



WP6

Urban entrepreneurial policy for sustainable development in PALESTINE

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Innovation Country Profile: PALESTINE

1. Country Introduction

In Palestine, the combination of limited resources and the high unemployment rate characterizes the labor market. This has made entrepreneurship a matter of national significance and an avenue for individuals seeking prosperity. This has a direct influence on both the economic and social well-being of the region (Tajpour & Hosseini, 2021).

According to the Palestinian Central Bureau of Statistics¹, in the second quarter of 2023, the unemployment rate in Palestine stood at 24.7%, showing a slight decrease from the previous period and a small increase compared to the same quarter a year ago. The Gaza Strip had the highest jobless rate at 46.4%, while the West Bank reported a lower rate of 13.4%. When analyzing the data by gender, the unemployment rate was 21% for men and significantly higher at 40% for women. The total number of unemployed individuals amounted to approximately 379,000, whereas the number of people employed was 1.151 million.

In 2021, the Gross Domestic Product (GDP) of Palestine experienced a growth of 7.1 percent, rebounding from an 11.3 percent contraction in 2020 caused by the pandemic and ongoing restrictive measures due to the occupation. However, this growth was primarily attributed to a low starting point and did not fully compensate for the economic losses suffered in 2020. The GDP in 2021 remained below the pre-pandemic level of 5.1 percent in 2019. Several factors constrained this recovery, including a reduction in foreign aid, the impact of the military operation in the Gaza Strip since May 2021, and a prolonged fiscal crisis (UNCTAD, 2022). According to the last updated data from the World Bank², the GDP reached 19.11 billion dollars, and GDP per Capita is 3,789.3 with an annual growth of 3.9%.

The socioeconomic consequences of the pandemic in Palestine are not unique. However, the systematic obstacles imposed due to the occupation, along with the limited capacity for fiscal and monetary policies, have prevented the Palestinian government from utilizing the policy measures available to other nations to alleviate the repercussions of the crisis and expedite the recovery process. The impact of the pandemic has extended beyond affecting only

¹ [Palestinian Territory Unemployment Rate report](#)

² <https://www.worldbank.org/en/country/westbankandgaza>



the impoverished; in the West Bank, 72 percent of households reported a decline in income, while in Gaza, this figure stood at 57 percent. Concurrently, there was a surge in food insecurity, with rates rising from 9 percent to 23 percent in the West Bank and from 50 percent to 53 percent in Gaza. We still do not have tangible tragic consequences of the current war and genocide imposed on Gaza, which will affect the West Bank as well.

Given the previous numbers and facts, the Palestinian entrepreneurship and innovation ecosystem is still in its early stages. According to the 2022 Startup Genome report³, the estimated value of the Palestinian innovation ecosystem is relatively modest, standing at approximately US\$66 million, and it comprises fewer than 300 tech startups. The primary factor contributing to this challenging environment is the complex political situation, which hampers the prospects of success for entrepreneurs. The enduring impact of prolonged occupation on the broader Palestinian economy has repercussions for the entrepreneurship ecosystem as well. The hurdles include restricted access to education, limitations on movement, constrained market access, and trade restrictions, all of which contribute to a lack of early-stage financing. Private investment in the region remains relatively low at 15% of the GDP, considerably less than in most middle-income economies. The trade restrictions imposed by the Israeli occupation have driven the entrepreneurial ecosystem to focus primarily on high-value service activities, particularly within the technology sector.

The innovation & entrepreneurial ecosystem faces various challenges, according to the existing literature (e.g., Role et al., 2022), focus-group meetings with local stakeholders, and the WP3 mapping study that was conducted by PAU within this project as follows:

- The lack of connectivity between various elemental stakeholders of the ecosystem (e.g., human capital connectivity).
- The difficulties of interacting with foreign markets.
- The lack of supportive and well-established governmental policies.
- The political instability, which in turn, imposes multifaceted challenges on the national economy.

Concerning the urban sustainability development challenges, Palestine identified the areas that need to be addressed through systematic interventions, involving governmental and

³ [Startup Genome Report](#)



policy-making entities, hubs and incubators, Universities and research centers, investors, and the market. These areas are:

- Sustainable and renewable energy.
- Waste Management.
- Blue Infrastructure, that includes water access and sanitation (SDG 6).
- Cultural Heritage and Tourism.

However, the innovation and entrepreneurial ecosystem, especially in Palestine, relies heavily on funding sources, both national and international. The following section will provide a glimpse into the funding sources and their contributions to boosting enterprises and innovative initiatives in Palestine.

2. Funding

In this section, we explore the main funding priorities and areas, where national and international funding agencies contribute.

