PIF STRATEGY
2025-2027

IMPACT, ADDITIONALITY,
AND ECONOMIC RESILIENCE

صندوق الاستثمار الفلسطيني
Palestine Investment Fund
Investing for Impact

www.pif.ps

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EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

CONTEXT & RATIONALE

At a time of war in Gaza, severe economic crisis, and geopolitical upheaval, the Palestine Investment Fund (PIF) remains committed to strengthening the resilience of the Palestinian economy. This new three-year strategy focuses on economic survival, job creation, and building local productive capacity. The strategy is built on a comprehensive review of the current economic landscape and an internal assessment of PIF's financial and operational performance, which revealed declining key performance indicators over the past five years due to a deteriorating environment and PIF's overextension into operational roles. To develop this strategy, PIF engaged in extensive stakeholder consultations and inclusive brainstorming, ensured strategic alignment and consensus-building across partners, considered different political and economic scenarios, and conducted in-depth research in collaboration with the Palestinian Central Bureau of Statistics (PCBS).

MISSION

Foster sustainable economic growth by leading development of critical infrastructure, empowering key industries, attracting strategic investments, and operating as a high-performing organization that delivers long-term value.

STRATEGIC GOALS

- Invest in Core Economic Infrastructure
- Develop High-Value National Production & Services
- Attract Local & International Investment
- Build a Lean, High-Performing Organization

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EXECUTIVE SUMMARY

Sectoral Focus

- ICT
- Healthcare
- Strategic Industries
- Water
- Energy
- Trade
- Industrial Infrastructure
- Agriculture

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STRATEGIC ROADMAP

INTRODUCTION

This 3 year transitional strategy

is anchored in PIF's ultimate goal of fostering economic resilience and maximizing national impact. It is designed to deliver tangible value through adaptive, data-driven investment planning, while ensuring minimal cost and optimal resource utilization in response to Palestine's dynamic and evolving economic landscape.

Situational Analysis

National Economic Context Review
Alignment with Palestine's broader economic priorities

Portfolio Review and Investment Mapping
Evaluation of existing assets and identification of strategic gaps

Economic and Markets Analysis
In-depth assessment of macroeconomic trends and sector dynamics

Methodology and Scenario Planning

Stakeholder Engagement and Brainstorming
coordinated direction across stakeholders

Consider Different Political And Economic Scenarios

Extensive Research Through PCBS

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SETTING THE SCENE

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SETTING THE SCENE CHALLENGES AND URGENCY

01 POLY-CRISIS ENVIRONMENT

PIF's new strategy is developed amid severe political and economic crises. The ongoing war in Gaza and intensified restrictions in the West Bank have inflicted catastrophic loss of life and infrastructure damage, undermining prospects for a stable two-state solution. The Palestinian government faces an acute fiscal crisis as Israel withholds clearance revenues and foreign aid has plummeted.

02 ECONOMIC ADVERSITY

The impact on the economy has been devastating. In 2024, Palestine's GDP contracted by **26.5%**, including an unprecedented **84%** drop in Gaza's output and **17%** in the West Bank, plunging the economy into recession. Unemployment soared to **51%** nationwide (estimated **80%** in Gaza), and poverty deepened. Essential public services are strained by government debt and arrears, which also threaten the banking sector's stability.

03 DEVELOPMENT IMPERATIVE

With traditional aid unreliable, PIF's investments in infrastructure, and Palestinian-made products and services are critical to rebuild the economy, generate employment, and improve self-sufficiency. The 2025–2028 strategy is PIF's roadmap to address this crisis – prioritizing projects that can stimulate growth and longer-term initiatives that lay the groundwork for a more resilient future.

04 INTERNAL CHALLENGES

Due to political instability, PIF also faces internal financial pressures that make strategic focus essential. Returns have been volatile in recent years due to heavy exposure to local public equities market and underperformance in key industries. These realities necessitate a balanced strategy that improves PIF's financial sustainability while maximizing development impact.

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STRATEGIC FRAMEWORK

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STRATEGIC FRAMEWORK

Theory of Change

By investing in infrastructure and production, attracting partners, and reforming itself into a strategic investor, PIF will stimulate job creation, reduce dependence on imports, and build a resilient Palestinian economy that can withstand shocks and deliver inclusive growth.

Strategic Direction

Lead with economic additionality and development impact. Every strategic outlook is designed to generate extra economic value, beyond what the market would yield on its own, create quality employment, and reducing trade deficit leading to economic resilience.

