishing 367 wells with a capacity of 70 M³ of rainfall water                               | Tulkarem           | 1,541,400     | 0                    | 1,541,400      |
|    |  | Establishing 8 iron tanks to collect rainfall water   | Qalqilya           | 700,000       |                      |                |
|    |  | Establishing 246 cement wells with a capacity of 70 M³ of rainfall water                        | Salfeet            | 1,549,800     | 309,960              | 1,239,840      |
|    |  | Establishing 160 tank with a capacity of 250 M³ of rainfall water                               | Jenin              | 2,720,000     | 544,000              | 2,176,000      |
|    |  | Establishing 82 wells with a capacity of 250 M³ of rainfall water                               | Tubas              | 1,230,000     | 123,000              | 1,107,000      |
|    |  | Establishing 125 cement wells with a capacity of 50 M³ of rainfall water                        | Tubas              | 562,500       | 112,500              | 450,000        |
|    |  | Establishing 160 An earthen pond lined with plastic with a capacity of 250 M³ of rainfall water | Jenin              | 192,000       | 38,400               | 153,600        |
|    |  | Establishing 125 cement wells with a capacity of 70 M³ of rainfall water                        | Jenin              | 4,200,015     | 1,145,763            | 3,054,252      |
|    |  | Establishing 142 cement wells with a capacity of 50 M³ of rainfall water                        | Tubas              | 430,000       | 86,000               | 344,000        |
|    |  | Establishing 2 earthen dams with a capacity of 500,000 M³ of rainfall water                     | Tubas              | 3,000,000     | 0                    | 3,000,000      |
| ٣٢ | <b>Veterinary drug factory</b>   |   | Jericho & Alaghwar |               |                      |                |
| ٣٣ | <b>Agricultural Factory</b>  |   | Jericho & Alaghwar |               |                      |                |
| ٣٤ | <b>Metal Packaging Factory</b>   | Establishing metal packaging factory  | Salfeet            | 500,000       | 250,000              | 250,000        |

| #  | Investment Opportunity               | Investment Summary  | Location | Expected Cost | Available Investment | Investment Gap |
|----|--------------------------------------|---|----------|---------------|----------------------|----------------|
| ٣٥ | <b>Plastic Packaging Factory</b>     | Establishing plastic packaging factory  | Jenin    | 500,000       | 400,000              | 100,000        |
| ٣٦ | <b>Cartoon Packaging Factory</b>     | Establishing cartoon packaging factory  | Tubas    | 1,400,000     | 1,400,000            | 0              |
| ٣٧ | <b>Olive Oil Packing</b>             | Establishing olive oil packaging factory  | Qalqilya | 150,000       | 0                    | 150,000        |
|    |                                      | Establishing olive oil packaging factory  | Salfeet  | 2,200,000     | 1,100,000            | 1,100,000      |
| ٣٨ | <b>Specialized Agricultural Labs</b> | Establishing la ab and a station to fertilizer avocado and lemons   | Qalqilya | 250,000       | 0                    | 250,000        |
|    |                                      | Rehabilitation and development of Tulkarem's lab  | Tulkarem | 150,000       | 0                    | 150,000        |
|    |                                      | Rehabilitation and development of Tulkarem's agricultural station   | Tulkarem | 320,000       | 0                    | 320,000        |
|    |                                      | Establishing a modern lab to test the soils and seeds.  | Qalqilya | 250,000       | 50,000               | 200,000        |
|    |                                      |   |          |               |                      |                |
| ٣٩ | <b>Specialized Craft Zones</b>       | Establishing specialized craft zones to produce shoes and leather and hand crafts                                       | Hebron   | 10,000,000    | 0                    | 10,000,000     |
|    |                                      | Establishing specialized industrial zones   | Nablus   | 15,000,000    | 0                    | 15,000,000     |
| ٤٠ | <b>Technology Garden</b>             | Establishing a specialized technology garden  | Nablus   | 10,000,000    | 0                    | 10,000,000     |
| ٤١ | <b>Industrial Zone</b>               | Establishing Tarqomyia industrial zone with a governmental fund of 40 Million USD and a Chinese fund of 110 Million USD | Hebron   | 150,000,000   | 40,000,000           | 110,000,000    |
|    |                                      | Establishing an industrial zone that will serve (Nablus, Salfeet, Qalqilya)   | Nablus   | 25,000,000    | 0                    | 25,000,000     |
|    |                                      | Establishing a construction zone that will serve (Jamain)   | Nablus   | 15,000,000    | 0                    | 15,000,000     |
| ٤٢ | <b>Specialized Labs</b>              |   | Hebron   | 5,000,000     | 1,000,000            | 4,000,000      |

