



**Palestine Economic Policy Research Institute (MAS)**

The Palestinian Territory

**4<sup>th</sup> Interim Technical Report**  
(22 July 2013-21 January 2014)

and

**Final Technical Report**  
(22 January 2012-21 January 2014)

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**“Enhancing the Framework for Entrepreneurship in the  
West Bank and Gaza”**

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## **INSTITUTIONAL PROFILE**

MAS is dedicated to producing sound and innovative policy research, relevant to the economic and social situation in Palestine, with the aim of assisting policymakers and fostering public participation in the formulation of economic and social policies.

### ***Strategic Objectives***

This mission is achieved by focusing on and adhering to the following key strategic objectives:

- ✧ Promoting knowledge-based policy formulation by conducting economic and social policy research in accordance with the expressed priorities and needs of decision-makers.
- ✧ Evaluating economic and social policies and their impact at different levels to assist in the formulation or modification of appropriate legislation.
- ✧ Providing a forum for free, open and democratic public debate among all stakeholders on the socio-economic policy-making process.
- ✧ Disseminating up-to-date socio-economic information and research results.
- ✧ Providing technical support and expert advice to PNA bodies, the private sector and NGOs to optimize their effectiveness and to enhance their engagement and participation in policy formulation.
- ✧ Strengthening economic and social policy research capabilities and resources in Palestine.

### ***History***

MAS was founded in Jerusalem in 1994 as an independent non-profit institution to contribute to the policy-making process by conducting economic and social policy research. The Institute is registered as a research institute at the Ministry of Education and Higher Education and enjoys full independence and integrity with regard to its research activities. Eighteen years and over two hundred publications later, MAS is proud of its record of applying the highest standards of objectivity, relevance and methodological excellence in its economic and social research and analysis, and its subsequent contribution to socio-economic development in Palestine. Through the wide dissemination of its research findings, MAS has helped to raise awareness and promote knowledge-based decision-making in Palestine. MAS is still the only Palestinian research institute focused on economic policy research and socio-economic issues in Palestine.

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# Fourth Technical Report

## 1. Activities

In the fourth reporting period of the research program (June 2013-January 2014), MAS:

- ✧ Held a one-day conference to launch the Arabic draft of the GEM Palestine Country Report 2012;
- ✧ Produced and published the final draft of the two GEM-based policy papers “Policies for Scaling Up Female Entrepreneurship in the State of Palestine” (initially titled “Policies to Mitigate the Effect of Gender Differences in Entrepreneurship”) and “Policies for Scaling Up Youth Entrepreneurship in the State of Palestine” (initially titled “Policies to Turn the Educational System into a Source of Entrepreneurship”) and the research study “The Informal Sector in the Palestinian Territories: Its Characteristics, Expansion Mechanisms and Obstacles to Formalize”;
- ✧ Held three public workshops to launch the present and discuss the findings and recommendations of the three papers;
- ✧ Held a symposium on entrepreneurship on the occasion of Global Entrepreneurship Week Palestine in November 2013, where MAS most recent publications on entrepreneurship were discussed;
- ✧ Conducted a training course on Cluster Development for MSMEs: Theory, Practice, International Experiences and Potentials for Palestine on 22-30 September 2013 for nearly twenty public and private sector high officials.

## 2. Research Findings

### 2.1 GEM-Based Policy Paper 1: Policies for Scaling Up Female Entrepreneurship in the State of Palestine

*Objective:*

- ✧ To study the obstacles which prevent Palestinian women from engaging in entrepreneurship in order to identify the proper policies required to enhance female entrepreneurship in Palestine.

*Methodology:*

- ✧ Analyze the primary data collected through the Adult Population Survey (APS) in cooperation with the Palestinian Central Bureau of Statistics (PCBS) and the National Expert Survey (NES) conducted in 2011 and 2012;
- ✧ Analyze data from the PCBS labor force survey;
- ✧ Compare indicators related to female entrepreneurship in Palestine to those in other countries;
- ✧ Conduct literature review on Palestinian, regional, and international practices in encouraging female entrepreneurship.