Strategic Goals

(1) develop critical national infrastructure as a foundation for sustainable growth, (2) boost domestic high-value production and services to reduce the trade deficit and create jobs, (3) attract local and foreign investment by developing a pipeline of projects and mitigating risks, and (4) build a lean, high-performing organization that delivers value to stakeholders.

Sectors

PIF is developing an investment-ready portfolio of projects in strategic sectors designed to attract co-investors—including sovereign funds, international financial institutions, and the private sector. These initiatives feature strong risk mitigation measures and clear development returns. PIF believes these key sectors will deliver real impact and build lasting economic resilience.

Foundation

Internal transformation to improve efficiency and governance. The Fund is consolidating operations, restructuring finances, and enhancing its capacity – ensuring sustainable operations and effectively deliver on its ambitious strategy. The result will be a financially resilient, agile institution capable of driving long-term prosperity for Palestine.

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STRATEGIC FRAMEWORK

VISION STATEMENT

Develop A Self-reliant, Independent, And Vibrant Economy, Ensuring A Prosperous Future For Palestine.

This vision guides PIF's strategy for 2025-2027. It reflects a commitment to building economic resiliency and sustainability – reducing dependency on external aid and imports – and fostering broad-based prosperity for the Palestinian people.

MISSION FOCUS

Foster sustainable economic growth by leading development of critical infrastructure, empowering key industries, attracting strategic investments, and operating as a high-performing organization that delivers long-term value.

In practice, this means PIF will act both as an investor and an enabler: leading the financing of transformational projects, convening partners, and ensuring its own operations are efficient and impact-driven.

STRATEGIC FRAMEWORK PIF VALUES

01 LEADERSHIP

PIF takes the lead in developing vital economic sectors by implementing strategic projects in key areas such as infrastructure, industry, energy, health, and others.

02 LOCALIZING INVESTMENTS

PIF is committed to prioritize implementing projects through Palestinian companies, employing Palestinian labor, and prioritizing local products and services.

03 GOVERNANCE

The laws and regulations form the framework for the Fund's operations. PIF is committed to upholding the highest standards of governance through clearly defined procedures and policy manuals that govern all investment and administrative activities.

04 EXCELLENCE AND INNOVATION

PIF is committed to executing and completing projects to the highest standards, aiming to achieve the greatest possible positive impact by investing in Palestinian talent and creativity, and by promoting entrepreneurship, innovation, and innovative solutions.

05 ADDITIONALITY

PIF's approach of supporting – rather than competing with – the private sector by catalyzing investments in strategic sectors that are typically underserved. This role enables the creation of additional impact that would not be achievable without PIF's targeted intervention.

06 SOCIAL RESPONSIBILITY

PIF is committed to implementing projects and investments that are socially responsible and generate positive impact across diverse sectors—whether economic, social, or environmental.

This commitment extends both to the Fund's direct investments and to supporting institutions, programs, and local entities that carry out development initiatives across various fields and sectors.

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STRATEGIC FRAMEWORK APPROACH

IMPACTFULL INVESTMENTS

Every investment must drive economic and social value beyond financial returns, focusing on economic additionality, job creation, trade deficit reduction.

Investments are evaluated based on:
- Number of jobs created (direct & indirect)
- Job quality (productivity, wages)
- Inclusion of youth and women
- Scale and quality of core services and high-value products delivered.
- Reduction of trade deficit—particularly with Israel—by strengthening local production and supply the supply chain.

Success metric: By 2027, PIF investments are expected to generate thousands of jobs across sectors and reduce the trade deficit by decreasing import reliance in key sectors by varying percentages.

ECONOMIC ADDITIONALITY

Every investment must add value to the economy and support the Palestinian private and public sector by:

- Investing in projects that create net new value for the Palestinian economy.
- Focusing on sectors where private investment is unlikely without PIF's support.
- Avoiding crowding out private sector and ensures a catalytic role.
- Use capital to unlock external funding and de-risk projects and act as an anchor investor
- Building investor confidence by proving bankability and viability.

Success metric: Gross Value Added (GVA) — profit, wages, and taxes generated, and amount of co-investment mobilized alongside PIF funds.

ECONOMICE RESILIENCE

Ultimately, PIF investments will support a self-sustaining economy through investing in Infrastructure that withstands crises, by reducing supply risks, and prioritizing investments that build Palestinian capacity in key sectors: energy, high-value industries and services, and food security.

