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Enabel

Report on the 19 February 2025 Sector Validation Workshop on

Enhance resilience of micro businesses and create sustainable livelihood opportunities in West Bank & the Gaza Strip - SAWA II

Belgian development agency

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1 Background

1.1 The SAWA II Project

The original SAWA II project, "Enhance the Resilience of Micro-Businesses and Create Sustainable Livelihood Opportunities in the Gaza Strip," was launched in 2022 as an upscaling of the SAWA I project. This 6 million EUR project is funded by the EU. However, in light of the ongoing situation in Gaza, it was agreed with the EU to adapt the implementation focus from Gaza-only to include the West Bank, with certain activities in Gaza set to resume if the security situation allows during the project's duration.

The SAWA II project aims to enhance the competitiveness and sustainability of existing Micro and Small Enterprises (MSEs) in the West Bank and Gaza Strip through two key results:

- Result 1: Improving the sustainable productive capacities of MSEs in both the West Bank and Gaza Strip.
- Result 2: Creating and promoting enabling frameworks for Green Circular Economy (GCE) in both regions.

Through SAWA II, Enabel seeks to strengthen financial sustainability by providing continuous support, facilitating access to alternative sources of finance, and building on the experiences and knowledge developed during SAWA I to successfully replicate this project across the West Bank and Gaza Strip.

1.2 The Workshop's Aim

In line with this vision, Enabel organised a validation workshop to ensure the effective implementation of economic resilience activities under the SAWA II project, focusing on existing (M)SMEs affected by the war, but with potential for economic growth and employment opportunities. This workshop focused on the identification of priority sectors and geographic areas that will benefit from targeted interventions in the West Bank.
The workshop brought together key stakeholders from the governmental and industrial sectors and will play a crucial role in promoting economic growth, advancing the transition to a Green and Circular Economy, and ultimately enhancing Palestine's economic resilience.

The primary objective of the workshop was to validate essential aspects of the project, particularly the selection of priority sectors and regions in the West Bank to be supported under the SAWA II Project. The valuable insights collected during the workshop are critical in refining the direction of the project to ensure it addresses the most urgent and relevant needs of the region. The input will directly contribute to making strategic, well-informed decisions that strengthen the resilience of Palestine's economy and support the long-term sustainability of local livelihoods.

1.3 Contextual studies

In 2020 and 2021, Enabel commissioned two crucial studies to inform the Bilateral Cooperation Portfolio between Palestine and Belgium, as well as the EU-funded SAWA project. These studies have helped shape the direction of the current program and are key to understanding the challenges and opportunities within Palestine’s economy:

1. Mapping Study of Green and Circular Economy Challenges and Opportunities in the Gaza Strip’s Industrial Sector (within the framework of SAWA I)
2. Climate Change and Green & Circular Economy Needs Assessment for the West Bank and Gaza Strip (within the framework of the bilateral portfolio between Palestine and Belgium)

Both studies assessed various value chains in Palestine using the following criteria:

- Growth Opportunities: Potential for sector growth, business scaling, and job creation.
- Environmental Impact: Contribution to the Green Circular Economy.
- Inclusiveness: Opportunities for youth and women’s involvement in value chains.
- Feasibility: Practicality and potential for meaningful change in the sector.

The findings of these studies highlighted priority sectors and regions, which were now revisiting in light of the impact of the 7 October War. As part of the validation process, the aim is to refine these selections to ensure that our activities under the SAWA II project are directly responsive to the region's evolving needs.

2 Agenda & Participants

2.1 Workshop Details:

- **Date:** 19 February 2025
- **Time:** 9:30 to 13:00 (including lunch)
- **Venue:** Millennium Hotel (Almaysoun, Ramallah), 6th floor

2.2 Agenda:

9:00-9:30	Registration & COFFEE
9:30-9:40	Opening Remarks by - Mr Johnny Bassil (EU Representation) - Mr Rasem Suwan (Enabel Palestine)
9:40-10:15	• Presentation of SAWA II project • Post-7 October condition of the West Bank – Challenges & Barriers Active input from all workshop participants
10:15-11:15	Industrial Sector analysis 6 groups: each group analysis 2 sectors based on 4 criteria • Growth Opportunities • Environmental Impact • Inclusiveness • Feasibility
11:15-11:30	Plenary: Share a summary of each sector's analysis
11:30-11:45	COFFEE BREAK
11:45-12:15	Discussion to make final priority list
12:15-12:45	Summary, conclusion and recommendations and closing
12:45-13:30	LUNCH

