

Country Outlook on Sustainable Finance

Palestine



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Supervision and coordination:

Claudia Pani, Giorgio Mosangini and Alessandro Miraglia, MedWaves.

Content prepared by:

Raed Rajab

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1.1 Objective and structure of the study

This publication aims at providing an overview of the sustainable finance sector in Palestine. It is the result of consultations led by both MedWaves, the United Nations Environment Programme Mediterranean Action Plan (UNEP/MAP) regional activity centre for Sustainable Consumption and Production (formerly known as SCP/RAC), and the National Impact Investing Task Force and it is part of a series of publications established for each of the eight countries in which the European-Unionfinanced SwitchMed programme is implemented.

This report was designed within the framework of The SwitchersFund. The SwitchersFund provides and facilitates direct funding and business support services to existing and future green, circular and social entrepreneurs in the Mediterranean region.

The SwitchersFund mobilises local investors and enterprise support programmes as well as European and international resources to strengthening green start-up projects and raise additional funds to make the transition to a green, circular and social economy in the Mediterranean a reality. The SwitchersFund has three main goals, namely:

- Prove that financing green start-ups can work;
- Address financial and technical assistance gaps; and
- Connect the relevant stakeholders in the process.

The overall objective of the Sustainable Finance Report in Palestine report is to contribute unlocking the situation of Palestinian green and circular economy start-ups/MSMEs with regards to access to finance. This report first identifies existing public policies, mechanisms and instruments supporting start-ups/ MSMEs financial needs for development (e.g. guarantees, bank loans, risk capital, microfinance, etc.); then, based on key findings, it issues recommendations to improve the situation for start-ups/ MSMEs and facilitate meeting their financial needs.

The report is structured in four main chapters as follows:

Chapter 1 Introduction

Chapter 2 The Green and Circular Economy Policy and Regulatory framework in Palestine

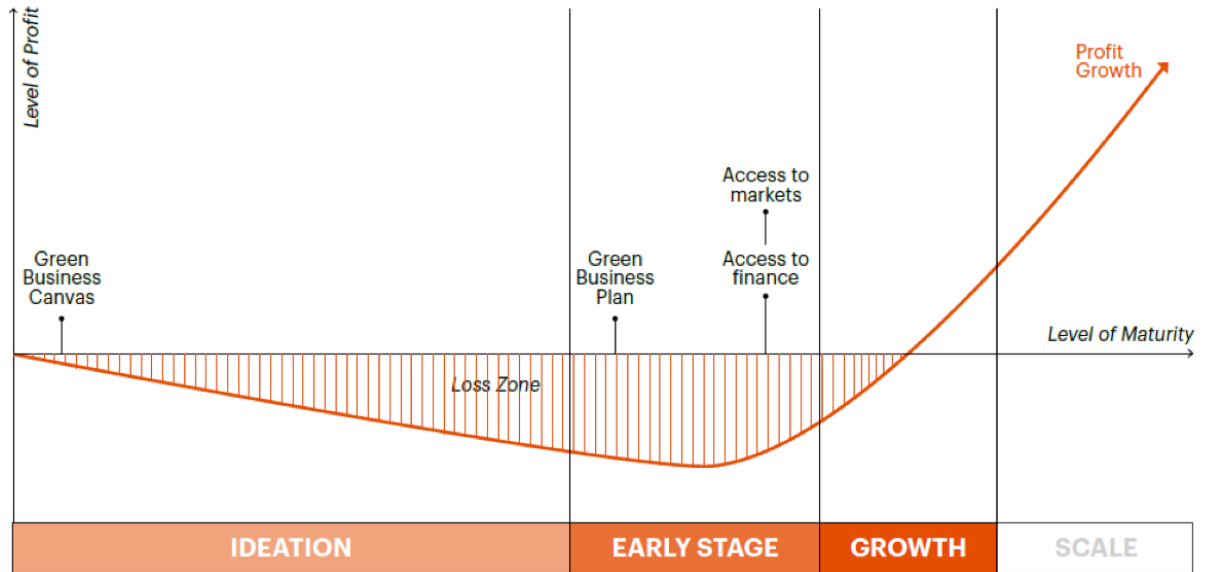
This chapter offers a general overview of the main and most recent policy and regulatory frameworks (when available) in the field of Green and Circular Economy.

Chapter 3 Sustainable Finance, a comprehensive mapping exercise of existing sustainable finance instruments

Chapter 3 gathers a collection of available private and public sustainable instruments available. Each instrument is introduced by a detailed fact sheet proving all relevant information about its Legal Form, Main sector targeted and Range of Investment among other. All instruments are presented in the form of boxes designed to cover the required information and to provide a closer view on the situation in Palestine. The instruments available in Palestine are representative of the following categories:

- (i) Bank loans and facilities;
- (ii) Public Guarantee funds and risk-sharing mechanism;
- (iii) Private equity and venture capital;
- (iv) Leasing, factoring and Islamic finance;
- (v) Microfinance;
- (vi) Impact Investing;
- (vii) Venture Philanthropy;
- (viii) Other.

The Switchers we invest in are entrepreneurs in different stages of the business life cycle:



Chapter 4 Opportunities, recommendations and conclusions

The final chapter of the report has as main objective to identify, (where relevant and feasible), the opportunities for the design, adoption and implementation of innovative sustainable finance solutions, propose recommendations for the policy makers, public and private investors and relevant stakeholders, such as the Business Support Organisations.

The main conclusions, the opportunities and the recommendations will be then shared with each National Impact Investing Task Force and will represent the starting point for a fruitful discussion.