STRATEGIC FRAMEWORK GOALS

Through wide base consultation and stakeholders' engagement, PIF has defined four strategic goals for the strategy period, each addressing a core dimension of economic development and institutional strength:

CRITICAL INFRASTRUCTURE DEVELOPMENT

Build foundational infrastructure (energy, industrial infrastructure, digital economy) to unlock impactful sustainable economic growth, additionality, and economic resilience.

01

BOOST HIGH- VALUE NATIONAL INDUSTRIES ANDSERVICES

Expand Palestine's high- value productive capacity in strategic sectors to reduce the trade deficit (especially with Israel) and create quality jobs. This includes import-substitution industries and services and export-oriented projects.

02

ATTRACT INVESTMENTS & PARTNERSHIPS

Draw local and foreign investment into Palestine by developing attractive financial instruments and de-risking mechanisms. Highlight strategic opportunities to international partners, demonstrating that even in a high-risk environment, viable projects can succeed with the right structures.

03

ORGANIZATIONAL EXCELLENCE

Transform PIF into a lean, efficient, high-performing institution. Optimize the organizational structure, governance, and financial management to ensure PIF can deliver competitive returns for its shareholder (the Palestinian people) and maximize stakeholder value. This pillar underpins the first three by strengthening PIF's capacity to execute.

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STRATEGIC FRAMEWORK

STRATEGIC MANDATE & PRIORITIZATION 01

Input Sources: National development plans, sector strategies, government policy.

Action: Define investment priorities and sectors.

Outcome: A clear strategy tailored to national goals.

CAPITALIZATION & FUND STRUCTURING 02

Sources of Capital: Own resources, External finance: DFIs (blended finance)

Structures: Direct equity investments, Co-investment platforms, and Thematic sub-funds (e.g., infrastructure fund)

PIPELINE DEVELOPMENT (PROJECT SOURCING) 03

Action: Identify investable projects or ventures, work with ministries and public agencies, private sector, to develop project concepts and business models.

Tools: such as establish Public-private partnerships (PPPs), due Diligence: (Technical, commercial, legal, and developmental impact).

IMPACT MEASUREMENT & POLICY FEEDBACK 04

Metrics Tracked: Jobs created, Improved trade balance, private capital mobilized, Infrastructure delivered, Contribution to value addition.

INVESTMENT EXECUTION 05

Instruments: Equity (minority or controlling), Debt and or mezzanine financing, Guarantees or risk-sharing instruments

Co-Investors: DFIs, local banks, Institutional investors

Goal: De-risk early-stage sectors, crowd in private capital.

ACTIVE OWNERSHIP & VALUE CREATION 06

Action: Strategic guidance to portfolio companies, Governance via board seats or advisory roles.

Developmental Levers: Skills transfer, Infrastructure linkages, Market access expansion

EXIT / MONETIZATION 07

Strategies: IPOs, Sale to private equity or strategic investors Buybacks by partners

Goal: Recycle capital into new projects while ensuring sustainability.

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STRATEGIC FRAMEWORK OPERATIONAL MODEL

PORTFOLIO RATIONALIZATION

1. **Prioritize investments:** focus on in targeted sectors while contributing to the stability of PIF income: i.e. telecom.
2. **Stabilize Income:** Balancing geography, investing more in telecom (if possible) and redefining OCI.
3. **Divest Non-Core Assets:** Sell off underperforming or non-essential business units.
4. **Cash management:** Ensure availability of minimum liquidity for the coming 5 years.
5. **Assets Rationalization:** Eliminate non strategy related investments (i.e. Banking) and all underperforming investments.

OPERATIONAL STREAMLINING

1. **Reduce Redundancies:** Eliminate overlapping roles, systems, or departments across subsidiaries..
2. **Centralize Functions:** Move HR, finance, legal, IT, and procurement into shared service centers.
3. **Standardized Processes:** Implement consistent operating procedures and best practices across the organization.
4. **Improve investment decision making:** Ensure better understanding of markets and industries and alignment with PIF's impact strategy.
5. **Digital transformation:** Digitize all processes.

COST OPTIMIZATION

1. **Reduce Overhead:** Cut back on unnecessary expenses such as office space, tech systems, or admin layers.
2. **Leverage Economies of Scale:** Bulk purchasing, renegotiated supplier contracts, and shared logistics.

