

## Entrepreneurship Ecosystem Matching Grant (EE-MG)

### Building the Palestinian Economy by Supporting Innovative Start-Up Enterprises and Creating Investment Opportunities

#### At a glance

The objective of EE-MG is to mobilize private capital in the West Bank and Gaza by filling a gap in the entrepreneurship ecosystem that exists between support services often provided by donors and the development of a steady stream of investment-ready startups that could benefit from these services.

#### Mandate

To support the development of a pipeline of investible projects in Palestine, the Entrepreneurship Ecosystem Matching Grant (EE-MG) is being established targeting early stage Investment Funds (IFs), seeking investment in early stage, growth capital and post acceleration stage enterprises.

EE-MG is specialized fund designed to improve the number and quality of investment-ready entrepreneurship initiatives by enhancing the capacity of enterprises to absorb funding from the investment vehicles already in place. The matching grant funds would be used to finance business development support services (BDS) for entrepreneurs and will also finance capacity building to prospective IF applicants. This intervention would free up the capital of the various investment intermediary entities to focus on the financing and implementation of projects rather than the handholding of entrepreneurs.

Enterprises include startups; small businesses operating in Palestine that are technology driven and seek to develop and grow through innovative technologies. Businesses with growth opportunities that have potential to employ more people and expand through potential capital flow coming from IFs.

The EE-MG will support seed funds as well as more downstream Venture Capital (VC), growth capital funds, and other forms of post-accelerator financing and mentorship. Key to support at this stage of the investment cycle is the presence of committed private investment proposals – that support would be to the demand side to ensure sustainability and to avoid the replication of supply driven donor programs which lack private sector interest and technical experience.

The EE-MG would provide ‘wholesale’ funding through 0.7:0.3 (F4J) Project Implementation Agency: IF) matching grants to IF management companies to assist them in developing investment pipelines by improving enterprises’ ability to develop viable investment opportunities and high-quality business plans.

The grants would not act as a subsidy to the IF’s general operations. They would be in the form of partial reimbursements against eligible and agreed upon expenditures previously made by the IF for developing and implementing bankable start-ups, and they are thus oriented towards results rather than overheads.

#### EEMG Working Mechanism

