



Palestinian Investment Promotion Agency



Building A Better Future

Agricultural Sector

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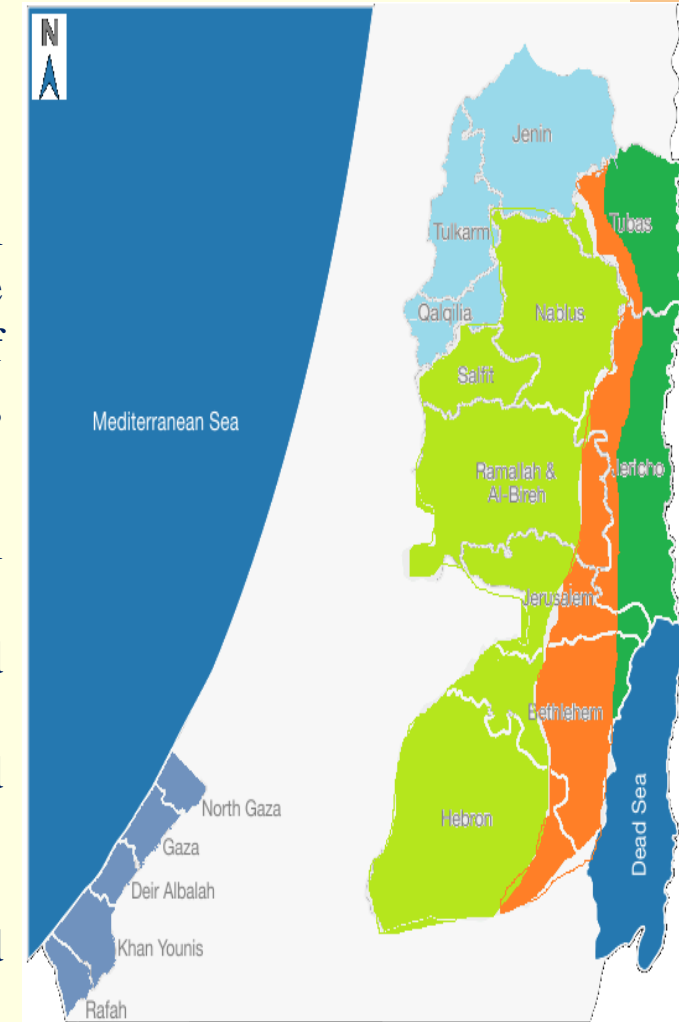
Country overview

Area	6,450 Km ²
Population	4.8 Million
Palestinians including Diaspora	12 Million
GDP	7.7 USD Billion
GDP per capita	1,744 USD
Exports (2015)	958 USD Million
Imports (2015)	5,225 USD Million
Average wage (daily)	22.2 USD
Spoken languages	Arabic, English widely spoken, Other languages: (French, German, Hebrew, Italian, and Spanish).
Used currencies	USD, JD, NIS, EUR



Sector overview

- Geographic and climate diversity provides growth of a wide range of agricultural products, although agricultural area is relatively small, the climate makes it suitable for the production of vegetables year-round. In addition, the improving the level of mechanization in agriculture practices (particularly green houses, land preparation, irrigation, and pesticide spraying) will improve the production efficiency
- According to the local classification, Palestine is comprised of five agro-ecological zones
 - Coastal plain zone (Gaza strip): Southeastern shores of the Mediterranean Sea and dubbed the “Fish Basket”
 - Semi-coastal zone (North-Western corner that includes Jenin, Tulkarm and Qalqilia. This area receives the most annual rainfall
 - Middle elevation zone extending from Jenin in the North to Hebron in the South
 - The steppe zone that extends from Eastern Jenin to the Dead Sea in the south and is considered a range-land
 - The Ghor (Western Jordan Valley) zone



Sector overview



- Sector characterized as fragmented, small holdings as majority holdings of less than 40 Dunams
- No major obstacles for exports to traditional and foreign markets (especially GCC), which could enable more agricultural production
- Practice in establishing water recycling station that would contribute to increase the irrigated land
- Low production yield, due to the lack of technology adoption, irrigation, and fertilizers usage when compared to neighbouring countries
- Currently most of produce is targeting domestic market
- The sector includes a wide range of potential sub-sectors and activities correlated with each other, Plant production includes produce of vegetables, fruit, field crops and variety of herbs and roses; Likewise, livestock production includes sheep, goats, cattle, poultry, honey and fish, in addition to food processing