A. Research and Development (R&D).

Unfortunately, the last available data on research and development (R&D) expenditures in Palestine dates back to 2013⁴. A survey conducted by the Palestinian Central Bureau of Statistics in that year revealed that R&D spending amounted to USD 61 million, equivalent to 0.5 percent of the GDP for that year. The majority of this expenditure, approximately 56 percent, was attributed to the public sector. The survey also indicated that there were 8,700 individuals engaged in R&D activities, of which 30 percent held Ph.D. qualifications. This collective effort resulted in the production of 4,200 research papers and 9 patents. However, it is noteworthy that when compared to other nations, Palestine's research output remained relatively low, and its R&D spending was limited in comparison to more developed countries and neighboring nations.

⁴ [Economic and Social Monitor](#)



B. Startups and Enterprises Funds.

The funding sphere for startups and enterprises in Palestine is characterized by a mix of local, international, and non-governmental organizations that provide financial support, mentorship, and resources to help these businesses grow. Below is a description of the funding sphere:

- Local Funds and Ministries: Palestinian startups have access to funds and grants offered by local ministries and government agencies, such as the Ministry of National Economy, the Ministry of Entrepreneurship and Empowerment, and the Higher Council for Innovation & Excellence.
- Innovative Private Sector Development (IPSD): IPSD is a project funded by the World Bank and implemented by DAI. It aims to support Palestinian startups, SMEs, and entrepreneurs by developing a dynamic startup finance ecosystem, improving business access to international and regional markets, and providing grants to help businesses survive challenges like the COVID-19 pandemic.
- VC Firms: Various venture capital firms provide funding and support to Palestinian startups. For example, Ibtikar is a VC firm that has invested in Palestinian startups and launched a fund to support them. **Ibtikar funded 29 startups, provided 36 co-investors over 21 funding rounds, 33% of the funded enterprises were headed by female founders, and they created over 300 high-skill jobs⁵.**
- Incubators and Accelerators: Organizations like Gaza Sky Geeks, Bethlehem Business Incubator, Palestine Polytechnic University Incubator, Intersect Innovation Hub, SPARK, Glow Innovations, Development and Investment, and others operate as tech hubs and provide resources, mentorship, and investment opportunities for startups.
- International Programs: Programs like "Boost Without Borders" by Startups Without Borders, the "Global Cleantech Innovation Program," and the "Founder Institute" support Palestinian entrepreneurs through grants, mentorship, and capacity-building initiatives.

⁵ <https://ibtikarfund.com>



- Angel Investors: Some individuals or groups of investors act as angel investors, providing early-stage funding and guidance to startups.
- International Organizations: Various international organizations and agencies, such as the United Nations Development Programme (UNDP), European Union (EU), the World Bank, GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), USAID, DFID (UK Department for International Development).
- Palestinian Employment Fund “PEF”.
- Local Banks: Palestinian banks can provide business loans and financing to startups and small enterprises, such as the Bank of Palestine which launched Felestineya program to empower women entrepreneurs⁶.

To provide an elaborate overview of one of the agencies mentioned above, let's take a closer look at the Innovative Private Sector Development (IPSD) project. This initiative, financed by the World Bank and managed by DAI on behalf of the Ministry of National Economy, plays a central role in empowering Palestinian startups, small and medium-sized enterprises (SMEs), and entrepreneurs located in the West Bank and Gaza. IPSD is primarily dedicated to nurturing a vibrant ecosystem for startup financing, enhancing business access to global and regional markets, and offering grants to help navigate the challenges brought about by the COVID-19 pandemic. Additionally, the project actively advocates for government reforms aimed at simplifying business registration procedures and establishing a supportive framework for businesses operating from home. Furthermore, IPSD collaborates with Gateway in Gaza, contributing to its evolution into a sustainable IT outsourcing center. The following programs are examples of funded programs in boosting entrepreneurship and innovation.

NEXUS, a program under IPSD, offers cost-sharing grants of up to US\$25k. These grants are designed to bridge gaps in accessing new markets and expanding within existing ones. Additionally, NEXUS provides technical assistance through business advisory consultations, supporting firms venturing into new markets.

Another IPSD program, **IGNITE**, focuses on investor readiness for early-stage enterprises. This program not only offers investor readiness advisory services but also extends grant facilities of up to US\$50K to assist these enterprises.