2.3 Participants:

64 organisations, ministries, international organisations, private sector umbrella organisations, youth and women organisations, incubators/accelerators and universities were invited. 25 of them confirmed their interest to attend, however, in the end, 28+ individuals (unfortunately not everyone registered their name) of 20 organisations attended as participants coming from the southern West Bank were unable to reach Ramallah due to a checkpoint closure (full list in Annex 1).

2.4 Presentations

The aim of this workshop was sourcing input from the participants through an interactive and collaborative approach. Hence the number of presentations given during the workshop was kept at an absolute minimum.

The overview presentation about the SAWA II project to introduce the structure, objectives and outcomes of this project to the participants can be found in Annex 2.

3 Post 7 October Challenges & Barriers to the Palestinian Economy

The Palestinian economy is greatly impacted by the 7 October war as the prospects for 2025 are not much better. The GDP in West Bank alone dropped with 19% and the unemployment in West Bank stands now at 35%[1]. These are just some of the figures.

The ILO in cooperation with the PCCIA did an employer survey in the period December 2023 to January 2024 to assess how the war has impacted Palestinian businesses[2]. Although this report gives a very good overview on the different challenges and barriers for Palestinian enterprises, we wanted to collect input from the workshop participants.

Key take aways:

- The most effective approach of implementing such projects is through subsidies and business support/ seed funds.
- Circular economy is evolving started from 3Rs recycling, reusing, reduce and now the concept evolved to 12 Rs.
- Project running on the ground (SIDA funded) applies a market analysis approach to analyze the market failures and respond to arising gaps.
- Regulatory concerns are to large extent affecting the development of industrial sectors specially those related to permissions and registration requirements, there is a need for a one stop shop to ease and smoothen the process.
- Integration is a key element to success, all related processes, procedures, support and development should take an integrated shape.
- Support to the private sector should be horizontal rather than vertical and allow the inclusion of companies / sectors who did not get support from other projects.
- Direct support to the private sector is needed rather than only relying on supporting small businesses and startups.
- Gaza according to the evolvement of the situation is more centered into Humanitarian / emergency response, while the effects in West bank needs resilience improvement actions.
- The legal status of the Palestinian lands (Area C, and land confiscation) is a major challenge facing the development of industry.
- There is a need to build on the rich experiences of organizations that worked for empowering entrepreneurs and small startups.
- Women as a vulnerable segment needs focus especially those working in settlements and who lost their jobs after the 7 October.
- The Ministry of National Economy is in the way of introducing an automated system to integrate all the registration, permissions, and processes related to the ministry.
- There is a need to expand the sectors of investment to be part of development.
- Internal trade / retail compromises a large portion of the market and have a quick effect that can be realized.
- Policy work should be part of any action for developing the economic environment.
- Ideation events prove its effectiveness especially after 7 October.

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[1] *PCBS & PMA 31 December 2024 "Performance of the Palestinian Economy for 2024, and Economic Forecasts for 2025*

[2] *ILO July 2024 "Impact of the war in Gaza on private sector workers and businesses in the West Bank*

4 Industrial Sector Analysis

The core aim of this workshop was to rank the following 15 different industrial sectors active in Palestine. **The participants collectively decided to add an extra sector to the list, the booming sector of the renewable energy**.

Due to time constraints, we only covered 7 sectors, which are highlighted in green in the table below.