*Outline:*

1. Introduction, Objectives, Methodology and Structure
2. The Theoretical Framework, Literature Review and Previous Studies
3. Characteristics and the Reality of Female Entrepreneurship in Palestine
4. Existing Policies and Programs to Support Female Entrepreneurship in Palestine

5. Obstacles and Problems Facing Female Entrepreneurs in Palestine
6. Conclusions and Recommendations

*Action Plan:*

- ✧ Collect and analyze primary data obtained from the APS and the NES for 2010 and especially 2012;
- ✧ Collect and analyze data from the PCBS labor force survey;
- ✧ Review literature on the issue of gender differences in entrepreneurship, the global characteristics, the causes, and the recommended policies to promote female entrepreneurship as a source of employment and income;
- ✧ Prepare an outline for the study;
- ✧ Prepare a set of policy recommendations to stimulate female entrepreneurship in Palestine;
- ✧ Write a first draft of the policy paper;
- ✧ Submit the first draft for internal review;
- ✧ Prepare a second draft based on the internal reviews;
- ✧ Submit the new draft for external evaluation;
- ✧ Prepare another draft based on the external evaluations;
- ✧ Hold a public workshop to present and discuss the research findings and policy recommendations;
- ✧ Prepare a draft based on the comments and suggestions from the workshop;
- ✧ Submit the new draft to two external peer reviewers for evaluation;
- ✧ Prepare another draft based on the external evaluations;
- ✧ Proof read, edit language, and make layout;
- ✧ Publish the final draft of the policy paper in Arabic with an executive summary in English, in both soft and hard copies, and disseminate among relevant stakeholders.

*Progress:*

The research team has completed all the tasks in the action plan, which resulted in the publication of the GEM-based policy paper in Arabic with an executive study in English after holding a public workshop with relevant stakeholders to present the findings and recommendations. In the third period of the research program, the researchers completed the tasks in the action plan up through and including the preparation of a tentative outline for the paper. The rest of the tasks were completed in the final period of the research program.

*Research Findings:*

- ✧ The Israeli occupation – with its anti-development colonial policies – constitutes the biggest obstacle to starting and sustaining new business projects in the Occupied Palestinian Territory;
- ✧ The female early-stage entrepreneurial rate in Palestine is one of the lowest in the world, and the rate of female established-business owners is among the worst ten around the globe;
- ✧ The gender gap in the entrepreneurial rates for Palestinian males and females is the largest among all nations which participate in the GEM;
- ✧ Females in the West Bank are more active in entrepreneurship than their counterparts in the Gaza Strip, and women in the North and the South of the West Bank are more likely to engage in entrepreneurship than the ones in the Middle;

- ❖ Female entrepreneurial activities are more widely spread in the refugee camps than in the urban and rural areas;
- ❖ Entrepreneurship among women in the middle age group (35-44 years of age) is the most prevalent, followed by young girls (18-34 years), while Palestinian men of 45-54 years of age are the most active, and the rates decline among younger ones;
- ❖ Women with educational attainment beyond the secondary level (diploma or bachelor degree) are more active entrepreneurs than less educated women (primary or secondary education);
- ❖ The primary driver behind female entrepreneurship is necessity, while male entrepreneurship is opportunity-driven;
- ❖ 58% of female entrepreneurial activities are consumer-oriented (retail, social services, health, and education), and 22% are in manufacturing;
- ❖ Despite the low rate of female entrepreneurial activities in Palestine, their contribution to employment was important as they provided jobs for 5.6% of all Palestinian workers;
- ❖ Women's perceptions of, and beliefs in their competence and knowledge to engage in entrepreneurship, are somewhat positive compared with many other countries;
- ❖ There exist no government policies aimed at promoting female entrepreneurship which typically comprises of micro enterprises. Instead, government policies, embodied in the Palestinian Investment Promotion Law No. 1 of 1998 amended in 2011, benefits medium and large enterprises only. The government provides certain programs to empower women, but these are very limited and incomprehensive as they target specific groups of women only;
- ❖ In Palestine there exist nine small lending institutions licensed by the Palestine Monetary Authority (PMA), and most of them target female entrepreneurs, including two institutions which only lend to women. However, the loans provided by these institutions do not target productive business activities in specific but extend to consumer and residential financing as well. In addition, lending institutions currently face new regulations entailing additional costs, which may drive the small ones out of the market and/or raise the interest rates;
- ❖ Several Palestinian NGOs and associations work to empower women economically through training programs and courses that rehabilitate and empower women to participate actively in economic development. However, the lack of financial sustainability seriously affects the ability of these organizations to respond to the growing need to promote female entrepreneurship. Also, the backward perceptions and opinions prevalent in Palestinian society about the role and rights of women affect negatively the work and success of these organizations working to promote female economic participation;
- ❖ The main obstacles which Palestinian women face in starting a new business project include the political instability resulting from the long-lasting Israeli occupation, the outdated attitudes regarding women's role in society and the economy, insufficient sources of funding, lack of required knowledge and skills, and absence of economically viable business opportunities;
- ❖ The most important reasons which force women to discontinue their entrepreneurial activities are the lack of profitability of the project and personal and social reasons related to the culture of the society.
- ❖ Finally, the policy paper concluded with the following recommendations to relevant stakeholders in order to enhance female entrepreneurship in Palestine:
  - Public policy makers should mobilize pressures coming from international organizations and human rights groups to the Israeli actions and policies