⁶ <https://www.bankofpalestine.com/en/Felestineya>

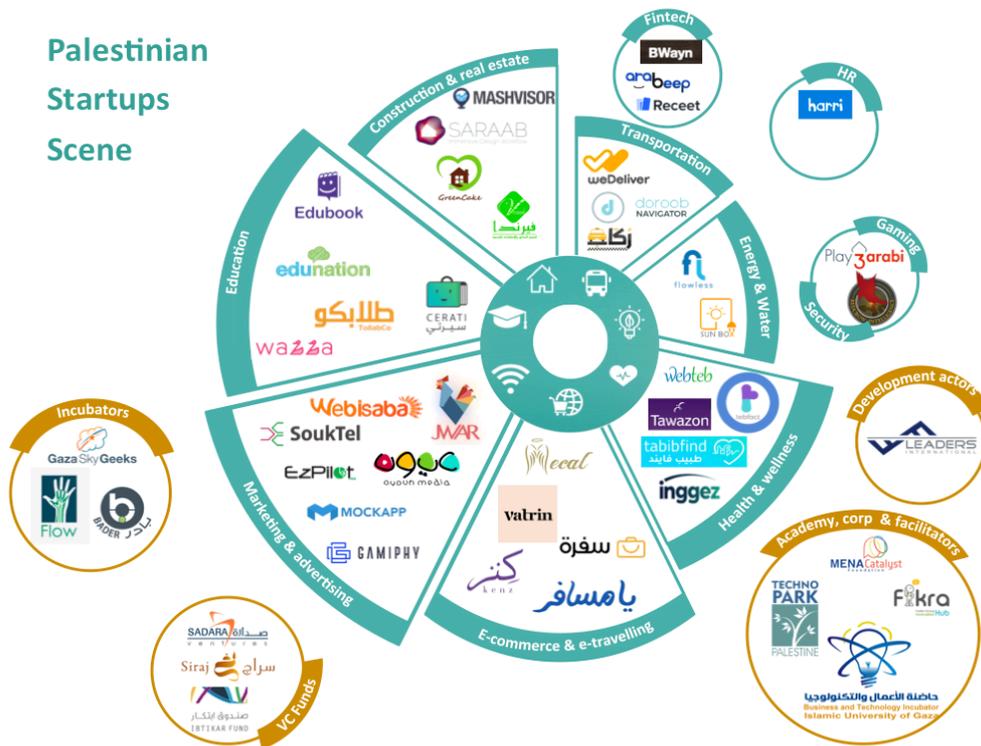


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Furthermore, IPSD manages the Co-Investment Grants program, which concentrates on reducing risk and stimulating larger private investment in early-stage startups and innovative SMEs. It achieves this by providing investment matching with grants, with awards going up to US\$350K.

Moreover, IPSD collaborates with the Ministry of National Economy to introduce an automated business registry system. This system simplifies and enhances the business registration process in Palestine, making it more accessible for a greater number of companies.

To give a visual example of the Palestinian startups' scene, the following figure depicts the most influential key players.





Challenges in Palestinian entrepreneurship include limited exposure and networking due to movement restrictions, insufficient funding options in a shaky economy, and a need for guidance and support to foster long-term thinking.

3. National Strategies and Policies

This section covers both the innovation & entrepreneurship policies as well as the urban development and sustainability strategies in Palestine.

3.1. Innovation and Entrepreneurship Policies

Palestine has introduced policies and strategies to promote innovation and entrepreneurship in the country. These initiatives are aimed at fostering a conducive environment for economic growth, technological advancement, and empowerment. However, up to our research, there are no publicly available policies and strategies for boosting innovation and entrepreneurship. Nonetheless, in 2019, the government released the following key policies and strategy proposals, along with their references, include:

- Entrepreneurship and Empowerment: The Ministry of State for Entrepreneurship and Empowerment has been established to support entrepreneurship and innovation, focusing on creating an enabling ecosystem for startups and businesses (Article 3). [Regulation issued on 28/10/2019]
- Creating an Innovative Ecosystem: The Ministry aims to create and enhance a sustainable and enabling innovation and entrepreneurship ecosystem in Palestine (Article 3). [Regulation issued on 28/10/2019]
- Technical Support: The Ministry provides applied technical support for individuals and institutions in entrepreneurship through innovation accelerators, labs, training programs, and other support tools (Article 3). [Regulation issued on 28/10/2019]
- Networking: It emphasizes building local and international multi-stakeholder networks, including government funders, NGOs, private sector investors, and global companies in various sectors, to facilitate knowledge transfer and financing for entrepreneurial projects (Article 3). [Regulation issued on 28/10/2019]



