

# Roadmap for Scaling Up Green Entrepreneurship

Palestine



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## 1.1 Methodological Approach

As part of the SwitchMed Green Entrepreneurs and Civil Society component, an extensive and participatory assessment has been conducted to analyze main barriers and drivers leading to the development of the Circular and Green Economy in Palestine. A White Paper has been developed in 2018 to gather and reflect the view and experiences of green entrepreneurs, CSOs, BSOs and key institutional stakeholders on the challenges, opportunities and strategies for the promotion of green entrepreneurship and grassroots ecological and social innovation in Lebanon. This document completes the “Switchers Support Programme – Regional Scaling-Up Roadmap” and relies on a mixed-methods analysis approach based on data collection and semi-structured interviews undertaken between April and September 2018.

## 1.2 Initial situation

There is a general consensus about how sustainable development in Palestine should be linked to a viable institutional framework enabling development planning and the rule of law. Amid the recent politic and economic crisis (increasing unemployment, humanitarian crisis in Gaza, growing PA’s financing gap, and declining living standards) the Palestinian Authority struggled to remove barriers for the private sector to grow and support a more sound business environment. However, as reported by the World Bank “the Israeli constraints on movement, access and trade continue to be the main impediment to economic growth in the Palestinian territories.”<sup>1</sup>

Entrepreneurship is a high-risk activity in Palestine and, according to reports by the Global Entrepreneurship Monitor; the country has one of the lowest early-stage entrepreneurial activity (TEA) rates in the region. Palestine also suffers from a huge gender gap despite possessing a larger pool of better-educated entrepreneurs compared with other countries in the region. On the other hand, almost 20% of the people in the process of trying to start a new business are seeking employment, highlighting how sustainable growth and job creation could be driven by private investment.

It’s very difficult to establish the percentage of Palestinian early stage entrepreneurs who are looking at green value chains to develop their ventures. There is a large untapped potential to move specific value chains toward green development in the Country. The Palestinian Authority, with the support of SwitchMed, identified three main sectors which can develop added value by shifting to a more circular and sustainable economic model: Agrofood; Tourism and Construction<sup>2</sup>. The implementation of the SCP National Action Plan would require 280 million USD, up-to-date largely unfunded.

The Palestinian National Voluntary Review on the Implementation of the 2030 Agenda offers a repository of main SCP challenges: unsustainable water usage; soil degradation and desertification; energy infrastructure degradation; unsustainable farming practices; lack of waste treatment and disposal infrastructure<sup>3</sup>.

These environmental challenges have been turned into business opportunities by few green entrepreneurs who have received limited support from established business support organizations and whose ventures have been triggered by external aid conveyed through specific projects or larger social economy support programs.

A sustainable growth path driven by the private sector would require a reduction of external and internal constraints and the identification of leverage strategies enabling the business ecosystem, including financial players and investors.

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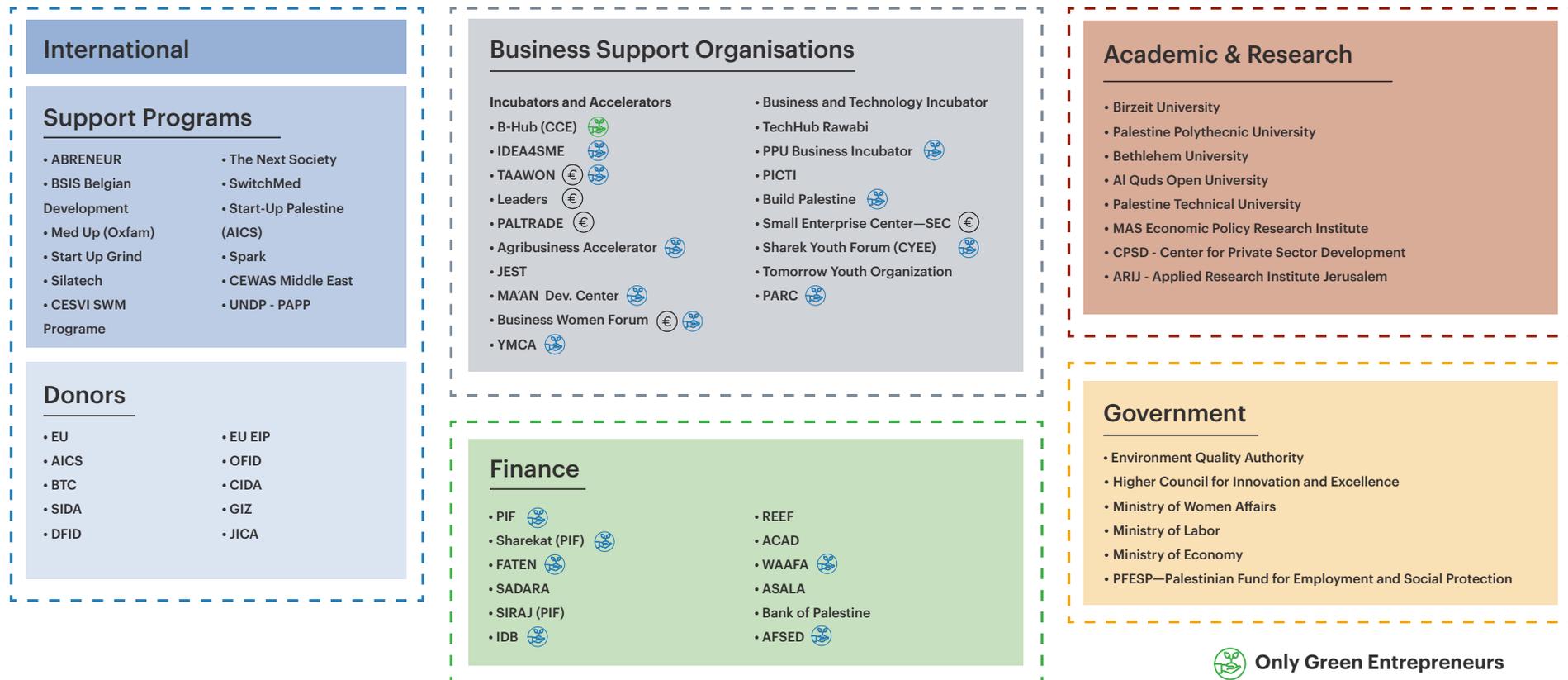
<sup>1</sup> The World Bank, March 2018. Economic Monitoring Report to the Ad Hoc Liaison Committee,