2.1 Current Situation

Palestine lacks a clear and coherent action plan and framework for Green and Circular economy at the national and local levels. Palestinian renewable energy and sustainability laws have had a limited impact due to their inconsistent enforcement. In addition, as a developing country, still suffering from the Israeli occupation and with limited natural resources (most of them are under the occupying authority's control), Palestine needs now more than ever to find new ways and methodologies to raise the socioeconomic sense of responsibility and improve the livelihood of the Palestinian people through investing in the available natural capital.

Some efforts have been made by the Energy Authority (PEA) which launched in 2010, its sustainable energy policy road map with the aim to increase the operating and technical efficiency of distribution utilities, improve energy conservation and load management and diversify the sources of the regional electricity supply as an improvement of the Green economy. In accordance with this policy, resolution n°162012 on the use of renewable energy in Palestine was adopted by the Palestinian Authority.

The Palestinian Energy Authority did launch what they call the National Energy Efficiency Action Plan (NEEAP); a new and advanced approach aiming to significantly accelerate the adoption and implementation of energy efficiency and sustainability measures, as well as investments in carbon emission reduction targets by 2025. It is important to notice that the Palestinian National Authority acknowledges the fact that local authorities such as municipalities and cities are playing and will continue to play a key role in the necessary energy transition the country should go through.

As a sign of this attention paid to local authorities, the Ministry of local government took the lead in promoting the deployment of the Covenant of Mayors movement in the West Bank. The covenant is a global movement that started in the EU. It involves local and regional authorities voluntarily committing to increasing energy efficiency and use of renewable energy sources on their territories.

By committing, Covenant signatories aim to meet and exceed the EU's 20% carbon reduction target by 2025. Palestine was one of 24 Mediterranean countries that committed to the plan.

Palestine Environmental Law framework

What is it about? The first Palestinian environmental law came into existence in the year 1999 after being approved by the late PA president Mr. Yasser Arafat after passing in the Palestinian Legislative Council (PLC) and is called "Law No. 7 on the Environment"

Later on, a set of laws with relevance to environment matters have been enacted by the Palestinian National Authority, which are basically sector based laws but covers environmental protection matters in their scope of relevance in that specific sector:

Law	Year
Law no. 20 of Public Health	2004
Law no. 3 of Agriculture	2003
Law no. 3 of Water	2002
Law no. 1 of Natural Resources	1999
Law no. 15 of Industrial Estates and Free Industrial Zones	1998
Law no. 1 of Local Bodies Councils	1997

In addition, the Environmental Impact Assessment (EIA) process is used by the Palestinian authorities to assess environmental effects of development projects and study them to make a decision to integrate the interest of the environment.

To whom does it apply? The regulations cover the following activities, whether they are private or public:

- 1 Major agricultural projects including restructuring of lands in excess of 20 Acres in addition to large scale water management, domestic animal rearing, and fish breeding projects.
- 2 Extractive industry of minerals, coal, petroleum and gas, and their associated installations.
- 3 Energy industry covering production installations for electricity, steam and hot water in addition to their storage and transmission means and facilities.
- 4 Processing of metals including steel, non-ferrous metals to produce various types of castings and sheets.
- 5 Glass and rubber industries
- 6 Chemicals industry covering pesticides, pharmaceuticals, paints...etc
- 7 Food industry with organic and green impacts.
- 8 Textile, leather, paper, wood and marble industries.
- 9 Major infrastructure projects (industrials estates, urban developments, dams, airfields...etc) and other construction projects.

Main points	<p>The regulations under the plan mainly pertain to obtaining environmental approvals for development projects. The focus of the regulations is on:</p> <ol style="list-style-type: none">1 Protecting the environment from all forms of pollution2 Protecting public health and social welfare3 Incorporating the concerns of environment protection into the economic and social development plans, and encouraging sustainable development4 Protection of the biodiversity and the sensitive environmental areas as well as rehabilitating and upgrading environmentally damaged areas5 Encouraging the collection and dissemination of environmental data and increasing the public awareness of environmental matters
Entry into force and application	<p>All the regulations are already operational.</p> <p>It is important to take into consideration the political division of the west bank by the Israeli occupation into 3 zones based on autonomy and control. Therefore, a set of projects are not allowed to be implemented in Zone I (Israeli controlled), while if they are to be implemented in Zone II (Some Palestinian control), they would require to go through the Environmental Impact Assessment (EIA) process mentioned before. And if located in Zone III (mostly Palestinian control) an environmental review would be needed either to grant environmental approval or to decide on the need for an EIA would be the basis for the decision of granting the approval or denying it</p>
Related Articles	<p>https://fada.birzeit.edu/bitstream/20.500.11889/1701/1/thesis_304.pdf</p>

2.2 Challenges and opportunities: what to expect for the future

Consultations with relevant stakeholders were collected during meetings presented the following challenges and opportunities for investors/ financing key players and start-ups/ MSMEs and Switchers to access finance:

Challenges to finance green and circular economy through VCs and Incubators

- 1 Inability to secure initial funding for early-stage ventures due to the high risk and immature business idea (strong bias for finance for expansion).
- 2 Absence of national plan/ lack of a policy framework for green and circular economy to fund the start-ups/MSMEs initiatives and programs.
- 3 Most Incubation and accelerators depends on the donor funding to sustain their activities (limited impact and return on investment).

Challenges to finance green and circular economy through banks and Microfinance Institutions:

- 1 Due to the unstable political climate, banks are very conservative and demand excessive collateral.
- 2 Despite significant liquidity at banks, the role of banks in providing financing for green and circular economy has been limited.
- 3 The need to tailor Credit Guarantee Program to green and circular economy.
- 4 Access to suitable finance at Microfinance Institutions is heavily constrained for young people in Palestine, who are unable to provide guarantees or are not employed.
- 5 The conditions to comply with micro green finance loans is complicated and cumbersome for Microfinance Institutions following the donors' required documentations.