Food/Agro-processing	Plastic	Paper & Packaging
Chemicals & Pharmaceuticals	Stone & Marble	Leather & Footwear
Furniture	Construction	Tourism & Hospitality
Textile & Clothing	Metal	ICT
Retail	Services	Renewable Energy

The analysis was done based on these four criteria:

GROWTH Opportunities *Potential for sector growth, business scaling, and job creation* • What is the overall size of the sector (value of output, contribution to GDP, Etc.)? • Is there a potential for market growth (local and/or export- Based on Growth forecast)? • To what extent the value chain has a good level of competitiveness? • Is there a good green job creation potential for women and youth?	**INCLUSIVENESS** *Opportunities for youth, women & Gaza labourers* • What is the estimated number of poor women/men with potential to be engaged? • Do poor women/men have an active role that allow them to improve their incomes or access basic service? • Are the skills needed in the sector correspond to the profile of the poor women/men in the locality? • To what extent does the value chain promote green innovations and create green entrepreneurial opportunities for women and youth? • To what extent is there a role and importance to the informal sector in this sector?
ENVIRONMENTAL Impact *Contribution to the Green Circular Economy* • To what extent the greening of this value chain could reduce the negative impact on the environment? • To what extent the 4'Rs (Reduce, Reuse, Recycle and Restore) of solid waste management are adopted in the value chain activities? • Is there a possibility of expanding the use of renewable energy and increasing energy efficiency at different stages of production? • Will the value chain growth create green employment opportunities for women and youth?	**FEASIBILITY** *Practicality and potential for meaningful change in the sector* • Are there any relevant government policies and regulations influence the green shifting of the sector? • Is there a willingness from the market players to change business models/adopt new practices? • Does the current political economy support the development of this sector? • What is the volume of small-medium investment opportunities that can be unpacked?

• Is there a possibility of using local raw materials during different stages of production?	

4.1 Analysed Sectors

Food/Agro-processing Sector	
GROWTH Opportunities • Very high potentials to expand through: 1. Agricultural cooperatives 2. Various types of processed food (Jameed, dates, compost…) 3. Livestock 4. Opportunity for local and international trade	**INCLUSIVENESS** • The sector includes various segments of vulnerable communities (PWD, women, people with limited income) • Youth (both male and female) are running green house projects and family agricultural businesses • Skills exist and easy to expand and improve.
ENVIRONMENTAL Impact • Agriculture aligns with circularity and recycling concepts. • Reduce the effect of the climate change challenge. • Zero waste	**FEASIBILITY** • Creating new jobs especially for workers who lost their jobs after 7 October. • Ministry of agriculture supports this sector in its two branches (livestock and agriculture)

Chemicals & Pharmaceuticals Sector	
GROWTH Opportunities • 55% of the pharmaceutical products produced in Palestine are for the local market • Potential to grow to 70% • Growth in exports to Arab Markets (Iraq SA, African markets) • Already exporting to 30 countries • Challenges related to international recognition of Palestinian standards especially related to export	**INCLUSIVENESS** • The sector provides opportunities to include women and youth (15-20%) • Potentials to empower vulnerable groups through trainings on research and development in pharmaceutical industries
ENVIRONMENTAL Impact • Potential to improve through better management of medical waste • Use of renewable energy • Improve recycling processes and safe disposal of medical waste • Opportunities to create green jobs in the fields of waste management and environment monitoring.	**FEASIBILITY** • Laws and regulations are weak and needs to improve especially in permissions, registration, taxes, recognition, energy and water. • Companies readiness to deploy AI technologies.

Stone & Marble	
GROWTH Opportunities • 4.5% of GDP • 25000 direct employment opportunities • 20000 indirect employment opportunities • Competitiveness exists internally and externally because of stone quality and available quantities • Yearly sales about 200 milion USD • Vital sector for area C • Exporting to other countries • 420 registered facilities in the union	**INCLUSIVENESS** • Opportunities are for both men and women • The sector can employ ca. 2000 workers per year. • Skills are easy to learn. • Some universities provide necessary trainings.
ENVIRONMENTAL Impact • Green projects and initiatives can support this sector • Largest challenge is to recycle the slurry which disposal costs around 45 million ILS. • Slurry can be recycled and used in paint production.	**FEASIBILITY** • Donors and governmental support to green conversion. • Governmental regulations to facilitate the green conversion • Strong willingness to convert to clean renewable energy will cut the costs of water and energy. • The turnover of the capital will be shortened with greening.