- Achieving Advanced Results: The Ministry aims to achieve advanced results in innovation, entrepreneurship, and empowerment according to global indicators (Article 3). [Regulation issued on 28/10/2019]
- Legislative Systems: The Ministry collaborates with governmental departments to update legislative systems affecting entrepreneurship, innovation, and empowerment in various aspects, such as intellectual property, finance, companies, trade, taxes, education, and judiciary (Article 4). [Regulation issued on 28/10/2019]
- Startups Mechanism: It establishes and promotes a mechanism for startups that facilitates the creation of new businesses, ensuring a high success rate for Palestinian entrepreneurs (Article 4). [Regulation issued on 28/10/2019]
- Technological Infrastructure: The Ministry collaborates with government departments to update the technological infrastructure necessary to produce globally competitive innovations (Article 4). [Regulation issued on 28/10/2019]
- Focused Coordination: It ensures focused coordination of international partners' funding for entrepreneurship programs according to the national innovation, entrepreneurship, and empowerment strategy (Article 4). [Regulation issued on 28/10/2019]
- Technical Capacities: The Ministry builds and manages technical capacities for innovation and entrepreneurship in Palestinian governorates, including innovation labs, accelerators, and experimental technology and industry facilities (Article 4). [Regulation issued on 28/10/2019]
- Awareness and Training: It provides specialized awareness and training in tools and mechanisms for producing innovative applications and startups (Article 4). [Regulation issued on 28/10/2019]
- Attracting International Companies: The Ministry focuses on attracting international companies to work with Palestinian entrepreneurs and benefit from their innovations (Article 4). [Regulation issued on 28/10/2019]
- Empowering Youth: It focuses on supporting projects by young men and women in balanced proportions, while safeguarding human rights (Article 4). [Regulation issued on 28/10/2019]
- Data and Research: The Ministry works on creating a system for producing future research and studies to draw trends, develop policies, and harness opportunities (Article 4). [Regulation issued on 28/10/2019].



3.2. Urban Development Policies.

The National Urban Policy (PNU)⁷ serves as a framework and guideline for implementing public initiatives in urban regions across Palestine by various government ministries and service-providing institutions. It also serves as an educational tool, emphasizing the importance of sustainable urban development.

In Palestine, urbanization surpasses the global average due to its unique geopolitical circumstances. Urbanization stands at 77 percent, with 71 percent in the West Bank and 87 percent in the Gaza Strip. An additional 8 percent of the population resides in refugee camps, characterized by high informality, and considered urban. This effectively makes the urban population in Palestine around 85 percent, while the remaining 15 percent live in rural areas. With a 2.8 percent urban population growth rate in 2021, Palestine falls within the top 25 percent of countries experiencing urbanization.

In 2022, the Ministry of Local Government (MoLG) and its partners initiated a consultative process to identify the primary priorities and foundations of the NUP. The consultation process was managed by a task force, which included the Association of Palestinian Local Authorities and a consultant team from An-Najah National University, with technical assistance from UN-Habitat upon the request of the European Union. The consultations engaged stakeholders from both the Gaza Strip and the West Bank, including East Jerusalem. While refugee camps were not directly involved in the NUP process, they were not excluded. The key pillars identified include **housing, transportation, natural and cultural heritage, sustainable urban-rural development, disaster risk management, urban governance, and urban economy**. Climate change was an overarching concern in stakeholder discussions and was considered in the formulation of policies related to all the pillars, particularly the fifth pillar related to disaster risk management.

⁷ [The national urban policy of Palestine.](#)



4. SWOT In-depth Analysis:

Overview

This document is an in-depth analysis of the Palestinian ecosystem and urban sustainability development, conducted using the SWOT framework. The SWOT analysis presented here stems from a triangulation of data collection methods. Firstly, insights were gathered through the examination of responses to the WP3 questionnaire, strategically designed to capture the perspectives of prominent representatives across diverse segments of the ecosystem, including public, private, civic, and academia. Additionally, an online focus group convened with representatives further enriched the dataset, fostering interactive discussions and supplementing the questionnaire findings. Complementing these primary sources, a comprehensive literature review was conducted, encompassing recent studies and research outcomes related to the Palestinian innovation ecosystem and urban sustainability development. This three-pronged approach ensures a robust and multifaceted understanding of the ecosystem's strengths, weaknesses, opportunities, and threats, providing a foundation for strategic planning and informed decision-making.

Following a triangulation of data collection methods, the subsequent SWOT Analysis delves into the Palestinian Innovation Ecosystem, considering aspects such as Innovative Ecosystem Development, Educational Initiatives, Stakeholder Engagement, and Sustainable Resource Management.

The SWOT

In this section, we show the strengths, weaknesses, opportunities, and threats.

Strengths

Entrepreneurial and innovation culture: Despite the challenging environment, Palestine has a strong entrepreneurial and innovation culture. This is evident in the growing number of startups and tech companies, as well as the presence of several incubators and accelerators. According to the Palestinian Tech Ecosystem report⁸, which was released in 2022, the tech sector

⁸ [Palestinian Tech Ecosystem Report](#)



contributes to the Palestinian GDP by \$341.6 Million and contributes to employing around 7500.