03 Sustainable Finance, a comprehensive mapping exercise of existing sustainable finance instruments

3.1 Sustainable Finance Funding opportunities

The following boxes contain the most relevant examples of financial tools/actors addressing Green and Circular Economy.

Equity instruments

Palestine Investment Fund (PIF) for Small and Medium Size Investment

Introduction	
Name of organization	Palestine Investment Fund (PIF) for Small and Medium Size Investment
Organization typology	Private Equity and Venture Capital
Legal form	Public company
Public/private ownership	<input checked="" type="radio"/> public entity <input type="radio"/> private entity
Description (explicit the interest/ approach towards Green and Circular economy)	Sharakat invests for impact in Palestinian SMEs to strengthen food self-sufficiency, enhance the technology offer, and accelerate human development through health and education. Established in 2013, Sharakat is a fully-owned subsidiary of the Palestine Investment Fund. PIF seeks a double bottom line by maximizing impact through innovation and investing in cutting-edge strategic projects in under-developed and vital sectors, all while achieving sustainable returns.
Location (headquarters)	Ramallah, Palestine
Geographical scope (area of operations)	Palestine
Instrument description	
Product typology	<input checked="" type="radio"/> equity <input type="radio"/> debt <input type="radio"/> grant
Focus on Green and Circular economy	<input type="radio"/> Green and Circular economy is the only target <input checked="" type="radio"/> Green and Circular economy is among the potential targets
Scope of operations - Industry/tags (identify Green and Circular economy targets)	Agriculture, Technology, Health and Education, SME's financing
Product specificities (what makes this product different from similar products on the market)	PIF is the leading investor in renewable Energy, Agriculture and agribusiness, infrastructure, real estate, Technology, and Entrepreneurship in Palestine. With \$1 Billion of assets under management, PIF has strategic partnerships with companies both locally and internationally, in addition to their connection to governmental agencies.
Range of investment (minimum and maximum)	By the end of 2017, Sharakat had invested 25 million USD in various Palestinian economic sectors; and attracting over 106 Million USD in additional investments by PIF partners into the same investments. Range of investment in 2018 was 17.5 million USD
Investment duration	Between 1 and 5 years
Return expectation	<input type="radio"/> no return and no reimbursement expectation (pure grant) <input type="radio"/> capital reimbursement, no return expectation <input checked="" type="radio"/> capital reimbursement and return expectation
Legal structure of target companies	Sharakat invests in established and start-up MSME's with high potential for growth and expansion. Sharakat invests in agriculture, technology and human development (healthcare and education).
Phase of growth of target companies	<input type="radio"/> Ideation stage <input type="radio"/> Early stage <input checked="" type="radio"/> Growth <input type="radio"/> Scale-up

Conditions and prerequisites to access	An existing company.
Auxiliary services provided to target companies	Grants Business Training Financial coaching
Additional financial products offered by the organization, besides the one described as best practice	Grants, investment for small and medium-sized enterprises
Investment example in Green and Circular Economy	TARGET COMPANY (focus on Green and Circular Economy component): Dalyeh Seedless Grape Farm: The Al Dalyeh Early Seedless Grape Farm was established on 128 dunums in Ein Al Beida, Tubas, in Area C, in partnership with Sawafta Brothers Corporation. Currently, the farm is being expanded to reach 540 dunums. This project aims to develop agriculture in Palestine and enhance the resilience of the Palestinian population, especially in Area C. INVESTMENT AMOUNT: 10 Million USD
Contact details	
Address and telephone	Tel: (+970) or (+972) 2 2421966/67 Fax: (+970) or (+972) 2 296 9614 Al-Ersal St, Ammar Bulding 6th floor Ramallah, Palestine
Website	http://www.sharakat.ps/

Swot Analysis

	Helpful	Harmful
Internal	<p>Strengths</p> <p>One of the largest/most connected company in Palestine allowing green companies access to other investors and fellow green companies.</p> <p>Focuses on green, agricultural and clean innovation.</p>	<p>Weaknesses</p> <p>Very competitive selection process</p> <p>Regulations regarding companies selected including establishment and scalability.</p>
External	<p>Opportunities</p> <p>Sharakat is well positioned to impact a major change in the sector and mitigate market constraints to facilitate the move into high-value crops and crowd in the necessary investments into the sector</p>	<p>Threats</p> <p>Political instability of the region</p> <p>Lack of innovation in the technology and agricultural sectors due to the occupation</p>