Paper & Packaging	
GROWTH Opportunities • 400 institutions with a 250 M investment • Great potential for market growth • Export potential through supply of other products • Reasonable level of competitiveness with some gaps in the supply chain	**INCLUSIVENESS** • Potential for youth & women employment, especially if the recycling sector is supported • Need for skills development • Informal sector is high
ENVIRONMENTAL Impact • Positive environmental impact by producing recycled paper products or recycled packaging • Potential through proper solid waste management not yet properly explored • Most raw materials are imported	**FEASIBILITY** • Further development of adequate policies • More societal advocacy • Market adaptation: high willingness because of high market potentials • Current political climate is not supportive of further development of this sector • 30-40% SME development

Leather & Footwear	
GROWTH Opportunities • GDP = 0.5% • Negative growth of -3.5% • 268 MSMEs • Average 1.78 new SMEs per year • Potential for investment • Competitive advantage • Import substitution	**INCLUSIVENESS** • Currently there is a labour skills gap, mainly the older generation has the needed skills. There is an opportunity to integrate youth in the sector
ENVIRONMENTAL Impact •	**FEASIBILITY** • Potential for formalisation (23 are informal businesses) • Complete value chain from raw material to final product

ICT	
GROWTH Opportunities • GDP = 4% • Output value of 651M USD • High potential for growth • High job creation potential • Cross-cut with all other sectors & value chains	**INCLUSIVENESS** • High potential to engage women & youth • High opportunity for self-employment and freelancing
ENVIRONMENTAL Impact • Helps other sectors to accomplish green products	**FEASIBILITY** • Dynamic sector that constantly keeps evolving and that creates a lot of opportunities

Renewable Energy	
GROWTH Opportunities • 200 institutions can save 5-7% on energy costs • Potential for market growth due to increased demand • High level of competitiveness	**INCLUSIVENESS** • With proper training and skills development there is a lot of potential to include youth, women and other vulnerable groups • Attractive sector for young & female entrepreneurs
ENVIRONMENTAL Impact • Positive environmental impact as this sector reduces CO_2	**FEASIBILITY** • Governmental policies: highly deficient and need for urgent development

• Need to establish solar cell solid waste management in Palestine • Raw materials are mainly imported	• New practices & technology driven sector with fast development that needs to be adopted • Political support is currently very limited • SMEs volume: potential increase by >20% if conditions improve

4.2 Sector Ranking through Online Consultation

As the audience was very engaged in the discussions on the challenges and barriers related to the 7 October war and during the sector analysis, there was not enough time left to do a collective ranking of the different sectors. Therefore, it was decided to do the sector ranking through an online consultation. In the coming weeks, Enabel will send an online poll to all participants, where they will be asked to rank the 15 sectors from sector with the most potential for positive impact through SAWA II intervention according to the four categories (growth opportunities, inclusiveness, environmental impact & feasibility) to the least potential.

5 Recommendations

Enabel takes away the following recommendations from this engaging workshop:

1. Activate all participants for an online consultation to rank the different industrial sectors from most to least potential for SAWA II intervention
2. Develop a final sector priority list for the SAWA II project based on the above-mentioned online consultation, the two previous studies done by Enabel and on the input of the EU Representation and the priorities of the different relevant Palestinian ministries.
3. The ranking should also take into account the digital transformation potential of the sector, the innovation potential of the sector and the access to especially the local market.
4. SAWA II aims to support a dynamic dialogue between the industrial and the environmental perspective
5. Within the framework of the SAWA II project we would like to introduce dialogue sessions on different themes in different locations across the West Bank as we noticed the appetite to exchange between the participants was very high. Plus, due to movement restrictions several participants were unable to attend last minute.
6. The SAWA II implementation team also plan to actively engage the key stakeholders in the near future to review the Theory of Change of the SAWA II project

6 Annexes

6.1 Annex 1: Participant List of the Validation Workshop

Sector Validation Workshop Participants List		
Name of Organisation	Presence	Individuals
Government		
Ministry of National Economy	x	Nahid Qudse
		Mahir Alawney
Ministry of Industry	x	Khader Daraghmeh
		AbdAllah Karsou
Ministry of Labour		
Ministry of Labour - Palestine Employment Fund		
Ministry of Labour - Office of Entrepreneurship	x	Mo Musleh
Ministry of Telecommunication and Digital Economy		
Ministry of Planning and International Cooperation	x	Nader Khoury
Ministry of Agriculture		
Environment Quality Authority (EQA)	x	Samer Dwaikat