Sector Overview indicators

500 USD Million: Sector size (2015)

4%: Contribution to GDP (2015)

13%: Contribution to labor force

19% :Share of total exports (Agriculture and Agribusiness 201 5)

105,238: Agricultural holdings (2011 survey)

68%: Plant holdings

10%: livestock holdings

22%: are mixed holdings

~ 1,850 Km²; ~ 30%: Cultivated lands and percentage

57%: Olive trees

24%: Field crops

10%: Vegetables

9%: Fruits

82%: Rain fed; **18%:** Irrigated lands

(5° - 38°) c: Avrg. weather temperature (L-H)

1.3 USD billion: Agribusiness production (added value)

876 USD Million: Plant, livestock produce (added value)

649 USD Million: plant production (added value)

241,936 Dunum: Corps

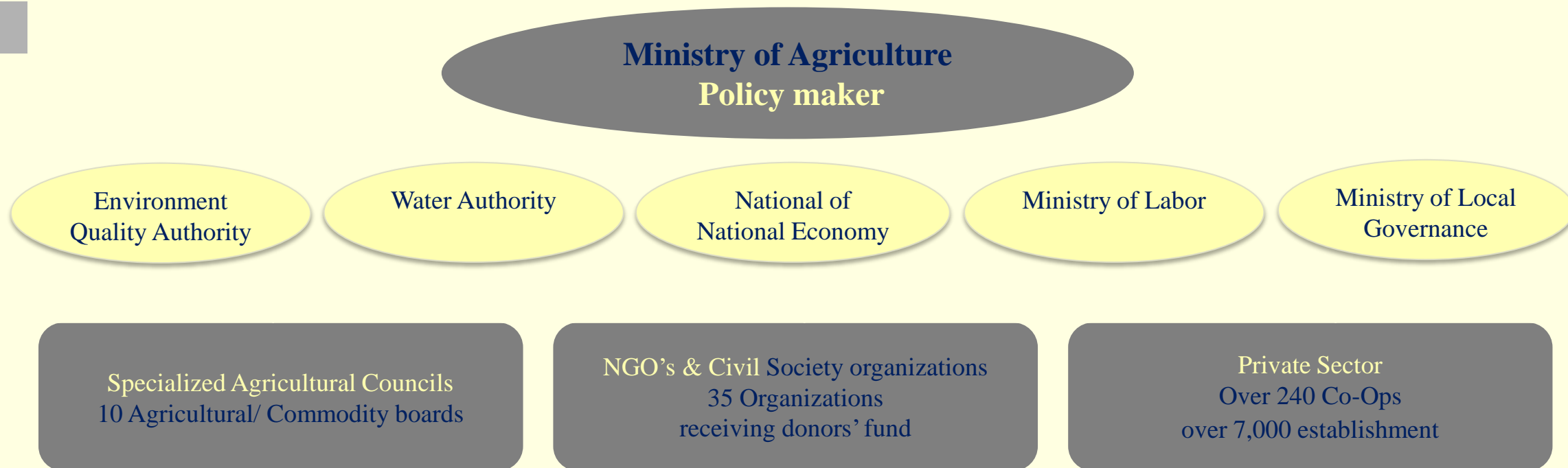
542,363 Dunum: Fruits

127,257 Dunum: Vegetables

227 USD Million: Livestock production (added value)

1.6 Head

Sector overview Agriculture Sector Stakeholders



Defined regulatory framework

- Agriculture law of 2003 constituting the legal framework covering all aspects of agriculture sector development; the Ministry of Agriculture (MoA) performs major duties in the regulation and management of the sector, in addition to the oversight, supervision, and delivery of certain basic services
- Improve legal framework by introducing additional bylaws and law
 - Bylaws on: Agricultural Pesticides; Prevent Smuggling of Plant Products; Fodders; Numbering and Registration of Animals;
 - Law on Risk Prevention and Agricultural Insurance Fund where related bodies have been established
- Clear vision through the Agriculture Sector Strategy (recent 2014-2016 strategy by the MoA) along with recently introduced National Policy Agenda 17-22
- Line of public bodies play a major role in developing the sector; including Water Authority, Environment Quality Authority, Ministries of (National Economy, Local Government and Labour)