INTEGRATION & ALIGNMENT

1. **Cultural Integration:** Align values, communication, and leadership across the holding company and other subsidiaries.
2. **Technology Integration:** Merge IT systems, data platforms, and ERP tools to ensure seamless operations.
3. **Stakeholders Support:** Ensure alignment of stakeholders through open communication.
4. **Brand Unification:** Streamline brand architecture to present a cohesive identity.

RISK MANAGEMENT & GOVERNANCE

1. **Strengthen Internal Controls:** Improve compliance, audits, and risk oversight during current transition period.
2. **Develop KPIs for Integration:** Track success metrics like cost savings, revenue synergies, and employee retention.

TALENT MANAGEMENT

1. **Key Personnel Retention:** Identify and retain critical talent during transitions.
2. **Workforce Optimization:** Realign roles and responsibilities to fit the new structure.
3. **Tancperancy:** Communicate clearly and support teams through cultural or operational shifts.

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STRATEGY PILLARS

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PILLAR 1

CRITICAL INFRASTRUCTURE DEVELOPMENT

Strategic Goal

Build foundational infrastructure (energy, industrial infrastructure, digital economy) to unlock impactful sustainable economic growth, additionality, and economic resilience.

Rationale

As part of its Theory of Change, PIF will focus on strategic investments in energy, digital economy, industrial infrastructure, trade logistics, and water treatment. These sectors are critical enablers of economic resilience, supporting local production, reducing dependency on imports, and creating the foundations for sustainable growth. By addressing infrastructure gaps, improving essential services, and enhancing trade capacity, PIF will help unlock private investment, generate employment, and strengthen Palestine's economic sovereignty.

PILLAR 1 CRITICAL INFRASTRUCTURE INITIATIVES (ENERGY)

Energy forms the backbone of Palestine's economic development; therefore, energy security lay the groundwork for long-term economic growth. Palestine imports around **88%** of energy, causing external dependency and exacerbating the net lending burden on government.

Kick off Jenin Power Plant, a

~250 MW Gas-Fired Power Station

is the first major Palestinian power plant, reducing reliance on Israeli electricity imports and providing a stable source of energy for homes and industries.

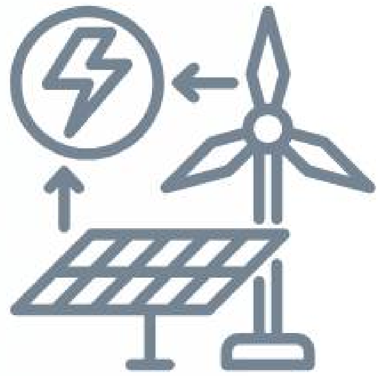
~$1.4 Billion

Investment in Gaza Marine project assert Palestine's control over its natural resources and generate significant revenues to the economy.

Investing in

140 MW Gaza Plant

aiming to re-operationalize it, convert it to natural gas, and expand its capacity.



50 MW of installed Solar Capacity

comprised of 20MW and 30MW of school rooftops and utility scale plants respectively

PIF

is working on establish public-private partnerships (PPPs) to mobilize private capital and technical expertise and coordinate with the public sector to improve regulatory frameworks, licensing, and incentives.

By 2028, the energy program will significantly increase the share of renewables in the energy mix by **70 MW** in newly installed capacity, realizing **120 MW** of total installed capacity for the program at large.

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PILLAR 1

CRITICAL INFRASTRUCTURE INITIATIVES (DIGITAL ECONOMY)

The fiber backbone provides high-capacity back-haul for the 4G network, while ubiquitous mobile broadband drives uptake of fiber services for businesses. Together they create a seamless, high-speed digital ecosystem that will create and add value in the digital economy contribution to GDP, create direct and indirect jobs, and enhance resilience by enabling remote work, tele-health and digital public services across Palestine.

%50 Fiber to Home Network!

$80M investment by 2027

This backbone will lift average fixed-line speeds from single-digit Mbps to >100 Mbps, enabling cloud services, e-learning and high-value outsourcing.

To replace ageing 2G/3G service, PIF is providing anchor equity and facilitation support for Ooredoo's nationwide 4G roll-out, licensed in 2025.

+850 4G Sites Modernized or Newly Built.

CAPEX of $70M Over 2024-26

The coverage targets are 95 % of populated areas in the West Bank by 2027; and Gaza activation when spectrum access is granted.

