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Sector Prioritization

Outcome of the selection of priority sectors based on the
Sector Validation Workshop of 19 February and its related
online poll

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1 Background

1.1 Sector Validation Workshop

On 19 February 2025, Enabel organised a sector validation workshop in the Millenium Hotel in Ramallah inviting over 60 organisations: ministries, international organisations, private sector umbrella organisations, youth and women organisations, incubators/accelerators and universities. 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.

The participants shared in depth the different challenges and barriers the different industrial sectors are currently struggling with. This engagement highlighted the need for a lively dialogue between different types of stakeholders (industrial umbrellas vs ministries vs incubators vs environmental agencies), which SAWA II aims to strengthen through dialogue sessions in the coming months.

The input of the participants also brought to light that in this current dynamic context, it would be good to regularly update the SAWA II Theory of Change with active participation of key stakeholders.

The main goal of this workshop was to create an economic sector priority list. Enabel requested the participants to work in groups to analyse 15 economic sectors based on the following criteria:

- Growth opportunities: Potential for sector growth, business scaling, and job creation
- Inclusiveness: Opportunities for youth, women & Gaza labourers
- Feasibility: Practicality and potential for meaningful change in the sector
- Environmental Impact: Contribution to the Green Circular Economy

The participants addressed 7 out of the 15 sectors in detail (see Sector Validation Workshop Report).

1.2 Sector Prioritization through Online Poll

After the workshop this analysis was aggregated with the results of the Value Chain Analysis study done by Enabel in 2021. The compiled analysis (see Annex 1) was shared with the participants together with an online poll (see Annex 2) with the request to rank these 15 sectors based on the assessment. We received 15 responses.

1.3 Sector Priority List

Following the process outlined in Figure 1, the responses led to the following Sector Priority List:



Figure 1: Outline of the process to prioritise the 15 sectors

<u>Sector</u>	<u>Ranking</u>
Food & Agro-Processing	1
Renewable Energy	2
ICT	3
Pharmaceuticals & Chemicals	4
Leather & Footwear	5
Textile & Clothing	6
Furniture	7
Tourism & Hospitality	8
Paper & Packaging	9
Construction	10
Stone & Marble	11
Metal	12
Plastic	13
Services (transport, distribution, maintenance etc)	14
Retail	15

2 Annexes

2.1 Annex 1: Aggregated Sector Analysis

Sector	Analysis
Textile & Clothing	<p>There are good potentials for local and export markets. However, there is strong competition with clothing imported from China and Turkey and with international brands, etc.</p> <p>There has been a significant decline in this market over the past years. Many companies have left the market.</p> <p>There are many difficulties in reactivating the market system and encouraging investment in the sector.</p> <p>The sector is moderately relevant to women and youth</p> <p>There are medium barriers to market entry.</p> <p>Although there are some opportunities, the challenges at the level of solid waste management are great and require huge investments, and the financial return is weak. Noting that the international and regional technical expertise in the field of clothing and textile recycling is still weak.</p> <p>The sector does not rely on local raw materials.</p>
Leather/Footwear	<p>There are good potentials for local and export markets. However, there is strong competition with footwear imported from China and Turkey.</p> <p>There has been a significant decline in this market over the past years.</p> <p>There are many difficulties in reactivating the market system and encouraging investment in the sector.</p> <p>The sector is moderately relevant to women and youth.</p> <p>There are medium barriers to market entry.</p> <p>There is a labour skills gap, mainly the older generation holds the skills. This opens up potential to integrate youth in the sector.</p> <p>The leather and footwear sector is one of the sectors with limited waste. Usually, the waste is exploited during the manufacturing process. The sector relies partly on local raw materials and this can be expanded.</p>
Food/ Agro-processing	<p>There are very good potentials for local and export markets despite the competition with imported products from Israel, and Turkey.</p> <p>The sector is highly relevant to women and youth and other people looking for work.</p> <p>Skill sets needed exist on the local market and if not available can be easily expanded and improved</p> <p>There are low to medium barriers to market entry.</p> <p>The industry can attract small size investments.</p> <p>There are many opportunities for food waste management, including waste minimization and recycling. Several interventions can be found that may exploit the waste of one industry in another industry. Also, there is room for packaging minimization in several industries.</p> <p>The sector relies partly on local raw materials and this can be expanded.</p>
Furniture	<p>There are very good potentials for local and export markets despite the competition with imported products from Turkey and China.</p> <p>The sector is highly relevant to women and youth.</p> <p>There are low to medium barriers to market entry.</p> <p>The industry can attract small size investments.</p> <p>There are some opportunities for waste recycling in this industry, and there is a lot of regional and international experience in the field of furniture reuse and recycling.</p>