International Organisations		
European Union (EU)	x	Johnny Bassil
World Bank		
United Nations Industrial Development Organization (UNIDO)	excused	
International Labour Organization (ILO)		
GIZ - Lead Green Growth project	excused	
AICS - Italy		
Swedish Representation	excused	
Canadian Representation	x	Mira Nasrawi
Swiss Representation		
Austrian Development Agency - TEI lead on Resilience	excused	
KFW		

Private Sector Umbrellas		
Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA)	x	Nazeeh Mardawi
		Mohammed Tahboub
HCCI Business Incubator (Hebron Chamber of Commerce and Industry)	-	-

Palestinian Federation of Industries	x	Suha Awadallah
		Ala Shukur
Renewable Energy Federation	x	Nashaat Al Othman
Palestinian Information Technology Association of Companies	x	Amani Muaddi
Palestinian Wood and furniture industries union	Unable to reach hotel due to checkpoint closure	
Palestinian Federation of Garment & Textile		
Palestinian Leather Association (Leather & footwear)		
Palestinian Paper Union	x	Ayman Sbeih
Plastics Industry Association		
Palestinian Pharmaceuticals Union	x	Ouf Awadallah
Federation of Engineering and Metallurgical Industries		
Arabs Hotels Association		
Union of Stone and Marble	Unable to reach hotel due to checkpoint closure	
Palestinian Federation of Food Industries	x	Bassam Abu Ghalyoun
Palestinian Packaging Centre		
Palestinian Construction Industries Union		
Palestinian Trade Centre		
Union of Agricultural Work Committees	-	-

Incubators, Accelerators, Technoparks		
Palestine Technopark	x	Walaa Samara
Flow	x	Majd Khalifeh
Palestine Information and Communications Technology Incubator (PICTI)	-	-
Palestinian Agricultural Development Association (PARC) Incubator	x	Farah Baghdadi
MA'AN Development Center	-	-
Palestine Incubator for Energy	-	-
BBI Bethlehem Business incubator	-	-
JEST	-	-
Station J	-	-
Global Communities	x	Mohammed Taweel
Small Enterprises Centre	x	Awni Ellari
		Anoud Shaaban