3G

- By ensuring accessibility and affordability to modern and reliable fiber networks, deployment of national fiber backbone infrastructure, and expansion of 3G/4G mobile networks in underserved areas, more investment can be done like:
- Development of local cloud/data centers for government and businesses.
- Tech parks or innovation hubs.
- Partnerships with telecom providers to expand coverage and reduce costs.
- Digital upskilling programs for youth and workers.

Therefore, opening the door for a new resilient digital economy.

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PILLAR 1

CRITICAL INFRASTRUCTURE INITIATIVES (INDUSTRIAL AND TRADE-LOGISTICS INFRASTRUCTURE)

INDUSTRIAL INFRASTRUCTURE

- Reduce import dependence and trade deficit
- Support local production and self-sufficiency
- Create sustainable jobs and diversify the economy
- Enhance resilience to external shocks
- Lay foundations for exports and foreign investment

PIF is developing and expanding industrial estates and free zones as platforms for business growth.
Jenin Industrial Free Zone is designed to attract local and foreign manufacturers with ready infrastructure, tax incentives, and logistical advantages.
PIF is finalizing Phase II of the Jericho Agro-Industrial Park (JAIP), which focuses on agro-processing and light industries, and is studying a new Tarqumiya Industrial & Logistics Zone in the Hebron area.

$400 Million Investment

By 2027, PIF will have completed major projects like the Jenin Industrial Free Zone, a multi-phase industrial park near the northern border driving export- growth and Foreign Direct Investment (FDI). The anticipated outcomes include thousands of new jobs, increased production of goods for export, and a pipeline of investment into Palestine's economy, PPP agreements with private developers and operators.

TRADE- LOGISTICS INFRASTRUCTURE

- Efficient customs clearance and modern logistics are essential for trade-led economic growth.
- Currently, in Palestine, customs processes are lengthy, complex, and politically constrained, creating high costs and uncertainty for businesses.
- Inefficient logistics hinder export competitiveness and discourage investment.
- Better logistics and customs systems will improve revenue collection and economic sovereignty.
- Enable Palestine to diversify trade regimes beyond the existing customs union with Israel, laying the foundation for new regional trade partnerships.
- Support industrial growth by improving the movement of inputs and finished goods.

- Develop bonded warehouse networks under Palestinian Customs supervision
- Streamline customs clearance processes
- Build trade infrastructure to reduce reliance on Israeli customs union
- Partner with private developers and operators through PPPs
- Strengthen regulatory frameworks and revenue collection systems

- Integrated logistics hubs adjacent to industrial zones and bonded areas
- Consolidation, cold chain, and value-added services for exporters
- Bonded warehouses for efficient storage and clearance
- Seamless import/export corridors with reduced delays
- PPP agreements with private partners
- Outcomes: thousands of new jobs, increased exports, stronger customs revenues, and greater investment

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PILLAR 1

CRITICAL INFRASTRUCTURE INITIATIVES (WASTEWATER REUSE)

- Enhance water security and reduce dependency on imports
- Stop costly, wasteful loss of treated wastewater
- Provide affordable, reliable irrigation for Palestinian farmers
- Strengthen food security and rural livelihoods
- Reduce financial burden on the PA

- Invest in reuse infrastructure and tertiary treatment upgrades
- Build conveyance pipelines to farms
- Secure agreements with municipalities and service councils
- Ensure affordable, farmer-friendly delivery models

- Upgraded WWTPs producing irrigation-grade water
- Conveyance networks connecting plants to farmland
- Signed operational agreements with local authorities
- Partnerships for management and farmer outreach
- Delivery of up to 20 MCM/year of reclaimed water for agriculture
- Cost savings and expanded local agricultural production

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PILLAR 2

BOOST STRATEGIC DOMESTIC INDUSTRIES AND SERVICES

Strategic Goal

Expand Palestine's high- value productive capacity in strategic sectors to reduce the trade deficit (especially with Israel) and create quality jobs. This includes import-substitution industries and services and export-oriented projects.

Rationale

As part of its Theory of Change, investing in these sectors, enabling partnerships, and developing critical infrastructure, PIF will help lower import dependence, unlock private investment, boost exports, generate sustainable employment, and enhance Palestine's economic resilience and sovereignty.

