



ESAF Voices from the Field

“Cementing” the Path to Sustained Economic Growth

Photo by Nussi Abdullah, AED



With USAID’s support, Future Iron Pipes has introduced a new and critical link in the construction supply chain in the West Bank, explains Quality Engineering Officer Hasan at the FIP’s facility in Hebron. **“FIP is creating jobs; that is good for Palestinian families,”** he says.

ESAF is a three-year \$36 million program, funded by USAID, and designed to build a more inclusive financial sector in the West Bank and Gaza, for Palestinian households and enterprises. The program is implemented by AED in partnership with The William Davidson Institute at the University of Michigan, Shorebank International, CHF International, CARE and Save the Children. ESAF is an Associate Award under USAID’s FIELD-Support Leader with Associates cooperative agreement, which is managed by AED.

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Situated in Hebron, Future Iron Pipes (FIP) is unique in more than one way. It is in fact the only facility in the West Bank that produces cement-lined pipes, which are essential in building the water/sewage systems demanded by a growing population. As a dynamic and highly capable company, it is also a seemingly unlikely recipient of international aid. But on account of FIP’s willingness and ability to support economic growth and generate employment, the company became one of nearly 50 Palestinian enterprises to receive a fixed capital grant investment from AED’s Palestine Investment Partnership (PIP), part of the USAID-funded Expanded and Sustained Access to Finance (ESAF) project.

FIP was formed last year by the Arab Brothers’ Company (ABC), a successful Palestinian construction and contracting company, to fill a critical gap in the supply chain. The managers of ABC recognized that the West Bank’s reliance on imports from Israeli suppliers was causing economic inefficiencies and decided to put their equity and entrepreneurial spirit behind this new venture. In November 2009, FIP received a grant of \$150,000 to match their own investment of \$278,000, which allowed the company to purchase the necessary equipment and build the new facility in Hebron.

“The USAID grant really helped us accelerate our plan for this company,” says General Manager Khalid Naser. “Without it, it would have taken us more than five years to get to where we are in five months.” CEO, and brother, Ali Naser admits, “At first I was surprised to hear that USAID was investing in private companies, but I believe it is critical—it is an important part of society.” FIP is already seeing steady increase in sales and has hired 25 full-time staff. FIP projects that at full capacity, it will employ up to 55 people, creating steady employment and economic stability for scores of Palestinian households.

The Palestine Investment Partnership (PIP) was designed to incentivize the Palestinian private sector’s investment in new equipment and technology that increases opportunities for export or import substitution, while creating hundreds of new jobs. PIP provides funding to high potential companies that can not raise the investment capital necessary through equity or debt markets due to market failures and political risk.

The Naser brothers believe in FIP’s social responsibility to the Palestinian people. For example, partnering with the local universities, FIP hires engineering graduates and provides them extensive technical training. Employees such as recent graduate Quality Engineering Officer Hasan, who already demonstrates a mastery of the facility’s manufacturing process, also believe in FIP’s social benefits. **“FIP is creating jobs; that is good for Palestinian families, and is reducing our reliance on the Israeli economy,”** he says.

ESAF’s Manager for PIP, Suleiman Aref, says “This is the right time for PIP—this is the time to invest in the private sector. Five years ago, it was difficult because of the volatile political situation. This support today is really helping Palestinian companies take their businesses to the next level, and that is good for the Palestinian people.”

For FIP, this is not the end. USAID’s assistance has helped them actualize the first phase of their vision, but local demand from the West Bank infrastructure sector meets only 30% of FIP’s capacity. Seeing an opportunity, the company is already exploring new markets in Jordan and Iraq, and has plans to diversify the product line—using the newly purchased equipment subsidized by PIP’s investment—to serve a broader market.