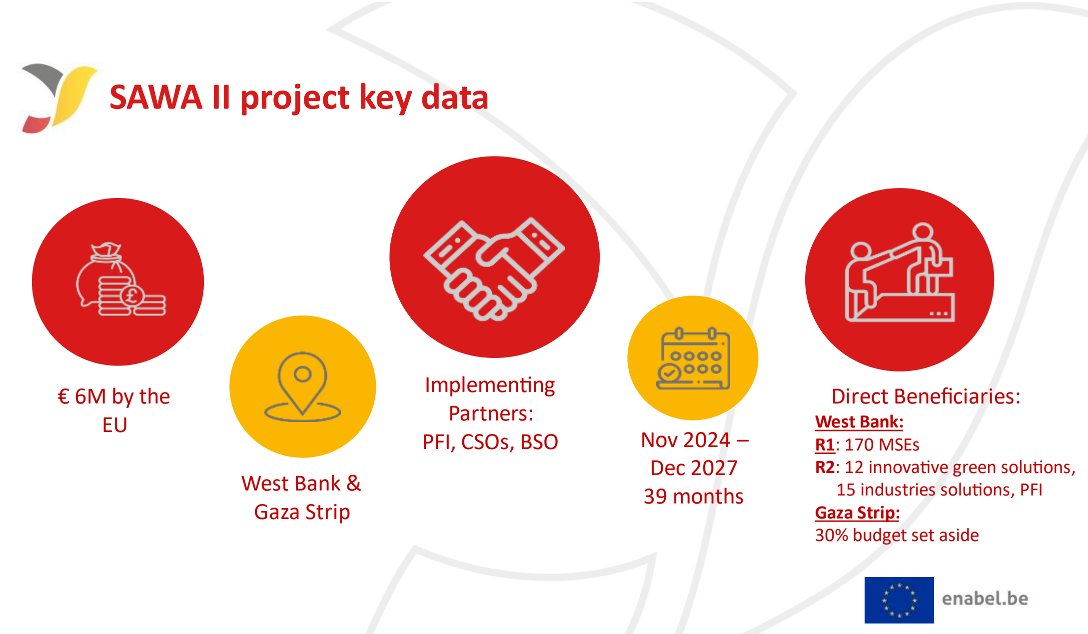
Youth Organisations		

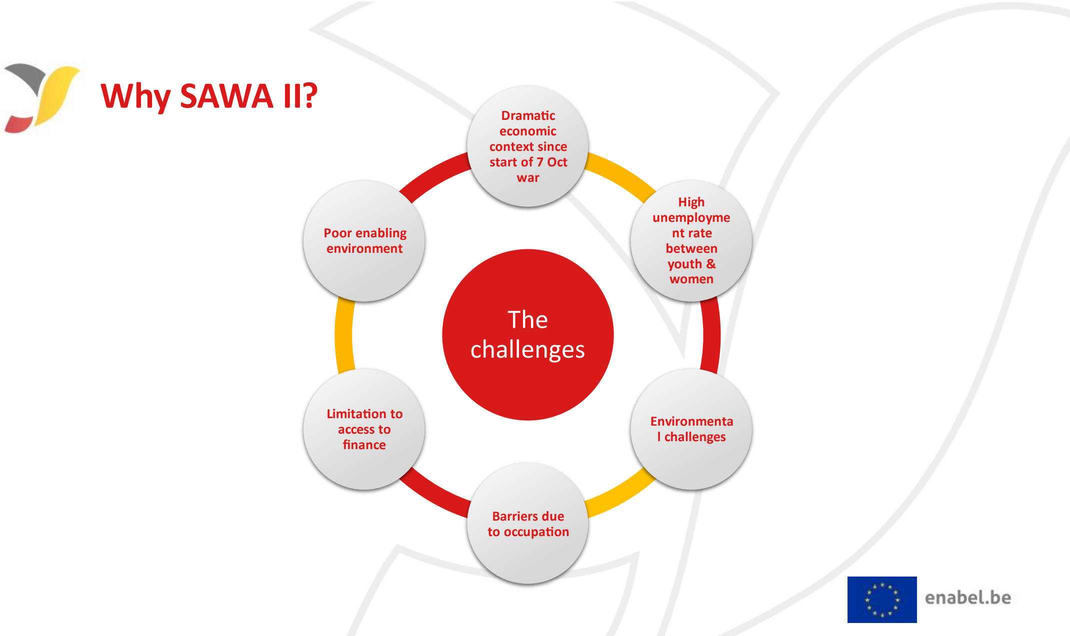
Sharek		
Tomorrow Youth Organization		
Palestinian Youth Union	x	Sabreen Daifallah

Women Organisation		
Business Women Forum - Palestine	x	Nora Regina Alawneh
Women’s Affairs Technical Committee (WATC)	-	-
Palestinian Working Woman Society for Development (PWWSD)	-	-

Universities (with incubators)		
Al Quds University - B CITE	x	Radwan Qasrawi
An-Najah University Information Technology Incubator		
Birzeit University - Continuum Education		
Khadouri University		
IT Center Of Excellence - Palestine Polytechnic University (PPU)	Unable to reach hotel due to checkpoint closure	
HSITCE Hasseb Sabbagh Information Technology of Excellence - Arab-American University		

