



USAID
FROM THE AMERICAN PEOPLE

WEST BANK AND GAZA MARKET SPOTLIGHT

Investment Landscape

The investment climate in the West Bank and Gaza is uniquely challenging as the Israeli Government restricts access to global markets and the movement of goods and people between these regions due to security concerns. Though continued political instability and related complications are likely, investment opportunities exist, particularly in tourism, agriculture and agribusiness, manufacturing, stone and marble, information and communication technologies, conventional and renewable energy, water resources, infrastructure, and real estate development. Palestinian products can take advantage of numerous free trade agreements the Palestinian Authority has with the Arab world (i.e., Greater Arab Free Trade Area, “GAFTA”) and the European Union, along with new global and regional market opportunities—supported by restored relations with the United States and improved relations between Israel and the Arab world. The less challenging political environment of the West Bank also offers a relatively stable financial sector; lower corruption, and the fourth-best ranking in protecting investors in the region. The Palestinian Investment Promotion Law also guarantees the free transfer of all financial resources.

TOP REASONS TO DO BUSINESS IN TUNISIA

- 1. Emerging Technology Sector:** Kickstarted by global companies such as Cisco and supported by venture capital and business incubators, the tech sector continues to grow, with over 350 ICT-related companies expanding access to digital services and integrating ICT across other productive industries across the region.
- 2. Skilled and Affordable Workforce:** The Palestinian workforce is highly educated with highly competitive labor costs, including a growing pool of engineers recruited by global tech companies.
- 3. Natural Resources:** Fertile soil and a moderate climate provide ideal growing conditions and a high potential for renewable energy production. The West Bank also produces high-quality stone—valued at \$500M per year—and nearly a trillion square feet of natural gas has been found off the Gazan coast.
- 4. Investment Support Options:** Foreign investors and companies interested in partnering with local businesses can access an array of grants, loans, and guarantees to help local enterprises grow and export products.

USAID's Role

Since 1994, the United States has been a partner to both the Israeli and Palestinian governments and is the leading provider of bilateral development assistance to the Palestinian people—over \$4.5 billion. This includes support for political stability and an improved business enabling environment, continued access to health and education services, development of private enterprises, infrastructure development, and improved access to water resources. USAID has partnered with large companies, small businesses, health facilities, municipalities, and investors to advance economic development, reduce unemployment, improve competitiveness, and improve access to regional and global markets. USAID is now re-upping its commitment to the West Bank and Gaza with \$75 million to support economic recovery from COVID-19, continued access to basic needs, civil society engagement, and the provision of humanitarian assistance to vulnerable communities.

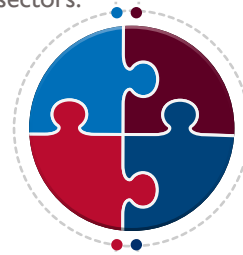
Snapshot: How We Engage

PROBLEM SOLVERS

USAID has funded innovative pilots to turn challenges into opportunities. Including improving access to technology and locally produced machines by partnering with National Instruments (NI) to build the capacity of local universities around machine design and manufacturing—improving competitiveness of value chains in key sectors.

CONDUCTORS

USAID supports technology transfers, building the capacity of producers and facilitating investment in the agricultural sector—boosting the quality of production, reducing water use, and helping open regional and global markets for high-value products such as almonds, dates, and fresh herbs.



MOTIVATORS

USAID supported the development of a strong financial sector—in one project, enabling \$170 million in loans to more than 33,000 SMEs and supporting an estimated 52,000 jobs.

CONVENERS

USAID fostered collaboration among Israel, the West Bank, and Gaza to reduce regulatory constraints and improve movement and access of people and cargo, including streamlining the process for importing cars to reduce waiting time from 45 to 10 days—cutting \$5.7 million in annual costs.

How USAID Works with Businesses and Investors

U.S. Government support is now focused on assisting Palestinian small- and medium-sized enterprises (SMEs) in recovering from the COVID-19 pandemic and putting them on a path of growth and expansion with increased access to private capital and markets supported by improving security and regional and global trade relations. In addition, over the next five years, USAID and the Development Finance Corporation (DFC) will aim to expand peace and reconciliation by investing \$250 million into the Palestinian economy through local businesses, startups, and NGOs—building the foundation for lasting security, political reconciliation, trust, partnership, and economic cooperation. This investment can be leveraged by companies interested in investing in the Palestinian economy by working with supported local businesses to introduce new technologies, expand operations, and increase trade across the region.

Impact in West Bank and Gaza



Enhanced Production:

Since 2012, USAID has facilitated over \$100 million in private investment—supporting nearly 1,800 local firms increase sales by approximately \$400 million, increase exports by over \$250 million and create 7,000 local jobs. USAID also supported the introduction of new technologies that enhanced agricultural production on approximately 3,500 hectares of land.



Improved Infrastructure:

Over the past 20 years, USAID has invested \$450 million to increase household access to and improve management of scarce resources such as water—reducing losses and enabling reliable and equitable service delivery. USAID has also supported rehabilitating nearly 1,000 km of roads—improving safety conditions and reducing travel time and vehicle operating costs while facilitating the increased movement of goods through border crossings with Israel and Jordan.



Access to Critical Services:

Since 2000, USAID has assisted 274 medical establishments in improving facilities and training providers and supported the Palestinian Authority to improve municipal utility services—resulting in 95 percent performance improvement.



Improved Human Capital:

USAID provides scholarships to support students completing their studies and establishes partnerships with companies to link graduates to business and entrepreneurship opportunities.



CISCO'S INVESTMENT RIPPLE EFFECT ON THE TECHNOLOGY SECTOR

Cisco Systems was the first American technology giant to invest in the Palestinian technology sector in 2008.

“Cisco’s efforts created a ripple effect, bringing in other American tech giants, which also use their Israel offices to work across the border. And as U.S. companies got Palestinian companies comfortable with working with entities based in Israel, large Israeli tech companies have been able to establish relationships. HP [Hewlett-Packard] now outsources some of its research and development to the West Bank. Microsoft Israel has started putting Palestinian engineers in Ramallah on its payroll.”

RICHARD BEHAR
Forbes contributor

If you are interested in doing business in West Bank/Gaza, USAID can help you to connect, invest, and expand your business. Contact USAID today to schedule a meeting to explore the possibilities with partnership and subject matter experts at xxxxx@usaid.gov.