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PILLAR 2

BOOSTING NATIONAL PRODUCTION (INDUSTRY, MANUFACTURING, & AGRICULTURE)

High dependency on imported animal feed drives up costs and exposes farmers to supply risks.
Weak domestic feed supply chains limit local livestock production and competitiveness.
So there is a serious need to reduce import dependency strengthening food security, lowering costs, and creating rural jobs.

الــــربــــيـة
Al-Rabyeh

Al Rabyeh Animal Feed Factory built as an import-substitution and value-chain catalyst.

With a production capacity of

of 20 Tons/ Hour

to supply local livestock producers.

Designed to improve the domestic animal feed value chain and support broader agricultural development.
Expected Impact: Increased local meat production, reduced imports, and more rural employment opportunities.

- Investing in local feed manufacturing capacity to replace imports; strengthen supply chains for livestock producers with reliable, affordable feed and support future expansion to meet growing demand and enhance sector resilience.
- Partner with farmers, cooperatives, and private sector players to ensure effective distribution and uptake.
- This will create thousands of direct and indirect jobs, reduce external reliability, creating a higher impact and further resilient economy.

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PILLAR 2

BOOSTING NATIONAL PRODUCTION (STRATEGIC INDUSTRIES, MANUFACTURING, & AGRICULTURE)

- Palestine imports the vast majority of cement, making construction costs high and supply vulnerable to disruptions and political constraints.
- This heavy import dependency drains value from the local economy and increases the trade deficit.
- A local cement industry is essential to support the construction sector, enable infrastructure development, and create quality industrial jobs.
- Strengthening local production improves economic resilience and reduces reliance on external suppliers.

PIF is investing in local cement manufacturing capacity to replace a significant share of imports., through Jericho Cement Company as a flagship industrial project.
the project is structured to attract partners, investors, and technical operators for long-term sustainability.
Integrated with local supply chains to maximize domestic value capture.

Jericho Cement Co. will produce 1.2 million tons of cement annualy—approximately 50% of Palestinian market demand.
This will provide a reliable, locally produced supply of cement for the construction sector, reduce import dependency and keep more economic value circulating within the Palestinian economy, create direct industrial jobs at the plant and support many more in construction, transport, and related sectors, and contribute to lower construction costs and improved project reliability for Palestinian developers.

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PILLAR 2 BOOSTING NATIONAL PRODUCTION (HEALTHCARE)

- An estimated US$220 million/year is spent on sending Palestinian patients abroad (mainly to Israel and Jordan) for oncology, cardiac surgery, advanced diagnostics, and other tertiary care.
- Out-of-country referrals delay treatment, separate families, increase costs, and limit local capacity-building.
- Strengthening local tertiary care will improve health outcomes, keep spending inside the Palestinian economy, and build a sustainable healthcare system.

PIF is investing **~$60 million** to co-develop a network of specialized centers of excellence across Palestine.
Partner with the Arab hospitals network to access expertise, technology, and best practices.
This partnership led to the recent opening of the only specialized cancer center in Palestine, with an initial capacity of 100 patients.
Attract private investment and Palestinian diaspora clinical expertise to deliver world-class care.

Enable public-private partnerships (PPPs) to share costs and ensure operational sustainability.

- This investment will reduce the need for out-of-country referrals, eventually cutting into the substantial public expenditures on these referrals.
- Build long-term partnerships with leading regional hospitals and investors.
- Improve access to quality care locally while fostering training and capacity-building for Palestinian medical professionals.
- Create sustainable employment opportunities in the healthcare sector.

PILLAR 3

ATTRACTING INVESTMENTS AND PARTNERSHIPS

Strategic Goal

Draw local and foreign investment into Palestine by developing attractive financial instruments and de-risking mechanisms. Highlight strategic opportunities to international partners, demonstrating that even in a high-risk environment, viable projects can succeed with the right structures.

Rationale

To attract and mobilize investments, PIF will implement a strategic approach focused on de-risking, proactive partner engagement, and capital optimization. This includes designing risk-sharing mechanisms to enhance investor confidence, developing structured engagement plans to align with strategic partners, and leveraging blended finance and capital structuring tools to maximize returns and scalability.

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PILLAR 3 ATTRACTING INVESTMENTS AND PARTNERSHIPS

PARTNER-ENGAGEMENT MECHANISMS:

Explore launching a three-tier partner program:

- Strategic Co-Investors (regional SDFs, DFIs) invited to anchor large infrastructure tickets alongside PIF at pari-passu terms;
- Thematic Funds (renewables, industrial real estate, venture tech) structured as vehicles that allow wide base on investors to be exposed to the Palestinian market;
- Diaspora capital windows such as a Palestine development and diaspora bonds.