Human capital: Palestine has a young and educated population, with a high literacy rate. This provides a strong foundation for the development of the innovation ecosystem. According to the Palestinian Bureau of Statistics, in 2022, the illiteracy rate among the Palestinian population aged 15 and above was 2.2%, making it one of the distinguished countries having the lowest illiteracy rate⁹.

Government partial support: Although governmental and official support for enterprises and urban development is still insufficient, the Palestinian government has taken steps to support the development of the innovation ecosystem, such as the establishment of the Ministry of Entrepreneurship and Innovation and the launch of several programs and initiatives.

Alignment with sustainable development: Local governance initiatives in Palestine are demonstrating promise in advancing sustainable urban development. These efforts are centered on empowering local communities, enhancing service delivery, and addressing specific needs, all in alignment with the principles of the Sustainable Development Goals (SDGs)¹⁰.

Educational initiatives: Palestinian universities and research institutions (e.g., Palestine Ahliya University) are playing a pivotal role in fostering innovation and sustainable practices. Collaborative endeavours involving academia, government, and civil society have the potential to drive impactful research and development initiatives, further contributing to the realm of urban sustainability. For instance, the Palestinian universities strived to establish innovation, research, and urban development centers, such as:

- A) Al Quds University: Medical and Health Research Center of Excellence, Center for Chemical and Biological Analysis, Genetic & Metabolic Diseases Center, Al-Quds Cognitive Neuroscience Lab, Biodiversity Center, Nutrition and Health Research Institute.
- B) Palestine Polytechnic University: Business Incubation Unit, Biotechnology Research Center, Renewable Energy Unit, Power Electronics Unit, Center of Excellence in Telecom and IT Research.

⁹ [An illiterate person applies to persons unable to read \(the full report\)](#)

¹⁰ [UNDP Framework in urban development in Palestine.](#)



- C) Palestine Ahliya University: Urban Hub, Living Lab, Physiotherapy Center, Research Clinic, and the Community Development & Continuing Education Institute (CDCE-I).
- D) Birzeit University: The Institute of Environmental and Water Studies, Innovation and Entrepreneurship Unit, Najjad Zeenni IT Center of Excellence, Samih Darwazah Institute for Pharmaceutical Industries.
- E) Bethlehem University: Bethlehem Business Incubator, Water and Soil Environmental Research Unit, Institute for Community Partnership, UNESCO Biotechnology, Educational & Training Center, Hereditary Research Laboratory.

Stakeholders Engagement: According to WP3 Social Network Analysis¹¹, The ecosystem showcases notable strengths in its connectivities in some areas, particularly in Financial capital, which stands out as a cornerstone with high connectivity and closeness centrality, fostering strong linkages across the ecosystem. Formal institutions also contribute to the ecosystem's strength, displaying considerable connectivity and support for a conducive regulatory environment. Collaboration between public authorities and formal institutions

Although the Palestinian innovation and entrepreneurship ecosystem witnessed some good connectivity among specific stakeholders, the prevalent behavior is characterized by a lack of harmony among various innovation and entrepreneurship-boosting initiatives. This is supported by a recent study that addressed the Palestinian Entrepreneurial Ecosystem¹².

Weaknesses

Limited resources: Palestine has limited resources, both financial and physical. This can make it difficult for startups and tech companies to access the funding and infrastructure they need to grow¹³.

Regulatory body and policy framework. A significant weakness in the regulatory and policy framework for innovation in Palestine is evident, hindering the attraction of risk capital and impeding broader development in the technology sector. Globally recognized as a crucial factor, a stable and responsive legal environment, along with appropriate incentives, is essential for

¹¹ [A mapping study and social network analysis of the Palestinian entrepreneurial ecosystem.](#)

¹² [Mapping Entrepreneurial Ecosystem \(EE\) of Palestine](#)

¹³ [Tech Innovation Ecosystem in Palestine](#)



fostering entrepreneurship. In contrast, Palestine's performance on the World Bank Ease of Doing Business Index is subpar, ranking 117th out of 190 countries in 2020¹⁴. Particularly concerning are the low scores in '**starting a business**' and '**enforcing contracts**,' indicating high costs and slow legal processes. The outdated company law, based on 1964 Jordanian law, is undergoing modernization with a new law effective from March 2022.

Moreover, we witnessed that most of the essential regulations, processes, guidelines, and roadmaps in the innovation ecosystem in Palestine are either outdated or publicly unavailable.

Political instability: The political instability in Palestine is a major challenge for the innovation ecosystem. This can make it difficult for businesses to operate and attract investment. Although this aspect can be considered an ongoing “threat” to the innovation ecosystem, the intrinsically embodied obstacles that affect almost every aspect of the innovation ecosystem can be perceived as a weak point.