Siraj Palestine Fund Management Company

Introduction	
Name of organization	Siraj Palestine Fund Management Company
Organization typology	Management Company
Legal form	Private company
Public/private ownership	<input type="radio"/> public entity <input checked="" type="radio"/> private entity
Description (explicit the interest/ approach towards Green and Circular economy)	<p>Siraj Fund Management Company (SFMC) is the first Palestinian private equity fund manager. SFMC's first fund, Siraj Palestine Fund I, is a USD \$90M fund which invested in 14 companies in 9 different sectors. SFMC's second fund will be a similar fund with an expected first closing in late 2017 that will provide growth capital to companies operating in Palestine, specifically those who will apply technological advancements and innovative solutions to grow and expand either locally or regionally.</p>
Location (headquarters)	Rawabi City
Geographical scope (area of operations)	Palestine
Instrument description	
Product typology	<input checked="" type="radio"/> equity <input type="radio"/> debt <input type="radio"/> grant
Focus on Green and Circular economy	<input type="radio"/> Green and Circular economy is the only target <input checked="" type="radio"/> Green and Circular economy is among the potential targets
Scope of operations Industry/tags (identify Green and Circular economy targets)	<p>Diversified sectors including financial services, healthcare, infrastructure & energy, agriculture, and industrial</p> <p>Focused on generating economic returns while creating development impact that will benefit Palestinian society and economy as a whole, and support the emergence of a self-sustaining Palestinian state.</p>
Product specificities (what makes this product different from similar products on the market)	<p>Large investment window (up to 5M USD in funding)</p> <p>Works with small and newly established businesses</p> <p>Capitalizes on youth and graduate student to create jobs and offer economic growth opportunities for younger people with a focus on female entrepreneurship.</p>
Range of investment (minimum and maximum)	2-5 Million USD
Investment duration	10 years with an investment period of 5
Return expectation	<input type="radio"/> no return and no reimbursement expectation (pure grant) <input type="radio"/> capital reimbursement, no return expectation <input checked="" type="radio"/> capital reimbursement and return expectation Other: Fund term of 10 years with an investment period of five years
Legal structure of target companies	SMEs and public companies in the early, expansion and growth business stages. SPF II will target companies from the most flourishing economic sectors which include the financial, healthcare, agriculture, industrial, infrastructure and energy sectors.
Phase of growth of target companies	<input type="radio"/> Ideation stage <input checked="" type="radio"/> Early stage <input checked="" type="radio"/> Growth <input checked="" type="radio"/> Scale-up
Conditions and prerequisites to access	Extensive due diligence, a strict investment committee approval process, counsel from international and local connections in assessment and implementation of investments, acquisition of an influential equity positions with a long-term holding strategy, and diversification of investment type per deal.
Auxiliary services provided to target companies	Technical assistance to portfolio companies. Financial guidance Develop portfolio companies' business strategy to maximize revenue
Additional financial products offered by the organization, besides the one described as best practice	Grants

Investment example in Green and Circular Economy

TARGET COMPANY (focus on Green and Circular Economy component):
 Nakheel Palestine, a limited shareholding company specializing in the production, farming, marketing and sales of Medjool dates.
 The company emphasises on organic agriculture and agriculture and uses innovative irrigation systems using renewable sources of energy.
INVESTMENT AMOUNT:
 Siraj Fund acquired a 30% stake in Nakheel Palestine for Agricultural Investments.

Contact details

Address and telephone

8th Floor, Massar International Building, Q Center
 Rawabi, Palestine

Website

<https://www.siraj.ps/en>

Swot Analysis

Helpful

Harmful

Internal

Strengths

Capitalizes on local Palestinian talent and resources

Extensive local and international experience from over a decade of investment and consultancy activities.

International fund management and hands-on business management consultancy experience

Unsurpassed network of industry contacts

Weaknesses

The Palestinian market remains largely untapped with enormous scope for infrastructure development and technology advancement.

Lacks access to capital

External

Opportunities

Sirajj has a huge network with local and international stakeholders that are willing to invest and develop the agricultural sector in Palestine.

Rawabi is a developing city with multiple opportunities to use agriculture as a main pillar of generating income.

Threats

Lack of formal requirements to label an investment as “green” in the Palestinian law and economy

Lack of specific guidelines and laws to support companies investing in green economy.

The Palestinian market remains largely untapped with enormous scope for infrastructure development and technology advancement.

Palestine for Credite and development FATEN

Introduction	
Name of organization	Palestine for Credite and development - FATEN
Organization typology	a private non-profit company
Legal form	Limited company
Public/private ownership	<input type="radio"/> public entity <input checked="" type="radio"/> private entity
Description (explicit the interest/ approach towards Green and Circular economy)	<p>The Palestine for Credit and Development, known as Faten was established in 1999 in order to assist poor people to set up and develop their business by providing a range of financial services,</p> <p>It has expanded rapidly to become one of the largest Microfinance institutions in MENA region; it has 38 branches spread throughout the country employs 300 full-time staff with more than 42,000 active borrowers and an outstanding loans portfolio of more than \$120 million.</p> <p>Faten believes that the combined efforts of the Palestinian Authority, microfinance institutions and decision makers in the community, along with local and international community institutions, capable of achieving the goals of the industry, which maintain the continuity and success of the small business and enhance their productivity by maintaining microfinance products.</p>
Location (headquarters)	Ramallah
Geographical scope (area of operations)	Palestine
Instrument description	
Product typology	<input type="radio"/> equity <input checked="" type="radio"/> debt <input type="radio"/> grant
Focus on Green and Circular economy	<input type="radio"/> Green and Circular economy is the only target <input checked="" type="radio"/> Green and Circular economy is among the potential targets
Scope of operations - Industry/tags (identify Green and Circular economy targets)	SMEs, Renewable energy, Entrepreneurs
Product specificities (what makes this product different from similar products on the market)	<p>A variety of different loans depending on personal situations</p> <p>A clear process and structured map to obtain loans</p> <p>A network connected to other financial institutions that can further support projects</p>
Range of investment (minimum and maximum)	<p>Small Business Loan (UP TO \$25,000)</p> <p>Small and medium projects (Up to \$50,000)</p> <p>Social Loan (up to \$4000)</p> <p>Start up loan (Up to \$25,000)</p> <p>Renewable Energy (Green loans) (up to \$25,000)</p>
Investment duration	Depending on the project ranging from 10 and 60 months
Return expectation	<input type="radio"/> no return and no reimbursement expectation (pure grant) <input type="radio"/> capital reimbursement, no return expectation <input checked="" type="radio"/> capital reimbursement and return expectation <p>Other: Interest rates start at 1% per month and reach 5% annually. The interest rate for commercial loans and the profit margin for Islamic Murabaha loans is determined by the purpose of the loan and its value</p>
Legal structure of target companies	Any individual above 18 years old with a Palestinian ID
Phase of growth of target companies	<input checked="" type="radio"/> Ideation stage <input checked="" type="radio"/> Early stage <input checked="" type="radio"/> Growth <input type="radio"/> Scale-up

