

PROJECT IMPACT

Small and Medium Enterprise Assistance for Recovery and Transition (SMART) February 2024

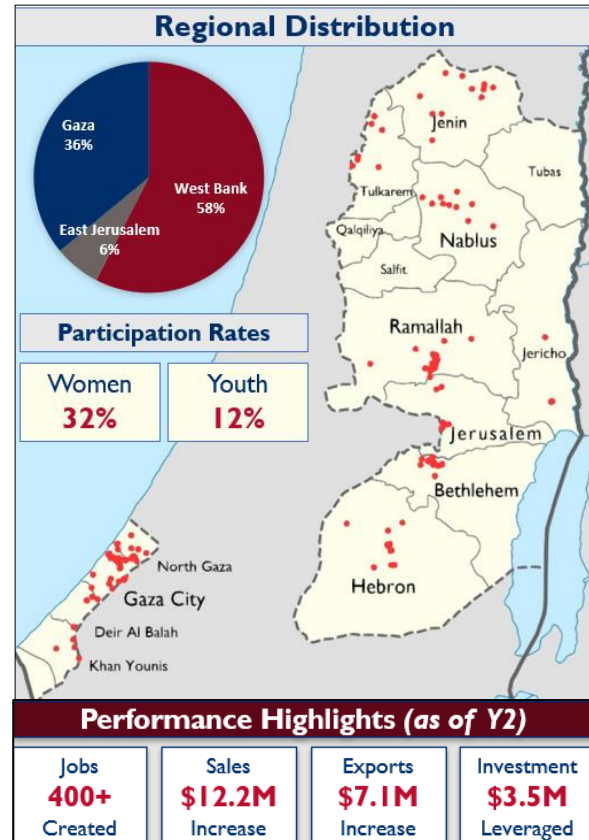
The SMART Project supports Palestinian firms in fostering their recovery, revitalization, and resilience through targeted technical and financial assistance, alongside advocacy for a conducive business environment. In just two years, SMART's strategic engagement with 296 MSMEs, start-ups, organizations as well as private sector representative institutions, has mobilized over \$25M, comprised of \$15.3M in private sector investment matched with \$10M from SMART.

These efforts have yielded notable results, including an 18% increase in sales, a remarkable 19% expansion in exports, and the creation of 448 new jobs. These outcomes underscore the transformative potential of an empowered Palestinian private sector in the West Bank, East Jerusalem, and Gaza, in driving sustainable resilience economic growth.

KEY ACHIEVEMENTS

1. Building Client Firms' Productive Capacity

Through Recovery, Revitalization, and Resilience programs, the SMART Project has signed 350 grants with 291¹ firms that offer growth potential in West Bank, East Jerusalem, and Gaza, including 140 SMEs, 20 start-ups, 129 microenterprises, and two organizations that offer growth potential. SMART has mobilized over \$25M during the past two years in the private sector; \$15.3M of which were mobilized by the client firms (\$11.8M client cost share and \$3.5M investment leverage), matched by \$10M SMART assistance, to invest in Recovery and Growth Plans designed in collaboration with SMART Business Advisors to address each firm's challenges and growth opportunities. In this way, SMART effectively de-risked and facilitated substantial capital investments to enhance productive capacity and product quality as well as introduce new products and services. 218 client firms have completed Recovery/Growth Plans and the rest are progressing toward completion.



¹ The total grants signed under all programs to date is 355 grants. The 350 grants mentioned under point 1 does not include the five Institutional Partnerships, and it exceeds the 291 total client firms because 52 firms received assistance more than once, for instance a Recovery Plan followed by a Sustainability Audit and/or Growth Plan.

2. Yielding Growth in Sales, Exports, and Job Creation

In its first two years, SMART has helped client firms boost sales by \$12.2M, representing an 18% increase in sales. Since 60 of SMART’s client firms are receiving assistance to export, sales growth was largely driven by exports, 50% of them have expanded exports by \$7.1M, which is a 19% increase in exports. This export growth is driven by key sectors including food industries (chocolate, olive oil, dried herbs), tourism (both international hotel guests and handicraft exports); garments and textile industries; and recycled goods (plastic, metal, and paper products). Top export markets are US, EU, UAE, and Israel. Growth in sales and exports has coincided with substantial job creation, with 448 full-time jobs created.

“With the support of USAID through the SMART Project, we restored our factory for production and rehabilitated it to be better than before.”

- Orwa Abu Baker, Ostry Recycling Company, Jericho

3. Promoting Women's Empowerment

SMART achieved 32% women’s participation across all activities in its first two years, which it aims to surpass in Year 3 with a new cohort of client firms under a Women Economic Empowerment Program. Despite the current economic upheaval in 2024, SMART is launching and implementing 23 Growth Plans with women-owned/managed MSMEs, start-ups and organizations that support them. These Growth Plans are designed to maximize women’s participation in the private sector in terms of job creation, access to finance, and strategic market development.



“I feel so independent and proud of myself that I can use this land and benefit my children and also create job opportunities for young people from my village”

- Jinan Maree, Farmer

4. Implementing Sustainable Solutions to Climate Change

SMART promotes climate change solutions that make business sense for Palestinian MSMEs, including climate-resilient farming and cost-saving measures that reduce wastage and natural resource consumption. 127 micro-sized farmers have implemented climate-resilient cultivation methods including drip-irrigated greenhouse systems and “no-till” planting. 18 firm-level sustainability audits have identified cost effective methods to conserve a combined total of over 9,000 m³ of water per annum and to reduce carbon emissions by over 700,000 kg per annum, which is the equivalent of planting over 20,000 trees. Six client firms have partnered with SMART to implement circular economy (CE) business ventures—advanced production methods for extracting value from otherwise discarded byproducts—for example utilizing olive mill waste for heating/cooking fuel.

“SMART assisted us by providing equipment to recycle plastic waste and convert it into safe toys for children according to the best quality. Our factory has produced three times the amount of previous production.

- Morshed Mhanna, Mhanna Brothers Company, Tulkarem

5. Facilitating Locally Led Policy Agenda for a Business Enabling Environment

Since Year 1, SMART has cultivated strategic partnerships with five leading private sector institutions, and awarded grants to each in Year 2: Business Women Forum (BWF), Palestine Trade Center (PalTrade), Palestinian Federation of Industries (PFI), Palestinian Information Technology Association of Companies (PITA), and Palestinian Federation of Garment and Textile (PFGT). These Institutional Partnerships aim to build internal capacity, in terms of information systems, governance structures, engagement with member businesses, and advocacy for policy reform. Three policy papers have been completed with another four soon to come. Topics of consideration for policy makers include “Trade

“Together, we aim to foster a more defined, inclusive, and sustainable ecosystem for Palestinian businesses, leading to a more capable, robust, and intelligent market.”

- Ruwa Jabr, CEO, PalTrade

Incentives and Procedures” (PalTrade) and “Addressing Obstacles in the Official Registration Process of Women-owned Businesses” (BWF).

IMPACT OVERALL

The SMART Project is pursuing rapid recovery, sustainable revitalization, and critical resilience within the Palestinian private sector. By supporting Palestinian MSMEs, the SMART Project seeks to strengthen these firms’ productive capacity to deliver competitive products and services, expand trade networks and export markets, and promote gender equity and climate change solutions. By supporting private sector institutions in their policy advocacy efforts, SMART aims to address long-standing policy and institutional constraints to competitiveness and trade, especially those constraints that have a disproportionate effect on women and marginalized groups. Collectively, these aims contribute to a more equitable, stable, and prosperous Palestinian private sector.