Lack of connectivity: According to the social network analysis conducted through a mapping study of the Palestinian ecosystem¹⁵, weaknesses emerge in certain aspects of connectivities among stakeholders within the ecosystem. Human capital, characterized by the lowest connectivity among all actors, suggests a potential weakness in knowledge exchange and collaboration among individuals. This deficit may hinder the ecosystem's ability to fully leverage diverse talents and ideas. Informal and cultural institutions face weak connectivity, indicating a gap in integrating traditional values into the entrepreneurial landscape. Additionally, knowledge creation (R&D) and innovation actors, despite their strong ties with NGOs, exhibit lower closeness centrality, signaling a weakness in their overall connectivity within the ecosystem.

Educational system: Although we addressed educational initiatives as one of the “strengths” points, the educational system still adopts the classical paradigm. The education system in Palestine is not fully aligned with the needs of the innovation economy. This can lead to a skills mismatch, where startups and tech companies have difficulty finding qualified workers. Moreover, the Palestinian education system often emphasizes conformity and rote

¹⁴ [Ease of doing business in Palestine.](#)

¹⁵ [A mapping study and social network analysis of the Palestinian entrepreneurial ecosystem.](#)



memorization over creativity and critical thinking. This can stifle innovation and hinder the development of entrepreneurial mindsets.

According to our focus group meeting, and a study on integrating sustainable urban development, it is found that there is variation in the degree of integrating sustainable urban development topics in universities curriculum. However, the overall quantity of Scopus-indexed publications in sustainability-related fields over the past two decades is limited, with the majority concentrating on environmental sustainability¹⁶.

Limited access to foreign markets: Palestinian startups and tech companies face challenges in interacting with foreign markets. This is due to several factors, including trade restrictions and the lack of international exposure.

Opportunities

Growing global demand: There is a growing global demand for Palestinian products and services, particularly in the technology sector. This provides an opportunity for Palestinian startups and tech companies to expand into new markets.

International support: Palestine receives significant international support, including financial and technical assistance. This support can be leveraged to develop the innovation ecosystem and promote economic growth.

Emerging technologies: The emergence of new technologies, such as artificial intelligence and blockchain, presents new opportunities for Palestinian startups and tech companies to develop innovative products and services.

Government support for sustainable development: The Palestinian government's and Higher Education's focus on sustainable development presents an opportunity for startups and tech companies to develop innovative solutions to urban challenges.

Threats

Brain drains: The brain drain of skilled workers is a major threat to the innovation ecosystem. This is due to several factors, including the lack of job opportunities and the high cost of living in

¹⁶ [Sustainability integration in Palestinian universities: a focus on teaching and research at engineering faculties](#)



Palestine. According to Fragility in the World 2023¹⁷, Palestine scored 8.8 out of 10 in brain drain, which is considered one of the highest in the world.

Climate change: Climate change is a major threat to the Palestinian economy, including the innovation ecosystem. This is due to Palestine's vulnerability to water scarcity and extreme weather events.

Regulatory challenges and barriers to entry: The Palestinian regulatory environment is complex and burdensome, with a multitude of regulations and procedures that can be difficult for businesses to navigate. This complexity can make it difficult for new startups to enter the market and for existing businesses to expand. For example, the process of obtaining a business license can take months or even years, and the requirements for compliance with regulations can be vague and unclear¹⁸.

The political situation: The precarious political and security conditions in Palestine pose a threat to both local and international investment initiatives.

Roadmap and Recommendations

The SWOT analysis above shows that the Palestinian innovation ecosystem has several strengths and opportunities, but it also faces many weaknesses and threats.

To address the weaknesses and threats, the Palestinian government and other stakeholders need to invest in innovative ecosystem development, educational initiatives, stakeholder engagement, and sustainable resource management. Based on the SWOT analysis, WP3 mapping study, including the social network analysis, existing literature, and stakeholders focus group meeting, below are specific guidelines and roadmap directed to policymakers, universities, and key stakeholders of the Palestinian ecosystem.

1) Policy and Regulatory Reforms:

- a. Legal Modernization: Continue modernizing the regulatory framework, focusing on agility and clarity, while providing up-to-date online material to be accessible to all entrepreneurs and researchers.

¹⁷ [Fragility Index](#).

¹⁸ [Spark Report](#).