<sup>2</sup> Environmental Quality Authority, 2016. Sustainable Consumption and Production National Action Plan. Ramallah

<sup>3</sup> Palestinian National Authority – Prime Minister Office. June 2018, Palestinian National Voluntary Review on the Implementation of the 2030 Agenda. Ramallah

## Green Entrepreneurship Ecosystem Map\*—Palestine

\*The map structure has been built upon the World Bank report "Igniting Climate Entrepreneurship in Morocco" - World Bank Group, April 2017



- Only Green Entrepreneurs
- Also Green Entrepreneurs
- Direct Funding Provision

### 3.1 Vision

A systemic approach has been used by breaking the program reference system into minimum and iterative components to facilitate the identification of leverage points, effective interactions or specific shifts which have the power to produce positive changes.

The scaling-up vision for Palestine is to support the transition to a greener, more circular and fairer economy by efficiently leveraging the social and networking capital entrepreneurialism brings, providing services and products to a more integrated industrial system and harnessing regulatory and economic instruments.

Operation, Management, Policy and Mindset areas have been explored analyzing the existing casual nexus with a higher potential to leverage a change in the whole reference system and gaining traction toward Green and Circular Economy in the Country.

### 3 Vision and Leverage Points

Level of intervention	ID	Potential Leverage Actions	Institutional support
OPERATION	1	<ul style="list-style-type: none"> <li>Mainstream personal empowerment and soft-skills training within existing methodologies</li> </ul>	<ul style="list-style-type: none"> <li>BSOs and NGOs delivering services to ideation and early-stage entrepreneurs; universities and academic research centres with active entrepreneurship programmes</li> </ul>
	2	<ul style="list-style-type: none"> <li>Improve market linkages to approach both domestic market and export facilities</li> </ul>	<ul style="list-style-type: none"> <li>PALTRADE, Palestinian Federation of Industries, leaders, existing export facilities with fair/organic certifications (CORE, Fair Trade Palestine)</li> </ul>
	3	<ul style="list-style-type: none"> <li>Develop access to finance mechanisms which are culture-sensitive and accessible to ideation green entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>Palestinian Investment Fund (PIF), MFIs, NGOs to mainstream The SwitchersFund, improving accessibility and financial education for green entrepreneurs</li> </ul>
	4	<ul style="list-style-type: none"> <li>Promote a coordinated model to increase co-payments for business services, thus reducing dependency and encouraging more sustainable business models</li> </ul>	<ul style="list-style-type: none"> <li>Fine-tuning, standardisation and technical transfer of green business development methodologies and coordination among BSOs, NGOs to ensure quality delivery mechanisms</li> </ul>
	5	<ul style="list-style-type: none"> <li>Improve impact communication and measurement system</li> </ul>	<ul style="list-style-type: none"> <li>BSOs and NGOs to improve capacity building to integrate Result Based Management from the outset of incubation processes</li> </ul>
MANAGEMENT	6	<ul style="list-style-type: none"> <li>Establish strategic partnerships leveraging sectoral interests and diverse investment/assistance roles of the business support organisations (BSO)</li> </ul>	<ul style="list-style-type: none"> <li>Existing SDGs-oriented BSOs with established business development programme in the country and key public and private stakeholders promoting sustainable development services</li> </ul>
	7	<ul style="list-style-type: none"> <li>Regulate BSO sector, gradually introducing definition rules and promoting national action networks</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of National Economy, PMA, Palestinian Chambers of Commerce, Industry and Agriculture, Ministry of Finance</li> </ul>