Sector	Analysis
Paper/ Cardboard & Packaging	<p>There is a good potential to expand the local market, however the export markets are limited, but has potential.</p> <p>Women have a low representation in the workforce.</p> <p>Need for skill development</p> <p>There are some gaps in the supply chain</p> <p>The industry needs high investments, so it's not easy to attract new actors.</p> <p>Most raw materials are imported</p> <p>Need for adequate policies</p> <p>Opportunities for paper recycling to create recycled products.</p>
Plastics	<p>A wide variety of products are produced locally satisfying the majority of the local demand,</p> <p>The growth of this market is exponential due to the dire need of plastic to support other industries,</p> <p>There is a good exports potential,</p> <p>There are low to medium barriers to market entry,</p> <p>Women have a low representation in the workforce.</p> <p>There is an opportunity to formalize and expand the plastic recycling to reach a commercial scale, also through tight collaboration with the municipalities waste management practices could be improved. The material consumption could also decrease by changing some behaviours across the value chain (e.g. more efficient packaging).</p>
Mining/ Stone/ Marble	<p>The rich natural sand, stone, and marble reserves allow the mining industry to flourish,</p> <p>The export potential is very high (one of the top exporting industries in Palestine),</p> <p>The industry contributes significantly to the labour forces, Women engagement is almost negligible.</p> <p>Skills are easy to learn and some universities provide the necessary trainings.</p> <p>The dumped mining areas could be reclaimed and used for other purposes,</p> <p>Better mining and production practices could decrease the waste,</p> <p>New ideas for waste recycling deserve to be explored, and this is the only sector that completely depend on local natural resources, so reducing the material consumption will contribute to preserving the environment.</p>
Pharmaceutical & Chemical Industries	<p>The value chain has good potential to grow in both local and export markets,</p> <p>Challenges related to the international recognition of Palestinian standards especially related to export</p> <p>The value chain is moderately relevant to women,</p> <p>There are medium to high barriers to enter market (the competition is very high, and some industries such as the pharmaceutical; need high level of experience and a lot of accreditations),</p> <p>The representation of women in this value chain is high.</p> <p>Need for strengthening of laws & regulations</p> <p>The current technical capacities still not very well equipped to handle chemical wastes efficiently. Therefore the opportunities in this value chain could be detected in the supporting activities such as packaging (which could be linked with other value chains). Also, shift the behaviour toward less consumption is required.</p>