- b. Transparency Enhancement: Ensure transparency by publicly sharing regulations, guidelines, and roadmaps.
 - c. Sector-Specific Policies: Develop sector-specific policies for boosting interventions in renewable energy, waste management, blue infrastructure, and cultural heritage. Examples of such policies include but are not limited to, implementing a feed-in tariff policy to guarantee a fixed payment for renewable energy producers and encouraging investment in solar, wind, and other renewable sources. Establishing standards mandating a certain percentage of energy production to come from renewable sources, promotes a gradual shift toward clean energy. Introduce tax credits or financial incentives for private entities involved in the preservation and restoration of cultural heritage sites, encouraging private investment.
- 2) Education and Workforce Development:**
- a. Curriculum Enhancement: Collaborate with universities to integrate sustainability, innovation, and creative industry into curricula.
 - b. Skill Alignment: Align educational programs with the needs of thematic sectors.
 - c. Continuous Learning Initiatives: Promote ongoing training and upskilling programs for professionals in targeted sectors, while raising awareness through workshops, initiatives, and dissemination.
- 3) Research and Innovation:**
- a. Research Funding: Increase funding for research in thematic areas, encouraging innovation.
 - b. Public-Private Partnerships: Foster collaboration between academia, government, and industry for impactful research to remedy the weaknesses of connectivity among the ecosystem stakeholders, indicated in the social network analysis, especially between human capital and R&D institutions, as well as public and private entities.
 - c. Innovation Hubs: Establish and support innovation hubs focusing on each thematic sector, providing a conducive environment for collaboration.
- 4) Infrastructure Development:**
- a. Technological Infrastructure: Invest in technological infrastructure to support innovation.



- b. Sustainable Urban Development Initiatives: Implement pilot projects in waste management, renewable energy, and blue infrastructure.

5) Financial Support Mechanisms:

- a. Access to Funding: Develop mechanisms for startups in thematic sectors to access funds, including awareness campaigns about funds.
- b. Incentive Programs: Create financial incentives for businesses aligned with sustainable development goals.
- c. Venture Capital Initiatives: Encourage the establishment of venture capital funds for thematic sectors.
- d. Provide financing tools and platforms to entrepreneurs.

6) Stakeholder Engagement:

- a. Collaboration Platforms: Create platforms for stakeholders to collaborate and share resources.
- b. Cross-Sectoral Partnerships: Facilitate partnerships between stakeholders in different thematic sectors.
- c. Networking Events: Organize events to enhance connectivity and collaboration within the ecosystem and **among the U-SOLVE partners in mutual thematic areas.**

7) International Collaboration:

- a. Global Partnerships: Foster collaborations with international organizations and governments.
- b. Market Access Initiatives: Facilitate international exposure and market access for startups.
- c. Knowledge Exchange Programs: Establish programs for knowledge exchange with global counterparts.

8) Cultural Heritage and Tourism Promotion:

- a. Preservation Initiatives: Implement projects for the preservation of cultural heritage sites, especially in Bethlehem and Hebron.
- b. Tourism Development: Develop sustainable tourism initiatives, emphasizing cultural heritage.
- c. Digital Platforms: Leverage technology for virtual tourism experiences to promote cultural heritage and creative industries.



9) Monitoring and Evaluation Framework:

- a. Impact Assessment: Establish a robust monitoring system to evaluate the impact of interventions.
- b. Feedback Mechanisms: Implement mechanisms for stakeholders to provide feedback.
- c. Adaptive Management: Adopt an adaptive management approach based on continuous evaluation.

Other References

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PALESTINE - Local Strategic Urban Action Plan

1. Regeneration of Built Environment:

- Prioritize affordable and sustainable housing solutions in urban planning.
- Promote community-driven urban development projects.

2. Resilient and Renewable Energy Systems:

- Focus on solar energy projects to address energy access challenges.
- Implement off-grid solutions to reach underserved urban areas.

3. Urban Bio-economy:

- Introduce waste-to-energy initiatives to manage urban waste effectively.
- Support local agricultural projects to enhance food security and promote a bio-economy.

4. Improved Access to Education:

- Upgrade educational infrastructure and enhance accessibility in remote areas.
- Leverage technology for distance learning to overcome geographical barriers.

5. Improved Resilience to Climate Crisis:

- Develop climate-resilient infrastructure, particularly in areas prone to climate-related risks.
- Implement water management projects to address water scarcity challenges.

6. Entrepreneurial Ventures:

- Support startups in renewable energy, technology, and sustainable agriculture.



- Establish innovation centers to nurture entrepreneurship and connect startups with resources.



Urban entrepreneurial policy for sustainable development in PALESTINE

Introduction:

The Palestinian economy confronts numerous challenges, marked by high unemployment, limited diversification, and dependence on foreign aid, exacerbated by the enduring Israeli occupation. Despite these challenges, there is a growing consensus that Palestine possesses the potential to cultivate a dynamic and sustainable economy centered around innovation and entrepreneurship.

This draft policy seeks to delineate a comprehensive framework to fortify the Palestinian innovation ecosystem and advance urban sustainability. The policy is anchored in fundamental principles:

- Sustainability: Promoting development practices that safeguard the environment and conserve resources.
- Inclusiveness: Creating opportunities for all Palestinians in the innovation economy, irrespective of background or location.
- Collaboration: Fostering cooperation between government, academia, the private sector, and civil society.
- Innovation: Cultivating a culture of innovation and entrepreneurship.