DE-RISKING TOOLKIT:

All priority projects will be structured to meet bankability standards and include derisking tools as appropriate and available such as political-risk insurance, first-loss catalytic tranches from blended-finance facilities, and escrow-based revenue-collection structures that ring-fence cash flow from upstream interference—raising bankability and lowering the weighted cost of capital.

CAPITAL-STRUCTURE OPTIMIZATION:

Refinance short-term bank facilities into a single bond matched to project cash-flow ramp-up; layer in a revolving credit facility for working-capital flexibility. Explore options for perpetual bonds to lock in low-cost, equity-like funding for future growth.

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PILLAR 4

ORGANIZATIONAL TRANSFORMATION & GOVERNANCE

Strategic Goal

Transform PIF into a lean, efficient, high-performing institution. Optimize the organizational structure, governance, and financial management to ensure PIF can deliver competitive returns for its shareholder (the Palestinian people) and maximize stakeholder value. This pillar underpins the first three by strengthening PIF's capacity to execute.

Rationale

PIF will enhance its institutional efficiency, transparency, and credibility, positioning itself as a high-performing and trusted national investor. Stakeholders—including board members, government counterparts, and international partners—will experience a more cohesive, accountable, and strategically aligned PIF. Strengthening internal capabilities is essential for executing this strategy effectively: a streamlined and agile institution is better equipped to manage a complex and evolving portfolio, respond to Palestine's challenging operating environment, and drive impactful results across sectors

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PILLAR 4 ORGANIZATIONAL TRANSFORMATION AND GOVERNANCE

STRATEGIC OBJECTIVE:

OPERATE AS ONE LEAN, HIGH-PERFORMING INSTITUTION THAT DELIVERS EXCEPTIONAL VALUE TO STAKEHOLDERS AND REMAINS INVESTMENT-READY AT ALL TIMES.

PAIN- POINT (2024)	IMPACT ON PERFORMANCE
4 subsidiaries ran their own finance, HR, legal, procurement & IT desks	Duplicate head-Count and high opex
Fragmented policies/ Approval limits	Slow decisions and red tape
Uneven data & Risk reporting	Reduced visibility on overall portfolio
Limited career paths inside silos	Talent attraction & retention problem

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PILLAR 4 ORGANIZATIONAL TRANSFORMATION AND GOVERNANCE

ASWAQ INVESTMENTS — a PIF company: HR, Finance, IT, Legal and procurement

AMAAR GROUP — a PIF company: HR, Finance, IT, Legal and procurement

massader — a PIF Company: HR, Finance, IT, Legal and procurement

sanad Construction Resources — a PIF company: HR, Finance, IT, Legal and procurement

SHARED SERVICES CENTERS TO HANDLE COMMON FUNCTIONS

HR, Finance, IT, Legal and procurement

- Subsidiaries can focus on core business activities
- Eliminate redundancy
- Standardize policies and authorization limits
- Strengthening internal controls and governance
- Leaner organization with a unified culture and strategy
- Improve overall efficiency
- Reduce overhead and coast cutting

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PILLAR 4 ORGANIZATIONAL TRANSFORMATION AND GOVERNANCE

COST OPTIMIZATION

- Review every department for cost-effectiveness.
- Non-essential expenses are being trimmed, and procurement is being optimized.
- The aim is to significantly reduce operational expenses.
- By cutting operational cost and increasing efficiency, PIF can direct more resources to development projects or improve its profitability.

Efficiency gains are a key indicator of success for the organizational transformation by 2027

GOVERNANCE AND POLICY ALIGNMENT

- Governance framework update to match best practices of leading sovereign funds.
- Unifying policies across the organization, clarifying decision-making processes, and tightening risk management.
- The Board of Directors and executive management are also enhancing oversight of subsidiaries to ensure accountability.

Ultimately, PIF seeks to present one face to partners – a well-governed institution with clear protocols.

HUMAN CAPITAL AND CULTURE

- Invest in capacity building and cultural change to create a high-performance environment.
- Recruit and retain talent with the skills needed for complex project finance, risk management, and international partnerships.
- Implement training programs and performance management systems to build staff capabilities, encourage innovation.