Enabling environment



- **Access to markets;** GAFTA and GCC, Europe, and the Americas, benefiting from trade agreements, preferential treatments and MoU's
- **Insurance and risk reduction:** Palestinian Agricultural Disaster Risk Reduction and Insurance Fund (Padrrif) for Protection of sector investment projects from risks and threats
- **Supporting bodies** from an active NGOs, Civil Society Organizations and private sector covering most components of sector development, and a large portion of donors' fund is channeled through those bodies
- **Skilled labour force,** and availability of related community colleges, vocational training, and research centers.
- **0% Income tax** on sector produce especially which generates' profit directly from land cultivation or livestock
- **JAIP:** The Agro- Industrial Park introduced to offer integrated services for Agri-business processing i.e. plant construction, logistics and storage, export marketing
- **Integrating modern techniques:** recent shifts to quality crops and export oriented crops, and shift to modern techniques i.e. (hanging farming, reducing the need for water and fertilizers)

Special considerations

- **Small holdings** as majority holdings of less than 40 Dunams
- Due to the **lack of water recourses** and decreased availability of fertilizers, water reuse has been heavily available in competitive prices to be used in irrigation systems
- Availability of a variety of export channels and crossing ports with multiple exports procedures
- Majority of current activities depends relatively on **low value agricultural products**, given the potential on high value crops
- Seasonal intensity of products and the need for cooling and freezing facilities, food Processing

Investment opportunities potential



Fish Farming projects: increase on demand with gap reach 75%



Red Meat Import & Fattening Projects: demand gap more than 60%

Medical Herbs: wide variety of unique herbs, more than 30 well known medical herbs being exported from a gross 3,000 ton production capacity annually, with almost 47 USD Million productive value



Aggregation business: given that current small holdings in the sector still face obstacles to penetrate international markets due to lack of marketing, Storage and packaging techniques



Investment considerations Fish farming projects

Facts

12,000 Ton/ year: Implied demand Gap on consumption

3,000 Ton/year: prduction

75%: Demand gap, low production and high price

2 – 3 Kg/year: per capita consumption

Tilapia, Mullet, and Sea bass: Possible farming in fresh water

6 – 7 Months: Avg. Production cycle

1 Dunam production unit: host 4 pools of 100 m³ capacity

3,600 m³: Max required water per production cycle

22° - 25°C: Optimal required climate

Integration with other agricultural and Aquaponics projects, and the use of cycling fertilized nutritious water for irrigation



Production Unit

\$ 100,000: Investment:

9,500 Kg.: Production per cycle (19,000 fish of 500 gr.)

\$ 6,25: Avg. price per Kg.

\$ 22,000: Avg. yield per cycle

4 years: Payback Period

22%: Investor's IRR

13 kg /year international per capita consumption

Investment considerations Red meat and Fattening projects



Facts

42,000 Ton/ year: Implied demand, 60% Gap on consumption

17,000 Ton/year: Local production

\$ 86 Million: Yearly imports mostly through third party

8 Months: Avg. Fattening cycle

10 Dunam: facility fit for 1,000 calves

Local climate: Optimal required climate

Production unit (10 dunam)

Red meat - calves importing & fattening

\$ 2,000,000: Investment to fit 1,000 calve

380 Ton: Meat production per fattening cycle

\$ 4,500: Avg. Price per ton – Live –Gross

\$ 186,000: Avg. yield per cycle

3 - 4 years: Payback Period

12 - 15%: Investor's IRR

Red meat per capita is low when compared to neighboring countries; individuals vs. units:

119: Per head of cattle

7.1: Per head of sheep

18.4: Per head of goats

Current quota grants yearly importing around 1,660 calves and 25,000 Sheep with average gross weight of 1,500 Tons free of custom duties

Product	No./ head	kg / year
Calves	1,660	500,000
Sheep	25,000	1,000,000
Frozen beef	-----	12,000,000
Frozen sheep	-----	1,300,000

Investment considerations Medical herbs



Facts

1,500 dunam: Cultivated medical herbs

3,000 tons: Annual production capacity, with export capacity:

83% USA

7% Arab countries

5% EU countries and Russia

5% local consumption and rest of world

\$ 27 Million: Annual productive value

3,500: Direct jobs

Promising and growing productive sector: 10 years of experience and access to international markets

