

Entrepreneurship

A Vision for a Bright Future

Entrepreneurship in Palestine



By Mohammed Musleh

Palestine has the ingredients necessary for a new type of revolution: an economic transformation that brings Palestinians and friends of Palestine together to create a new center for global and regional innovation. The vision includes the integration of Palestinian start-ups and technologists into global tech giants and the insertion of Palestinian universities and researchers into global research and development initiatives.

Imagine Palestine as a destination of innovation-driven entrepreneurship, with companies such as Alphabet and Amazon coming to Palestine to acquire new ideas that change how these businesses operate. A reality in which a company such as Microsoft partners with Palestinian universities to launch a series of research and development (R&D) centers that supply the global

innovation ecosystem with top-tier commercially viable patents. This bright future is closer than we think. Apple and Nvidia have just launched their R&D centers in Palestine; these companies will pave the way for the next generation of Palestinian IT professionals.

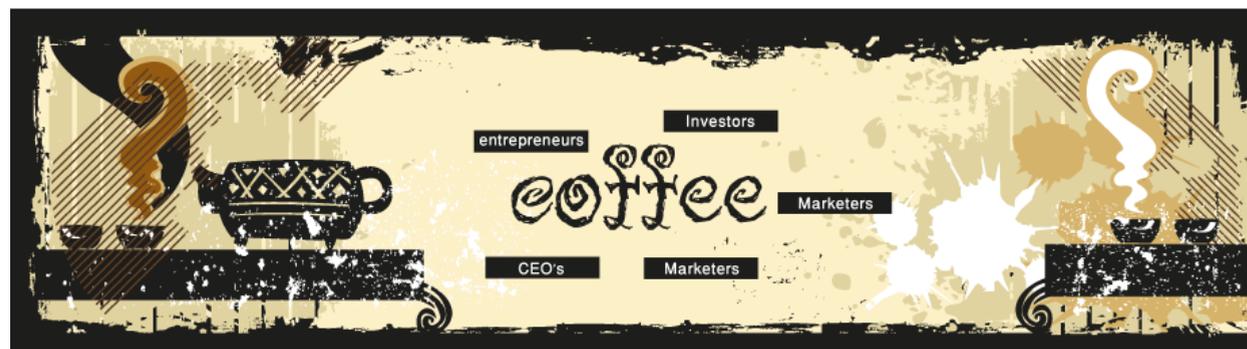
In Palestine, entrepreneurship is part of the DNA of a community that has been ravished by decades of violence and displacement. Throughout the 1918 British occupation of Palestine, the 1948 *Nakba*, the 1967 *Naksa*, and the 1990–91 first Gulf war, Palestinians have proven their resilience and their ability to restart and prosper. Palestinian refugees have been a driving economic power in the region, especially in Lebanon, Jordan, and the Arabian Gulf. An important element in the Palestinians' ability to restart their lives has been their commitment to education and the refugees' enduring spirit and determination to survive and excel.

Since the early 2000s, Palestinians have been working hard at building an innovation-driven entrepreneurship industry. Through donor-driven projects, the first ICT incubator was launched in Palestine in 2003.



Palestinians mobilizing globally to push PayPal to allow Palestinians to use the platform.

This was followed by an array of community-driven initiatives where entrepreneurship development became a priority for a wider range of Palestinians, especially those who were exposed to the global innovation-driven entrepreneurship ecosystem. Today, in Palestine, we have over 150 IT companies registered with the Palestinian IT Association of Companies. According to the Ministry of Entrepreneurship and Empowerment, 115 innovation-driven start-ups operate in Palestine (Gaza and the West Bank, including East Jerusalem).



Partnerships between start-ups, universities, and entrepreneurs can be a good starting point for Palestinian-driven start-ups.