Build staff capabilities, encourage innovation, and result oriented mindset.

RE-FOCUSING ON PIF'S CORE ROLE

- PIF will transition out of operational roles and move into a strategic investor and facilitator.
- Bring in technical partners or operators for its projects.
- Focus on financing, governance, and ensuring objectives are met.
- Formalizing processes to attract new partners and divest certain operational stakes, moving to an asset management model.
- Support institutional partnerships (PPP), policy dialogue, and sector development—playing a catalytic role in enabling investment and sustainable growth.

Handle more projects concurrently and to create and enabling investment environment.

INSTITUTIONALIZING INVESTMENT-READINESS

- Part of the organizational improvement is making "investment-ready" a default state for PIF.
- Internally, PIF will improve its project preparation processes – from feasibility studies to business case development all driven by up-to-date market data.

Every initiative is backed by solid analysis and documentation

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PILLAR 4

CRITICAL INFRASTRUCTURE INITIATIVES (NEW STRATEGIC STRUCTURE)

PIF Holding Company

- Board of Directors
- Executive Chairman
- PIF GM

Shared Services center

- Legal
- Finance
- HR
- IT
- Procurement
- Investment
- Communications

Front Line CEOs

- أسواق الإستثمارية ASWAQ INVESTMENTS — a PIF company
- مصادر massader — a PIF Company
- sanad سند Construction Resources للموارد الانشائية — a PIF company
- عمار AMAAR GROUP — a PIF company

KEY FUNCTIONS

- Focusing on Strategic Impact
- Business development
- Project management and implementation
- Enhancing financial returns

06

EXPECTED OUTCOMES AND IMPACT BY 2027

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EXPECTED OUTCOMES AND IMPACT BY 2027

ECONOMIC REVITALIZATION

- The strategy is expected to alleviate chronic energy shortages and cut energy imports by a significant margin.
- keeping hundreds of millions of dollars in the local economy.
- New industrial operations will supply domestic markets and foster exports, contributing to a reduction in the trade deficit over time.
- PIF's investments aim to substantially boost GDP from its depressed base – kick-starting growth in the aftermath of the 2024 downturn.

JOB CREATION AND LIVELIHOODS

- Across its portfolio, PIF's projects are set to create thousands of jobs over the strategy period.
- Construction of infrastructure (power plants, factories, real estate developments) generates immediate employment.
- The ongoing operation of these facilities sustains long-term jobs.
- The industrial zones will host companies that employ large workforces, and the agriculture initiatives will support farming communities creating further indirect jobs.
- This strategy will have ripple effects: improved household incomes, reduced poverty, and social stability.

INCREASED INVESTMENT FLOWS

- A major outcome PIF is targeting is a rise in external investment into Palestine. Through its co-investment and partnership approach, PIF hopes to catalyze hundreds of millions of dollars of foreign and diaspora capital into strategic projects.
- Success would mean new joint ventures in the targeted sectors, and syndicated financing with IFIs for infrastructure.
- By structuring and demonstrating viable investment models, PIF will pave the way for the private sector to crowd in investments, multiplying the effect.

STRONGER ECONOMIC RESILIENCE

- Critical services like electricity, broadband, and water treatment will be more reliable and locally controlled, reducing vulnerability to external shocks or political leverage.
- The expansion of local industries (energy, construction materials, agribusiness) decreases reliance on imports and external aid, making the economy more self-sustaining. In practical terms, this resilience could manifest as greater food security, energy security , and financial stability (through domestic revenue generation).
- While challenges will undoubtedly remain, the interventions will contribute to economic resilience.

PIF AS A MODEL INSTITUTION

- Internally, PIF will emerge as a stronger, more reputable institution.
- Financially, it expects to restore profitability and maintain a healthy balance sheet, enabling continued dividends to its shareholder and re-investment capacity for development.
- Operationally, the restructured PIF will maintain its reputation and gain further confidence from stakeholders for its prudent management and effective execution of projects.

PROSPEROUS FUTURE

- If PIF achieves its strategic objectives by 2027, Palestine will be on a path toward the ultimate vision: a self-reliant, prosperous economy.
- That means an economy less dictated by crisis and dependency, and more by the ingenuity and productivity of its people and institutions.
- PIF's strategy is not a standalone cure but a catalyst that can spur further investments, entrepreneurial activities, and public-private initiatives that continue to propel development.

THANK YOU

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