Small land size: wide variety of natural plants, with more than 30 types of medical herbs used in pharmaceutical industries

High revenues, High global demand

Priority sector: National Export Strategy classification (2014-2016); National Policy Agenda 17-22

Investment considerations Aggregation business

6,450 km²: Overall area, with small holdings almost 40 dunams

5: Agro-ecological zones, makes it suitable for variety of produce year-round

4: Storage and freezing facilities in Hebron, Qalqelieh and planned one in JAIP

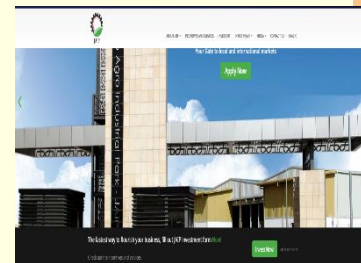
Weak and undeveloped **marketing and distribution infrastructure**

Lack of modernized cold chain **distribution channels and storage** facilities systems to facilitate export logistics and **access international distribution channels** and improving **domestic distribution**

Promising of seasonal high value and profitable crops: (strawberry, cherries, medical herbs, dates)

Aggregation business: will enhance the capacity of production and profit and enable the entry to upscale activities

Special incentives: Export activities



Success stories

Fish Farming: Fish shortages and high demand created projects success stories in Tubas more than 5 projects in Gaza strip, Jenin and Jericho

Calves Fattening: Increased demand on red meat created a gap between supply and demand led to high prices which created an investment opportunity To produce meat by establishing typical farms; and we noticed main Dairy producers established their own farms for milk purpose

Agripal Farm: 350,000 m² in the northern Jordan Valley, which produces fresh herbs through a state of art technologies to comply with the international standards, currently exporting to Arab countries and international markets; and the owners extended their business as **Janet Adan factory** for the manufacture and packaging of medicinal herbs in Tubas, where 22 types of medicinal herbs are exported

Tamoon Medical herbs: 50 dunams of greenhouses producing 15 Type of medicinal herbs, and currently exporting to the USA and EU countries





Why Invest in Palestine

- Strategic **Location**, linking Asia, Africa, and Europe, with access to wide spectrum markets through more than 11 commercial agreements
- **5 Agro-ecological** zones, makes it suitable for variety of produce year-round
- Dynamic **Economy**, representing a variety of investment opportunities for a growing country and market
- Access to **Finance** through a well-established financial system, suitable work environment, and a qualified labor force
- Specific **Incentives** for projects creating or expanding economic activities in certain sectors with commitment for **0%** income tax for agriculture sector and subsectors
- Supportive **Ecosystem** and commitment
- Qualified **Industrial Zones** strengthening the success of investment through offering services, advanced infrastructure and rewarding incentives for investments
- **Priority** to develop the sector and highlight its potentials

Palestine's commitment to investors

- **Profitable** return on investment
- **Modern framework** of economic laws to encourage and support foreign and local investments
- **Free investments** in all sectors and in any ownership percentage
- **Free transfers** of generated profits and freedom of repatriation of income generated from investment
- Protection of investors, no expropriation, nationalization.
- **Equal treatment** for investors of all nationalities.
- **Protection** of all confidential information.

PIPA's role

- Represents Palestine vision and its policies to promote the private sector and to define an appropriate investment environment
- Contributes to maintain and continuous development of friendly Investment environment
- Provides constantly improved customer service to foreign and domestic investors; through utilizing an effective One-Stop-Shop
- Facilitates cooperation between the private sector and the government, thereby creating and maintaining a more competitive investment environment
- Offers investors the necessary information to support their decisions to invest and start their investments including assistance in obtaining all necessary licenses. Offers updated information and data related to investment opportunities, expenditure and funding in Palestine
- Continuous relationship with investors through PIPA's After Care program



Why Invest in Palestine?

Palestine, with its strategic location and need for widespread infrastructure development is an untapped emerging market with enormous investment potential. The Palestinian economy is a market-based economy with the private sector playing the leading role.

News & Events Download

- Call For MedGeneration Project - Palestinian Diaspora
3/15/2016
- Kuwaiti businessmen visit to Palestine
3/7/2016
- Closure of awareness meetings on the Encouragement of Investment Law and its amendments in Salfit and Jenin Governorates
2/21/2016
- PIPA held a training workshop on "Developing the Organizations Work plans"
2/16/2016

Facts & Figures



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