Sector	Analysis
Metal	<p>The growth potential is high in the local markets as this industry is linked with other industries, however the import opportunities are very low.</p> <p>There are medium to high barriers to enter market as there are many restrictions on this value chain (e.g. importing new machinery needs high investments and high level of coordination to cross the borders).</p> <p>The representation of women in this value chain is low.</p> <p>Since most of the solid metal waste is generated through procurement of metal merchandise and given the current restrictions on importing new equipment and machinery, there are less significant and impactful opportunities to introduce in the production side, the opportunities to facilitate transformation to a circular economy in the metal industry value chain could arise in the public awareness and solid waste and scrap collection.</p>
Construction/Building Materials	<p>The contribution of this value chain to the GDP used to be relatively high,</p> <p>The growth potential used to be very high in this industry.</p> <p>This value chain is with labor-intensive nature,</p> <p>There are high barriers to enter the market as the regulations support is limited and the initial investment required to start a business is high.</p> <p>The representation of women in this value chain is low.</p> <p>There is a worldwide trend to switch to the green building principles. So, there is a good potential to disseminate this concept across the value chain activities.</p> <p>Efficient insulation materials should be used during construction of buildings to avoid wasting energy for heating purposes. Incentives to use solar systems as a renewable source of power and heating can be suggested to municipalities to motivate both contractors and citizens.</p>
Tourism & Hospitality	<p>Under peaceful circumstances, the sector had a high potential of growth due to the rich culture of the West Bank.</p> <p>Tourism used to provide a large number of jobs and improves income.</p> <p>The sector used to be highly relevant to women and youth.</p> <p>There are low to medium barriers to market entry.</p> <p>There is a good potential to use more efficient energy sources in the touristic and recreational resorts.</p> <p>Food is consumed heavily in the tourism establishments, so reducing food waste and the related packaging is a good potential to enhance the environmental practices.</p> <p>As handcrafts is included in this value chain, there is a good potential to promote the usage of the reused and recycled materials in the produced handicrafts.</p>
ICT	<p>The growth potential is high for both local and international market</p> <p>High job creation potential, also for self-employment and freelancing</p> <p>High potential for youth and women</p> <p>There is a good potential for greening through digitalisation</p> <p>Dynamic sector that constantly evolves and creates new opportunities</p> <p>Cross-cutting sector across all sectors and value chains</p>
Renewable Energy	<p>The growth potential is high, especially due to increased demand</p> <p>High job creation potential, also for youth, women and other vulnerable groups</p> <p>High attractive for entrepreneurs</p> <p>Need to adjust and develop good policies</p> <p>Sector with positive environmental impact</p>
Retail	<p><i>No analysis available, this sector was not covered during the 2021 Enabel Value Chain study, neither during the validation workshop</i></p>

Services (transport, distribution, maintenance, etc)	<i>No analysis available, this sector was not covered during the 2021 Enabel Value Chain study, neither during the validation workshop</i>
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2.2 Annex 2: Online Poll

Survey about SAWA II Sector Validation Workshop

Thank you very much for your active participation during our workshop. The purpose of this survey is to collect your feedback and input, to improve our future events and to complete our sector analysis using the analysis done during the workshop. All information will remain confidential.

* Vereist

1. What type of organisation or industrial sector do you represent? *

2. Where you able to attend the complete workshop? *

- ☐ Yes
- ☐ No
- ☐ Partially

3. How satisfied were you overall with the Sector Validation Workshop? *

Very unsatisfied ☆ ☆ ☆ ☆ ☆ Very satisfied

4. How would you assess the following aspects of the workshop? *

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
The explanation and presentation about the project & the aim of the workshop was clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The facilitators were engaging and encouraged participation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The group activities were useful	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The workshop was relevant to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Time was managed well	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. How could the workshop be improved?

6. Please assess the priority of the economic sectors listed below from very high to very low based on the 4 criteria used during the sector evaluation exercise during the workshop:

1. their sector growth opportunities,
2. their inclusiveness to integrated vulnerable groups (i.e. women, youth),
3. their potential to reduce their negative environmental impact and
4. the feasibility to create a meaningful change

*if needed you can consult a short overview of each sector's potentials at the end of the workshop report *

	Very High Priority	High Priority	Moderate Priority	Low Priority	Very Low Priority
Leather & Footwear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Textile & Clothing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Food & Agro-Processing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Furniture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paper & Packaging	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Plastic	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stone & Marble	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pharmaceuticals & Chemicals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Metal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Construction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tourism & Hospitality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ICT	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Renewable Energy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retail	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Services (transport, distribution, maintenance etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>