	8	<ul style="list-style-type: none"> <li>Foster advocacy networks and improve sector aggregation</li> </ul>	<ul style="list-style-type: none"> <li>Sector-focused BSOs and CSOs to develop joint advocacy actions and establish sector-oriented coordination mechanisms</li> </ul>
	9	<ul style="list-style-type: none"> <li>Encourage green entrepreneur aggregation within a specific sector, promoting coordination and formalisation along targeted value chains</li> </ul>	<ul style="list-style-type: none"> <li>Sector-focused BSOs and CSOs, EQA, the Switchers Community</li> </ul>
	10	<ul style="list-style-type: none"> <li>Promote financial funding partnerships to mitigate investor risk, expanding pilot initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Palestinian Investment Fund (PIF), MFIs, NGOs, EQA</li> </ul>
POLICY	11	<ul style="list-style-type: none"> <li>Improve coordination among ministries to better mainstream green entrepreneurship, promoting a cross-sectoral incentive system with particular focus on women-led initiatives</li> </ul>	<ul style="list-style-type: none"> <li>EQA, LACS Development Forum, Ministry of Women's Affairs, Ministry of Labour, Ministry of National Economy</li> </ul>

### 3 Vision and Leverage Points

Level of intervention	ID	Potential Leverage Actions	Institutional support
POLICY	12	<ul style="list-style-type: none"> <li>Develop a regulation framework allowing venture capital to fund early-stage green enterprises</li> </ul>	<ul style="list-style-type: none"> <li>PMA (Palestinian Monetary Authority), Ministry of National Economy, EQA, PIF (Palestinian Investment Fund)</li> </ul>
	13	<ul style="list-style-type: none"> <li>Promote a more institutionalised cooperation among development cooperation programmes focusing on green and social entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>EQA, LACS Development Forum, Interministerial Committee for Area C</li> </ul>
	14	<ul style="list-style-type: none"> <li>Expand legislation on intellectual property rights, protecting ideation and early-stage green entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>Updating existing IPR system requires support from the Ministry of National Economy, Ministry of Industry and Finance, Palestinian Chambers of Commerce, Industry and Agriculture, Palestinian Standard Institution</li> </ul>
MINDSET	15	<ul style="list-style-type: none"> <li>Raise public awareness and generate knowledge with regard to environmental protection with a specific focus on the link between environment and development</li> </ul>	<ul style="list-style-type: none"> <li>EQA (National Strategy for Environmental Awareness and Education 2014-2020), PENGON (Palestinian Environmental NGOs Network), AIDA (Association of International Development Agencies), Ministry of Education</li> </ul>
	16	<ul style="list-style-type: none"> <li>Harness local community mobilisation capacity and social structure to promote sustainable consumption patterns</li> </ul>	<ul style="list-style-type: none"> <li>EQA, PENGON, MoPAD (Ministry of Planning and Administrative Development)</li> </ul>
	17	<ul style="list-style-type: none"> <li>Link measurable green economy benefits to the National Policy Agenda, highlighting its contribution to the Agenda 2030</li> </ul>	<ul style="list-style-type: none"> <li>EQA (Cross-Sectoral Environment Strategy 2017-2022), LACS Development Forum, PENGON, AIDA</li> </ul>

## 4.1 Scaling-up Roadmap

The suggested roadmap is the result of an in-depth analysis conducted in the 8 target countries and validated through more than 40 interviews to key stakeholders in Palestine between April and September 2018. The Roadmap harnesses selected mapped leverage points to envisage change pathways and trigger green entrepreneurship in Palestine.