Conditions and prerequisites to access	<p>Varies for each method: SME Loan: Prior experience in field in addition to being at least 21 years of age and carries a Palestinian ID.</p> <p>Renewable Energy Projects : provide a scientific qualification, vocational training or practical experience managing the project.</p> <p>Small Business loan: the project needs to have made profit in the past six months in addition to being a registered company for at least two years.</p> <p>For all projects: The loan amount shall not exceed the capital of the Project or the total assets.</p>
Auxiliary services provided to target companies	<p>Technical support provided to support the design and implementation of projects.</p> <p>Access to a network of useful contacts for advisory and product commercialization and marketing.</p>
Additional financial products offered by the organization, besides the one described as best practice	Small Business Loan, Social Loan, SME Loan, Start with us loan, Financing Renewable energy loan, Housing loans
Investment example in Green and Circular Economy	<p>TARGET COMPANY (focus on Green and Circular Economy component): Zuhair Omar Farm: A small Thyme farm created to supply local markets with this crop, with an emphasises on organic agriculture practices including solar irrigation system and the elimination of pesticides when producing the crop. https://www.faten.org/media/success_story/details/zuhair-amer-success-story.html INVESTMENT AMOUNT: 10,000 USD</p>
Contact details	
Address and telephone	P.O Box: 2446, Altereh, Ramallah, Palestine
Website	https://www.faten.org/

Swot Analysis

Helpful

Harmful

Internal

Strengths

FATEN is the largest microfinance institute in the region and is active in remote areas

Serves a majority of women clients (32% of all clients) with a high outreach in rural areas and refugee camps

Faten offers the opportunity to deliver products and services during a period when demand is high and no other options exist.

Weaknesses

Very specific guidelines to obtain loans including financial guarantees and lack of flexibility in the payment timeline.

Needs to be an established company with revenue generated

External

Opportunities

Microfinance and due to the situation in Palestine presents a more sustainable and client-responsive option than does continued humanitarian assistance as:

1. Microfinance with all its flaws puts economic empowerment in the hands of organizations/beneficiaries that are more connected with day to day activities of their projects. Donor money, international aid and development projects in general are not sustainable, they have agendas and they lack follow up and review.
2. Free money lowers accountability compared to interest based microfinance support.
3. Microfinance provides a larger pool of employment compared to international run projects.
4. Sustainability

Threats

Political instabilities

Threats of increasing competition by for-profit microfinance institutions

REEF

Introduction	
Name of organization	REEF
Organization typology	Private- non for profit company
Legal form	Loan/micro financing company
Public/private ownership	<input type="radio"/> public entity <input checked="" type="radio"/> private entity
Description (explicit the interest/ approach towards Green and Circular economy)	Loans/ Finance. Reef Finance Company (Reef) is a rural financial institution, established in June 2007 as a private not-for-profit company and started its lending operations in January 2008. Reef Finance provides financial services to Palestinian people; individuals or groups, with limited income, who engage in different economic sectors and to focus largely on the agricultural sector.
Location (headquarters)	Ramallah
Geographical scope (area of operations)	Palestine
Instrument description	
Product typology	<input type="radio"/> equity <input checked="" type="radio"/> debt <input type="radio"/> grant
Focus on Green and Circular economy	<input type="radio"/> Green and Circular economy is the only target <input checked="" type="radio"/> Green and Circular economy is among the potential targets
Scope of operations - Industry/tags (identify Green and Circular economy targets)	<p>Agricultural sector and the sectors that complementary to agricultural sector; value chain</p> <p>Commerce and manufacturing, professions business projects and crafts such as carpenter, metal work, tailoring, hair dressers, etc.</p> <p>Cooperative projects</p> <p>House improvements; Housing improvements loans in rural areas</p> <p>Consumption projects including university students paying their tuition and house improvement projects in rural areas.</p>
Product specificities (what makes this product different from similar products on the market)	<p>One of only a few microfinance institutions working with agricul-ture and green innovation specifically</p> <p>A non for profit company creating easier tax return on all loan holders</p> <p>Availability to renew loans based on good standing</p>
Range of investment (minimum and maximum)	Varies with an average of 15,000\$-300,000\$ for a project
Investment duration	One to three years
Return expectation	<input type="radio"/> no return and no reimbursement expectation (pure grant) <input type="radio"/> capital reimbursement, no return expectation <input checked="" type="radio"/> capital reimbursement and return expectation
Legal structure of target companies	A registered company under the Palestinian Ministry of finance opened for at least 6 months.
Phase of growth of target companies	<input type="radio"/> Ideation stage <input type="radio"/> Early stage <input checked="" type="radio"/> Growth <input checked="" type="radio"/> Scale-up
Conditions and prerequisites to access	To be a registered company under the Palestinian Ministry of finance, and has generated revenue for the last 6 months
Auxiliary services provided to target companies	<p>Guidance on the overall direction and administration of the com-pany,</p> <p>Planning, developing and implementing strategies for operational and financial management</p> <p>Financial analysis, risk management, and investments support</p>

Additional financial products offered by the organization, besides the one described as best practice	Agricultural loans), Small Business Loan, Social Loan, SME Loans, housing loans, education/tuition loans, Islamic financing loans, cooperative loans.
Investment example in Green and Circular Economy	TARGET COMPANY (focus on Green and Circular Economy component): Olive Squeezer cooperative: It aimed to solve the marketing of olives and olive oil internationally especially with the limitations and regulations on exports by the Israeli occupation (85/90 direct beneficiaries). It is the most modern olive squeezer in Palestine, serving 6 farmers at the same time saving energy and time in addition the turbine of the machine comes without centrifugal separator making the production of the oil pure faster. https://www.reef.ps/en/content/olive-squeezer INVESTMENT AMOUNT: N/A
Contact details	
Address and telephone	Ramallah, Jamal Abdel Naser, st., Al Fahd bld. Phone:02-241 07 57
Website	https://www.reef.ps/en

Swot Analysis

Helpful

Harmful

Internal

Strengths

In Palestine, only REEF currently gives loans to a group of individuals working on the same project (individual lending is the main category)

Specific to agriculture and green related projects

Weaknesses

Limited financial resources as Reef is a small micro-financing institution compared to its competitors.