6.2 Annex 2: Overview Presentation about the SAWA II Project




Why SAWA II?
Dramatic economic context since start of 7 Oct war
High unemployme nt rate between youth & women
Environmenta l challenges
Barriers due to occupation
Limitation to access to finance
Poor enabling environment
The challenges
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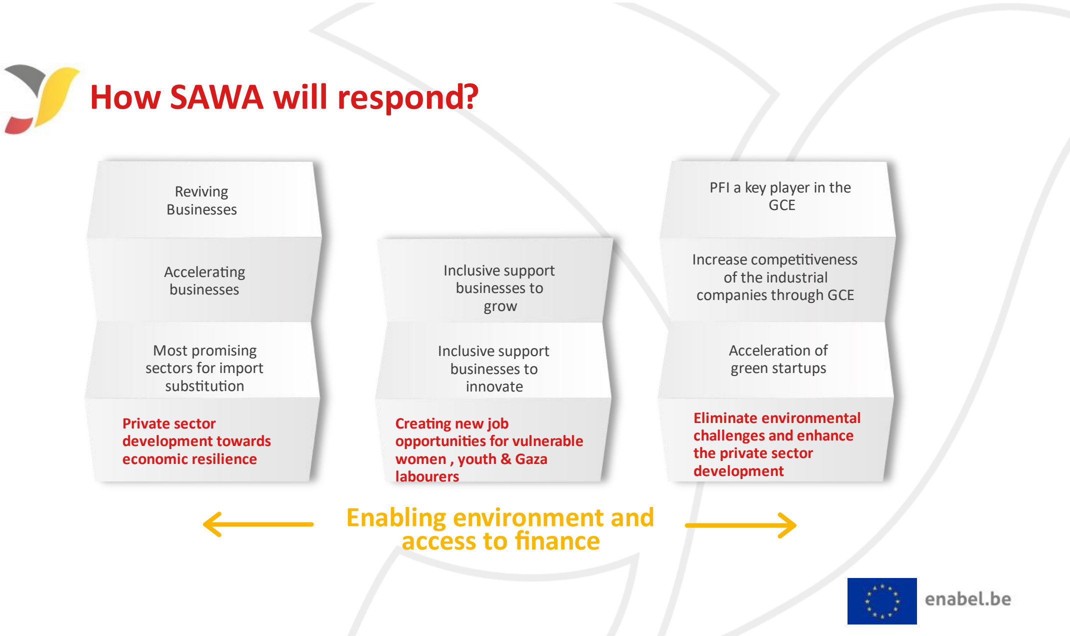
How SAWA will respond?
Reviving Businesses
Accelerating businesses
Most promising sectors for import substitution
Private sector development towards economic resilience
Inclusive support businesses to grow
Inclusive support businesses to innovate
Creating new job opportunities for vulnerable women , youth & Gaza labourers
PFI a key player in the GCE
Increase competitiveness of the industrial companies through GCE
Acceleration of green startups
Eliminate environmental challenges and enhance the private sector development
Enabling environment and access to finance
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Results chain

Overall Objective (Impact):

Contribute to enhancing the economic resilience in the West Bank and in the Gaza Strip

Specific Objective:

Competitiveness and sustainability of Micro and Small Enterprises (MSEs) in the West Bank and in the Gaza Strip is enhanced

Outcome 1:
Improved sustainable productive capacities of existing MSEs in the West Bank and in the Gaza Strip

Outcome 2:
Enabling frameworks for GCE are created and promoted in the West Bank and in the Gaza Strip

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Outcome 1

Improved sustainable productive capacities of existing MSEs

1. Strengthen capacity of CSOs in business development services
2. MSEs scaled up
3. MSEs revived (Back to Business)
4. Import substitution initiatives explored

170 MSEs in total

MSEs are enabled to address their legal business-related challenges
MSEs are better able to secure their financing needs
MSEs are capacitated to adopt green practices

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Outcome 2

Enabling frameworks for GCE are created and promoted

1. Green and circular economy is institutionalized at PFI
2. Industrial MSMEs are aware about the environmental consequences of their industrial process, GCE and sustainable practices
3. 15 New GCE solutions initiated and piloted by industrial MSMEs
4. 12 Innovative GCE prototypes/businesses by entrepreneurs are supported

GCE MSMEs are enabled to address their legal business-related challenges
GCE MSMEs are better able to secure their financing needs

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Governance of the project

Project Management Unit

Project Steering Committee (MoNE, Enabel, EU, other relevant PA ministries)

Partners & Stakeholder

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Launching of the project

Official launching event planned after Ramadan

- Launching ceremony
- Collective review of Theory of Change (update)
- In depth explanation of results & working modalities
- Announcement of selected sectors & geographical areas (as a result of this validation workshop)

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Thank you

Contact: Katrien.Heirman@enabel.be or Rasem.Suwan@enabel.be

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