### Level of the Intervention – Operation

Leverage Point	Activity	Time Frame
1	<ul style="list-style-type: none"> <li>• Systematizing and fine-tuning existing business model development and incubation methodologies partnering with academic institutions or TVET providers integrating diverse skills building activities.</li> <li>• Developing A2F self-diagnostic tools to enable ideation/early stage Green Entrepreneurs understand and manage their financial needs.</li> </ul>	• Short-term
2	<ul style="list-style-type: none"> <li>• Increasing support and financial resources to address green entrepreneurs' market needs, improving technical assistance and capacity building.</li> <li>• Linking existing market infrastructures to the SwitchMed Green Entrepreneurship Programme at national level, promoting clear pathways in partnership with other organizations (PALTRADE, CORE, etc).</li> <li>• Mobilizing financial support by intensifying A2F capacity building and facilitating impact financing instruments.</li> </ul>	• Medium term
3	<ul style="list-style-type: none"> <li>• Articulating the Switchers Fund at national level, engaging traditional financial stakeholders, MFIs and Islamic Finance offering CSR pathways and linkages to the UN Global Compact principles.</li> </ul>	• Long-term
4	<ul style="list-style-type: none"> <li>• Assessing service scheme financial sustainability, designing new services and improve quality mechanisms for growth-stage green entrepreneurs and existing MSMEs.</li> </ul>	• Long-term
5	<ul style="list-style-type: none"> <li>• Developing a MEAL system enabling performance measurement both at program and business level.</li> </ul>	• Short-term

### Level of the Intervention – Management

Leverage Point	Activity	Time Frame
6-9	<ul style="list-style-type: none"> <li>• Launching a constitutive process to establish a green entrepreneurship network at national level.</li> </ul>	• Short-term
	<ul style="list-style-type: none"> <li>• Transferring methodologies/technologies and providing technical and financial assistance.</li> </ul>	• Short-term
	<ul style="list-style-type: none"> <li>• Developing and establishing an action network at national level engaging private sector organizations and individuals targeting or interested in sustainability-led business.</li> </ul>	• Medium term
	<ul style="list-style-type: none"> <li>• Developing an internal business model and articulating a financing scheme to fund network's operations.</li> </ul>	• Long-term
	<ul style="list-style-type: none"> <li>• Formalizing the action network and defining minimum standards for BSO's.</li> </ul>	• Medium term
	<ul style="list-style-type: none"> <li>• Enhancing visibility and encouraging aggregation of local green entrepreneurs through existing networks (PENGO, The Switchers Platform).</li> </ul>	• Short-term
10	<ul style="list-style-type: none"> <li>• Mainstreaming the Switchers Fund, engaging existing guarantee schemes, to articulate a unique scheme ensuring proper rating of associated investment risks.</li> </ul>	• Medium term

### Level of the Intervention – Policy

Leverage Point	Activity	Time Frame
11	<ul style="list-style-type: none"> <li>Engaging and assisting key public stakeholders to develop cross-sectoral strategies which stimulate green entrepreneurship responding to key public challenges and foster existing regulatory frameworks.</li> <li>Assisting key public stakeholders to uphold green entrepreneurship via multilateral decision-making mechanisms (Barcelona Convention).</li> </ul>	• Medium term
12	<ul style="list-style-type: none"> <li>Engaging existing impact-oriented financing schemes by raising visibility of growth-stage green entrepreneurs and the Switchers Community.</li> </ul>	• Medium term
13	<ul style="list-style-type: none"> <li>Assisting EQA to mainstream SCP National Action Plan and develop coordination mechanisms to track and inform national programs.</li> <li>Formalizing and sharing the MEAL programme methodology, improving existing reporting systems.</li> <li>Piloting PPP at Municipal level using Open Innovation approaches and enabling local green entrepreneurs' participation through entrepreneurship-sensitive public projects.</li> <li>Enhancing visibility and encouraging aggregation of local green entrepreneurs through existing networks (LSE Association, The Switchers Platform).</li> <li>Assisting key public stakeholders to develop ad-hoc legal instruments to support green entrepreneurship under the umbrella of a Social Economy national regulatory framework.</li> </ul>	<ul style="list-style-type: none"> <li>• Medium term</li> <li>• Long-term</li> <li>• Long-term</li> </ul>

### Level of the Intervention – Mindset

Leverage Point	Activity	Time Frame
15	<ul style="list-style-type: none"> <li>Coordinating and implementing communication and awareness-raising activities targeting local communities and business representatives and mainstreaming existing public sector strategies.</li> </ul>	• Long-term
16	<ul style="list-style-type: none"> <li>Decentralising SwitchMed Green Entrepreneurship Programme by transferring further responsibilities to local and national implementing partners.</li> <li>Establishing and assisting a national chapter of the Switchers Community by linking it to the green entrepreneurship network.</li> </ul>	<ul style="list-style-type: none"> <li>• Medium term</li> <li>• Medium term</li> </ul>
17	<ul style="list-style-type: none"> <li>Developing and integrating evidence-based monitoring mechanisms to existing policy tools and national programs.</li> </ul>	• Long-term

## 5 References

**SCP/RAC. 2017.** Promotion of Green Entrepreneurship and Grassroots Ecological and Social Innovation in Palestine – White Paper. Barcelona: Regional Activity Centre for Sustainable Consumption and Production.

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