| #  | Investment Opportunity                    | Investment Summary  | Location | Expected Cost | Available Investment | Investment Gap |
|----|---|---|----------|---------------|----------------------|----------------|
| 4٢ | Specialized Labs                          | Establishing specialized labs to test the quality of nutrition products   | Hebron   | 1,500,000     | 0                    | 1,500,000      |
|    |   | Establishing specialized labs to test the quality of nutrition products   | Nablus   | 5,000,000     | 0                    | 5,000,000      |
|    |   | Establishing specialized labs to test the quality of aluminum products  | Nablus   | 2,000,000     | 0                    | 2,000,000      |
|    |   | Establishing specialized labs to test the quality of products   | Nablus   | 1,000,000     | 0                    | 1,000,000      |
| 4٣ | High Technology Use in Design             | Paper and cartoon products  | Hebron   | 5,000,000     | 0                    | 5,000,000      |
|    |   | Paper, cartoons , and nylon Products  | Nablus   | 5,000,000     | 0                    | 5,000,000      |
| 44 | National Center for Agricultural Products | Establishing a national center for agricultural products (a Local investor will contribute by 22 Million USD, Investment Gap :58 Million USD, and 25 Million USD loans) | Hebron   | 80,000,000    | 0                    | 80,000,000     |
| 4٥ | Developing and Expanding Gold Factories   |   | Hebron   | 5,000,000     | 0                    | 5,000,000      |
| 4٦ | Cement Factory                            | Total output is 1.36 million tons (190 tons per hour)   | Hebron   | 90,000,000    | 0                    | 90,000,000     |
| 4٧ | Establishing Electric Generation Station  | Establishing an electricity generation station in Gaza, with 200 Mega capacity. The volume of available investment is 140 Million USD.                                  | Hebron   | 220,000,000   | 143,000,000          | 77,000,000     |

| #  | Investment Opportunity                   | Investment Summary   | Location             | Expected Cost | Available Investment | Investment Gap |
|----|--|--|----------------------|---------------|----------------------|----------------|
| 4٧ | Establishing Electric Generation Station | Establishing electricity generation station from renewable energy with a capacity of 10 Mega. The volume of available investment is 8 million USD. | Hebron               | 11,000,000    | 8,250,000            | 2,750,000      |
|    |  | Establishing electricity generation station from renewable energy with a capacity of 150 Mega.   | Nablus               | 150,000,000   | 0                    | 150,000,000    |
|    |  | Gas station operating with a capacity of 460 megawatts in Jenin, 30% ownership rights, 70% facilities  | Private Sector, PIPA | 652,000,000   | 196,000,000          | 456,000,000    |
|    |  |  |                      |               |                      |                |
| 48 | Specialized Landfill                     | Establishing a specialized landfill to recycle the used products   | Hebron               | 8,000,000     | 0                    | 8,000,000      |
| 49 | Treatment of Stones' Waste               | Converting stone waste into construction materials such as rub, paints, insulation materials and other derivatives                                 | Hebron               | 10,000,000    | 0                    | 10,000,000     |
|    |  | Converting stone waste into construction materials such as rub, paints, insulation materials and other derivatives                                 | Nablus               | 10,000,000    | 0                    | 10,000,000     |
| 50 | Packaging Center                         | Establishing a specialized packaging center  | Hebron               | 1,600,000     | 670,000              | 930,000        |
|    |  | Establishing a specialized packaging center  | Nablus               | 1,600,000     | 0                    | 1,600,000      |
| 51 | Technical Training University            | Establishing a technical training university   | Nablus               | 20,000,000    | 0                    | 20,000,000     |
| 52 | Affordable Housing Project               | Developing 3,000 green and affordable housing units along with facilities; around 600 dunums, 45% equity, 40% debt, 15% grants                     | Hebron               | 120,000,000   | 54,000,000           | 66,000,000     |

| #  | Investment Opportunity          | Investment Summary  | Location           | Expected Cost | Available Investment | Investment Gap |
|----|---------------------------------|---|--------------------|---------------|----------------------|----------------|
| 53 | Fun Land Entertainment Park     | Establishing Fun land entertainment park with facilities that include but are not limited to : animal zoo, amusement games, pools and water games and restaurants. This will be achieved by developing 150 dunums, with 55% equity, and 45% debt. | Hebron             | 11,500,000    | 6,325,000            | 5,175,000      |
| 54 | Waste to Power Project          | Generating power through rubber/ plastic waste, total of 5 dunmus land, 80% equity, and 20% debt  | Gaza               | 3,600,000     | 2,880,000            | 720,000        |
| 55 | Agriculture Investment Company  | Improving agriculture and agribusiness value-chains and food security, and enabling aggregation of farmers and enhancing market access, 28% equity, 62% Debt, and 10% grant   |                    | 80,000,000    | 22,000,000           | 58,000,000     |
| 56 | Khaled Al-Hasan Cancer Hospital | Comprehensive cancer treatment hospital with a capacity of 139 beds, 35% Equity, and 65% Debt   | Ramallah & Bireh   | 120,000,000   | 42,000,000           | 78,000,000     |
| 57 | Jenin Power Plant               | 460 MW combined cycle gas-fired plant, with 30% equity and 70% Debt   | Jenin              | 652,000,000   | 196,000,000          | 456,000,000    |
| 58 | Greenfield Cement Grinding Mill | Grinding Mill with 190 Ton per hour cement production, and storage capacity that reaches 20,000 Ton, with 51% equity and 49% debt   | Jericho & Alaghwar | 89,700,000    | 46,000,000           | 43,700,000     |