According to the United Nations Conference on Trade and Development (UNCTAD), the Palestinian economy is in a state of stagnation. The main reason for this stagnation is the Zionist occupation of Palestine and the occupation's control over most of the growth drivers of the Palestinian economy. The sectors that are suffering the most are manufacturing and agriculture. The share of manufacturing in the GDP has dropped from 20 percent in 1994 to 11 percent in 2018; that of agriculture has dropped from 12 percent to 3 percent in the same period. The occupation is adamant in its will to destroy any ability of the Palestinian economy to stand on its own and aims to squeeze all value of a captive Palestinian audience to the benefit of the occupation and the occupation's economy.

COVID-19 has further complicated the situation and increased the Palestinian economy's dependence on the occupation and international assistance. Kanthan Shankar, the World Bank's Palestine country director has indicated that the Palestinian economy is suffering due to the occupation's policies, especially the prevailing restriction of movement and of access to global free trade.

In the past few weeks, the occupation's hold on Palestinian freedom of movement has been at play on the border between Palestine and Jordan. The occupation's refusal to extend operation hours at the King Hussein/Karama Border crossing has created a humanitarian crisis at the

border. Palestinian freedom of movement is controlled by the occupation, and we need to find a way to bypass its hold on future development of the Palestinian economy.

A knowledge-based economy in Palestine is the key to a vibrant Palestinian economy and could transform Palestine's future and meet the current challenges. The occupation's military apparatus has limited its incursions to heavily populated Palestinian areas. Such relative stability creates a reliable holding environment for the growth of technology-driven business in Palestine. Software developers, data scientists, and globally exposed businesspeople can lead the growth of a sector of the economy that the occupation cannot destroy with its restrictions on movement and trade.



Entrepreneurs getting together.

In a post-COVID universe, the global technology- and innovation-driven sectors are hungry for smart software developers and for ideas that fuel the upcoming fifth industrial revolution. While international markets have always been in the cross hairs of Silicon Valley-based venture capitalists, the success

of new innovation-based start-ups in nontraditional geographies is energizing a new type of global venture capital that looks beyond the confines of Silicon Valley and the Boston biotech cluster. In 2021, the Ukrainian start-up Grammarly raised US\$200 million at a US\$13 billion valuation. Sand Hill Road can no longer afford to snub start-ups in emerging markets.

Palestine has a nascent innovation-driven ecosystem. The Palestinian government has created the Ministry of Entrepreneurship and Empowerment (MoEE) to help catalyze the growth of a start-up-enabling system conducive to the growth of innovation-driven business. The work must focus on the following five pillars: First, the entrepreneurs because they form the heart of the work. Start-ups need smart technologists and businesspeople to innovate and create value globally. Second, education. A well-trained workforce is key to the success of this vision. Palestinian universities must operate within global standards to ensure the competitiveness of their students. Third, venture capital, as it is the fuel that powers innovation-driven start-ups. Bringing in VCs with global reach will energize entrepreneurs and create linkages to global value chains. Fourth, the Palestinian government that must establish laws and regulations that streamline the work of start-ups and of multinationals that operate in Palestine. Finally, engagement must focus on the private sector. A vibrant private sector provides experts in related subject matters.

The MoEE believes in community-based work to energize and align the various stakeholders. Thus the ministry has created

the Palestinian Entrepreneurship Cluster that comprises an array of entrepreneurship support organizations and is actively involved in prioritizing the work needed to develop the sector. The cluster has set the following priorities: developing a comprehensive legal framework that organizes the sector; empowering entrepreneurs and aspiring entrepreneurs because they are the ensuring enablers who have the technical expertise to support start-ups and entrepreneurs; enhancing the quality of education in Palestine; aligning the work and resources of the various stakeholders; developing a distinct Palestinian branding; and outlining clear performance metrics for the different stakeholders.

We believe that the ministry's ethos and cross-sectoral nature holds the key to developing entrepreneurship in Palestine. Please work with us to achieve this bright future.

Mohammed Musleh is an entrepreneur with a passion for public service who currently leads the technical team at the Palestinian Ministry of Entrepreneurship and Empowerment and advises HE Minister Usama Al-Sadawi on the sector's strategic direction. He is also the co-founder of a new Palestinian company for data analytics.

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