External

Opportunities

A huge network of other investors and green companies within the sector

Threats

Agricultural instability due to the occupation

Competition with other bigger micro financing companies

Higher Council of Innovation and Excellence

Introduction	
Name of organization	Higher Council of Innovation and Excellence
Organization typology	Public institution
Legal form	Public institution
Public/private ownership	<input checked="" type="radio"/> public entity <input type="radio"/> private entity
Description (explicit the interest/ approach towards Green and Circular economy)	Governmental Organization/Investor. The Higher Council is a governmental institution playing a leading role towards consolidating a culture of innovation and excellence among the Palestinian community to empower all those innovators and creative people, and strengthen the structure of creativity system in various sectors.
Location (headquarters)	Ramallah
Geographical scope (area of operations)	Palestine
Instrument description	
Product typology	<input type="radio"/> equity <input type="radio"/> debt <input checked="" type="radio"/> grant
Focus on Green and Circular economy	<input type="radio"/> Green and Circular economy is the only target <input checked="" type="radio"/> Green and Circular economy is among the potential targets
Scope of operations - Industry/tags (identify Green and Circular economy targets)	Stimulation, evaluation, incubation, funding, investment, national and international cooperation, Policies and Strategies- All fields with focus on scientific & Technological ones, Green innovation
Product specificities (what makes this product different from similar products on the market)	Supports youth Offers services including training and capacity building Creates clusters of same interest locally
Range of investment (minimum and maximum)	Depends on the project as investment decision is made case by case ranging from 1000 to 15,000 USD.
Investment duration	Depends on the project as investment decision is made case by case ranging from 12 to 60 months
Return expectation	<input checked="" type="radio"/> no return and no reimbursement expectation (pure grant) <input type="radio"/> capital reimbursement, no return expectation <input type="radio"/> capital reimbursement and return expectation
Legal structure of target companies	No legal structure for targeted companies
Phase of growth of target companies	<input checked="" type="radio"/> Ideation stage <input checked="" type="radio"/> Early stage <input checked="" type="radio"/> Growth <input type="radio"/> Scale-up
Conditions and prerequisites to access	Prototype for technology related projects Teams of 2 or more
Auxiliary services provided to target companies	Support for international conferences participation Access to seed fund institutions Networking, incubation and acceleration of projects Logistic and technical support from supporting in registration companies and supporting in strategic planning Training and capacity building
Additional financial products offered by the organization, besides the one described as best practice	Grants, Seed Fund, equity investment

Doroob Navigation Application:

Doroob Navigator is the first location based application developed in Palestine. The project came to life in the Palestinian Territories due to the lack of alternative navigation solutions such as Google maps because of political reasons.

Using doroob navigator, users will be able to find locations, receive optimized navigation routing with instructions. Also the doroob navigation app is interactive, users can report traffic and road information, other users can confirm the events on a live map, all these functions aim toward providing users with accurate and updated road information.

Doroob navigator application is on a serious mission to help users save time, lower carbon emissions of cars due to lack of navigation services and create a safer and efficient navigation process.

The application aims on expanding to Jordan soon.
INVESTMENT AMOUNT: N/A

Contact details

Address and telephone

Al Raihan Neighbourhood, Ramallah Palestine +970 599 900885

Website

https://hcie.ps/?page_id=583&lang=en

Swot Analysis

Helpful

Harmful

Internal

Strengths

Offers all services needed for startups/SME's to succeed including technical support, capacity building and financial support

A large network of both private and governmental companies that can support the advancement of companies

Entrepreneurs can submit an application form for their project through the HCIE website with no specific window to funding

Weaknesses

Public institution grants have higher regulations and protocols due to abiding by all governmental laws and hierarchy.

Hard to renew/update grants

External

Opportunities

Opportunities to access to larger markets due to the local and national influence of public institution funding

Threats

Political instability

Governmental and rapid political changes

Palestine ICT Incubator (PICTI)

Introduction	
Name of organization	Palestine ICT Incubator (PICTI)
Organization typology	Incubator
Legal form	Non-Profit ICT incubator
Public/private ownership	<input type="radio"/> public entity <input checked="" type="radio"/> private entity
Description (explicit the interest/ approach towards Green and Circular economy)	Incubator - Accelerator. PICTI.StartUPs is the first Non-Profit ICT incubator in Palestine. PICTI.StartUPs provides sustainable channelling between startups and accelerators and investors at both the local and international levels including the Palestinian diaspora. PICTI.StartUPs was founded in 2004 as a technology based physical incubator facility and grew to offer business services to Palestinian entrepreneurs. Innovative ideas are assessed in terms of their market potential and supported to become great projects.
Location (headquarters)	Ramallah
Geographical scope (area of operations)	Palestine
Instrument description	
Product typology	<input type="radio"/> equity <input type="radio"/> debt <input checked="" type="radio"/> grant
Focus on Green and Circular economy	<input type="radio"/> Green and Circular economy is the only target <input checked="" type="radio"/> Green and Circular economy is among the potential targets
Scope of operations - Industry/tags (identify Green and Circular economy targets)	Technology, Commercialization, Media, Communication, Green Innovation and other sectors
Product specificities (what makes this product different from similar products on the market)	Supports ideation phase and graduating students High emphasis on youth and women Multiple connections internationally
Range of investment (minimum and maximum)	Varies between 1000-15,000 USD
Investment duration	Varies 2-5 years
Return expectation	<input checked="" type="radio"/> no return and no reimbursement expectation (pure grant) <input type="radio"/> capital reimbursement, no return expectation <input type="radio"/> capital reimbursement and return expectation
Legal structure of target companies	No legal structure for targeted companies anyone can apply for a grant as long as they have an idea
Phase of growth of target companies	<input checked="" type="radio"/> Ideation stage <input checked="" type="radio"/> Early stage <input type="radio"/> Growth <input type="radio"/> Scale-up
Conditions and prerequisites to access	Teams not individuals
Auxiliary services provided to target companies	Business services Connecting and networking Training and education Access to finance Technical and logistical support
Additional financial products offered by the organization, besides the one described as best practice	Grants, Incubation and accelerator program