Main Pillars:

1. Legal and Regulatory Reforms:

- Modernize the legal and regulatory framework for agility, clarity, and online accessibility.
 - Simplify business initiation processes.
 - Streamline permit and license acquisition.
 - Create a transparent and predictable regulatory environment.
- Enhance transparency by publicly sharing regulations, guidelines, and roadmaps.
 - Establish a user-friendly website for easy access.
 - Regularly update regulations.
 - Conduct workshops to educate stakeholders.
- Develop sector-specific policies for renewable energy, waste management, blue infrastructure, and cultural heritage.
 - Identify sector-specific needs through research.



- Collaborate with stakeholders for tailored policies.
- Provide financial and technical assistance to businesses working on these thematic areas of priority in the Palestinian ecosystem.

2. Education and Workforce Development:

- Collaborate with universities to integrate sustainability, innovation, and creative industry into curricula.
 - Develop new courses and programs.
 - Offer internships and experiential learning.
 - Encourage faculty research.
- Align educational programs with thematic sector needs.
 - Conduct a needs assessment for in-demand skills.
 - Develop programs meeting sector needs.
 - Provide career counseling for sector employment.
- Promote ongoing training and upskilling programs for professionals.
 - Provide funding for training programs.
 - Partner with training providers.
 - Raise awareness through workshops.

3. Research and Innovation:

- Increase funding for research in thematic areas.
 - Establish a dedicated research fund.
 - Provide tax breaks for research investments.
 - Attract foreign investment in R&D.
- Foster collaboration between academia, government, and industry.
 - Establish joint research projects.
 - Create innovation hubs.
 - Promote cross-sector knowledge exchange.
- Establish and support innovation hubs for each thematic sector.
 - Provide funding and technical assistance.
 - Connect hubs with investors and partners.

4. Infrastructure Development:

- Invest in technological infrastructure.
 - Expand broadband internet access.



- Develop AI and robotics technologies.
 - Cultivate an environment for tech development.
- Implement pilot projects in waste management, renewable energy, and blue infrastructure.
 - Collaborate with municipalities.
 - Provide funding for pilot projects.
 - Evaluate results for future policy decisions.

5. Financial Support Mechanisms:

- Develop mechanisms for startups to access funds.
 - Create a startup incubator.
 - Establish a venture capital fund.
 - Provide grants and loans.
- Create financial incentives for businesses aligned with sustainable goals.
 - Offer tax breaks for sustainable practices.
 - Provide subsidies for green technologies.
 - Establish a green bond market.
- Encourage venture capital for thematic sectors.
 - Provide tax incentives for VC funds.
 - Develop a conducive regulatory framework.
 - Educate investors on thematic sectors.

6. Stakeholder Engagement:

- Create collaboration platforms for stakeholders.
 - Establish online forums.
 - Organize networking events.
 - Develop a central resource repository.
- Facilitate partnerships between stakeholders in different sectors.
 - Organize workshops for cross-sector collaboration.
 - Provide funding for collaborative projects.
 - Create a matchmaking service.
- Organize events to enhance connectivity and collaboration.
 - Host conferences and hackathons.
 - Arrange competitions and awards.
 - Implement a mentorship program.



7. International Collaboration:

- Foster collaborations with international organizations and governments.
 - Participate in international programs.
 - Sign memoranda of understanding.
 - Exchange expertise and best practices.
- Facilitate international exposure and market access for startups.
 - Organize trade missions and delegations.
 - Provide funding for international marketing.
 - Create a network of diaspora entrepreneurs.
- Establish programs for knowledge exchange with global counterparts.
 - Organize exchange programs.
 - Develop joint research projects.
 - Create a network of Palestinian universities.

8. Cultural Heritage and Tourism Promotion:

- Implement projects for the preservation of cultural heritage.
 - Fund restoration and conservation.
 - Develop a national preservation strategy.
 - Raise awareness of cultural heritage.
- Develop sustainable tourism initiatives.
 - Promote cultural tourism destinations.
 - Create heritage tourism products.
 - Train professionals in heritage preservation.
- Leverage technology for virtual tourism experiences.
 - Develop VR and AR experiences.
 - Create online platforms for cultural learning.
 - Utilize social media for promotion.

Conclusion:

This draft policy sets forth a comprehensive framework to strengthen the Palestinian innovation ecosystem and promote urban sustainability. Anchored in a SWOT analysis of the innovation and urban development landscape, it draws from relevant reports, literature, and stakeholder insights. Ambitious and forward-looking, this policy has the potential to transform the Palestinian economy into a more sustainable and prosperous future for all.