Investment example in Green and Circular Economy

TARGET COMPANY (focus on Green and Circular Economy component):

Innovation and ICT sector Development as a tool for Peace and Prosperity in Palestine project:
 The project aims to contribute to enhancing innovative and ICT-related solutions for the economic development by enhancing and strengthening young leaders and entrepreneurs to be engaged in the social innovation and the AgriTech development. The program was able to sponsor 10 AgriTech Startups and is currently working with them on capacity building and business innovation in order to guarantee sustainability on the long run.
 INVESTMENT AMOUNT: N/A

Contact details

Address and telephone

Ramallah: Ougarit Bldg. – 3rd Fl., Al-Irsal. 970599225089

Website

<http://picti.ps/>

Swot Analysis

Helpful

Harmful

Internal

Strengths

Ran and lead by female entrepreneurs

Connects the West Bank Market to the Gaza Market

Supported by large companies including USAID and the European Union

Weaknesses

Not a lot of experience in green financing regardless of their interest

Limitation in movement due to the headquarters being in Gaza city

External

Opportunities

Supports large networks of start-ups with the same interest worldwide through a platform (Connect Gaza) which supports in experience transfer and cross-border cooperation.

Threats

Depends largely on foreign funding for grants which jeopardizes the sustainability of the projects supported

As a result of the meetings and ad hoc consultations during the Impact Investing Task Force activities with the relevant parties, the followings are recommended:

- 1 Development of national definition for the green and circular economy in Palestine;
- 2 Improvement and development for innovative Credit Guarantee schemes for green and circular economy;
- 3 Awareness campaigns for green and circular economy in order to inform on existing instruments and programs;
- 4 Support the development of green and circular economy funds to help viable start-ups/ MSMEs.

Annex 1 – Impact Investing Task Force Meetings and inputs

Minutes of the meeting

Subject: Roundtable meeting Impact Investing Task Force discussion regarding the financing of green startups and enterprises in Palestine

Venue: CCE, Al Masa Building, 6th floor, in Ramallah.

Date: February 8, 2022 (10:00am – 12:00pm)

Participants:

Name	Title	Organization
Ms. Lina Ghabiesh	Director General for Financing Lease and Mortgage Financing	Palestine Capital Market Authority (PCMA)
Ms. Lina Nasr	Officer for Public Affairs and Marketing	VITA for Microfinance
Dr. Bashar Abu Zarour	Director General for Fintech and Innovation	Palestine Capital Market Authority (PCMA)
Ms. Razan Nasr	Director for Advocacy and Consultation	Higher Council for Innovation and Excellence (HCIE)
Ms. Reem Kawsmi	CFO in Residence	Ibtikar Fund
Mr. Amer Hidmi	COO	VITA for Microfinance
Mr. Marwan Badawi	SMEs Manager	Arab Islamic Bank
Mr. Hazem Marabah	Tech Development	Higher Council for Innovation and Excellence (HCIE)
Ms. Dalia Khasib	Acting for the Central Monitoring Department	Higher Council for Innovation and Excellence (HCIE)
Ms. Olga Batran	B-Hub	CCE/ BZU
Mr. Marwan Tarazi	Director	CCE/ BZU
Ms. Rasha Naser Aldean	B-Hub	CCE/ BZU
Mr. Raed Rajab	Consultant	B-Hub/ RAC

Purpose:

The objectives of the round table are to develop a better understanding of investors' requirements and constraints and share lessons learnt. The roundtables are being organized as part of a project titled "Green Business Development". It is an EU funded project being implemented by CCE and SCP/RAC within the framework of the SwitchMed programme. The ultimate project's goal is to stimulate green and circular economy growth in Palestine through supporting green startups and enterprises. The project provides extensive capacity-building support and seeks to build a strong mechanism for connecting green entrepreneurs to financing opportunities. The roundtable meetings are designed to build on lessons learned, share knowledge, and help identify synergies and avoid overlaps.

Agenda:

The agenda for the meeting: Summary of key discussions:

10:00 – 10:05 Introduction and welcome remarks

10:05 – 10:30 SwitchMed target group: Sustainable Business and The Switchers
Key findings of Impact Investing Survey and mapping of sustainable finance opportunities in Palestine
 Presentation by Mr. Raed Rajab

10:30 – 11:45 **Discussions:**
 Financing mechanisms & products available specifically to local green entrepreneurs; how do they differ from traditional financial products?
 Experience with financing local green entrepreneurs. Success and failure stories. Why some stories were successful, while some failed?
Lessons learned
 Factors outside the control of financing organizations in enhancing access to finance for local green entrepreneurs

11:45 – 12:00 Wrap-up: Conclusions and the way forward

Light Lunch

Summary of key discussions:

- 1** Mr. Marwan Tarazi welcomed the attendees and presented the B-Hub program at Birzeit University which was founded in 2017. He illustrated the program indicators to date with focus on microenterprises to survive in West Bank and Gaza. The following sectors, not limited, are targeted: manufacturing, agriculture, and retail.
- 2** Ms. Olga described the work under the program with the Switchers which will include the selection of 15 switchers for 8-month incubation and the pitching event.
- 3** Mr. Raed presented the key concepts used by RAC and Sustainable Finance Survey results for the Med Region. The survey prepared by RAC aimed to assess the perspective of investors and relevant stakeholders in the Mediterranean and shed light on the level of awareness of these actors with regards to the main access to finance barriers faced by green economy activities in the Mediterranean and identify the most relevant enabling conditions required to increase sustainable and green investments in the future.
- 4** Following the presentations, three questions are facilitated at meeting with the attendees: (1) Financing mechanisms & products available specifically to local green entrepreneurs; how do they differ from traditional financial products? (2) Experience with financing local green entrepreneurs. Success and failure stories. Why some stories were successful, while some – failed? Lessons learned, and (3) Factors outside the control of financing organizations in enhancing access to finance for local green entrepreneurs.
- 5** The following are the inputs from the attendees:

Dr. Bashar / Ms. Lina Ghabiesh	<p>More focused study for what Palestine need as the context differs from other countries in the Med region.</p> <p>The involvement of the PCMA with the Financial Inclusion Strategy for Palestine and the search for an alternative financing for access to finance.</p> <p>The need to determine what is green financing? And what does it entail? The new update is the MSMEs definition in Palestine is currently adapted and a new committee formed for building the MSMEs strategy in Palestine, composed of Ministry of National Economy, PCMA, Palestine Monetary Authority, and Ministry of Finance.</p> <p>Relevant work in Palestine for the ESG with infrastructure and what is need it.</p> <p>Look for access to finance tool such as crowdfunding as one of the means for sustainable financing.</p> <p>The Palestinian agriculture sector is limited to small farmers with no available financial support. The suggestion to look at the “Business Pragmatic Insurance Finance”.</p> <p>PCMA previous experience with financial leasing relevant to renewable energy and to look at the Social Impact Bond/ Finance 4 Jobs project within the environmental impact.</p> <p>The need to look at the level of policies and regulations.</p> <p>The need to think of innovative financing tools in Palestine. To think differently such as the creation of Impact Investing Fund through the partnership between Palestine Investment Fund and Ibtikar Fund.</p> <p>The need for an independent auditor to ensure the standards are applied.</p> <p>Criteria for the fund to pitch for the investors.</p>
Mr. Marwan Tarazi	<p>It is important to define the green products.</p> <p>To build partnership with Palestine Investment Fund.</p> <p>To activate the role of the municipalities giving their role to collect the wastes.</p>

Mr. Amer / Ms. Lina Nasr	<p>From a previous a project, the volume of data for green financing requires more than one day to process the application which is extra cost and time consuming for them.</p> <p>The reporting process they experienced with green financing is complicated.</p> <p>Require to have 3rd party to determine the CO2 emission and efficiency.</p> <p>To have tax exemption for the green financing.</p> <p>Incentives to be provided by the government</p> <p>The need for awareness campaign to the citizens about green products.</p>
Ms. Reem	<p>To work with universities academia to write business cases for learning proposes.</p> <p>Focus on small project that will produce greater impact.</p> <p>MFI to develop the pipelines of the loan applicants.</p>
Ms. Razan	<p>The HCIE provided grants to entrepreneurs (79 projects with only one is green entrepreneurship).</p> <p>The quality of ideas is bad and skills are not adequate.</p> <p>Work on the rules and regulations, establishing the startups law.</p>

Minutes of the meeting

Subject: Discussion regarding the financing of green startups and enterprises in Palestine

Venue: Virtually

Date: March 21, 2022 (11:00am – 12:00pm)

Participants:

Ms. Aline Bussmann, CEWAS

Mr. Raed Rajab, SCP/RAC expert for Palestine

Summary of key discussions:

- 6 Learned about CEWAS ongoing activities in the region (Palestine, Lebanon, Jordan, and Iraq). The team focuses in linking entrepreneurs, business development activities, and water sector. Also, working with accelerators to scale up financing and to look for non-traditional financing methods. For Palestine, pushed for niche work/ small scale at the early stage development with Palestine Polytechnic University (PPU)'s entrepreneurs and conducted several workshops and seminars for innovative financing. In addition, worked with academic institutions like Al Najah University and Birzeit University. Leaders and PICTI were also benefited from their programs. Names of programs for Palestine: (1) Water Energy for Food, and (2) Regional Impact Clean Accelerators.

- 7 Explained to Aline the program that we are currently undertaking and the outcomes of the last roundtable.
- 8 Brainstormed for ideas to work together in a way to provide larger value to the audience and to discuss their needs for investing in green products. Also, the possibilities to showcase CEWAS' business cases in Palestine and the MENA region for the innovative financing. Aline suggested the Guide prepared by CEWAS would be a reference but might not be the main purpose of the upcoming meeting.
- 9 Might be useful to have one-to-one meeting to seek feedback from investors for the challenges and their views on the green financing. Also, including the use of the guarantee funds that applicable to their needs.
- 10 Next step to discuss with one or two individuals at the first roundtable attendees to seek feedback.

For more information, please contact:

www.switchmed.eu/contact/

www.medwaves-centre.org/who-we-are/contact/

www.theswitchers.org

www.enicbmed.eu/projects/gimed

Palestine

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