which increase the cost of doing business and the risk for internal and external trade;

- Prepare national plans and programs to promote female entrepreneurship; develop and promote early-childhood care institutions to make child care and economic participation compatible for Palestinian women;
- Modify the Palestinian Investment Promotion Law to include tax exemptions and incentives for micro and small enterprises; enhance laws and legislation related to regulating credit and micro-finance institutions; and provide material and moral support for women's associations and civil society organizations focused on enhancing female entrepreneurship;
- Finance and credit institutions should direct credit towards productive female-run projects and give them favorable treatment; make public credit policies and conditions, interest rates, fees, and commissions to build female borrowers' confidence in their operations; and offer training and capacity building programs for female borrowers in cooperation with institutions working in women's empowerment in order to allow them to build their managerial, technical, and risk mitigation skills;
- Women's associations and civil society organizations should build comprehensive campaigns to raise awareness of the necessity and importance of economic empowerment for women and their participation in economic activities; expand their outreach to include women from all segments and regions; organize periodic fairs in various regions to market female entrepreneurs' products; provide technical experts in various fields to offer advice and assistance to female entrepreneurs; and promote productive female cooperatives to improve productivity and reduce the cost of procurement and marketing;
- Training and vocational educational institutions should reform the educational system to improve the image of vocational education and develop the curriculum to include entrepreneurial skills starting from early age; develop new educational and training programs for women to increase their choices of entrepreneurial activities; and build a public-private partnership to link education and vocational training to the reality of up-to-date businesses.

## **2.2 GEM-Based Policy Paper 2: Policies for Scaling Up Youth Entrepreneurship in the State of Palestine**

Initially MAS proposed to prepare the second paper based on the GEM country report findings on the topic "Policies to Turn the Educational System into a Source of Entrepreneurship". In the duration of the research program, MAS decided to modify the focus of the paper onto policies to enhance youth entrepreneurship in Palestine. This decision was necessitated in order to avoid overlap with the study "Entrepreneurship Education in the Occupied Palestinian Territory: An Exploratory Study" completed in the second reporting period.

### *Objective:*

- ✧ To examine several aspects of youth entrepreneurship (18-34 years of age), including entrepreneurship growth and characteristics as well as impediments in the business environment in order to identify policies which will overcome existing

obstacles and scale up the entrepreneurial spirit and engagement of Palestinian youth.

*Methodology:*

- ✧ Analyze the primary data collected through the Adult Population Survey (APS) in cooperation with the Palestinian Central Bureau of Statistics (PCBS) and the National Expert Survey (NES) conducted in 2011 and 2012;
- ✧ Analyze data from the PCBS labor force survey;
- ✧ Compare indicators related to youth entrepreneurship in Palestine to those in other countries;
- ✧ Conduct literature review on international practices in encouraging youth entrepreneurship.

*Outline:*

1. Introduction, Youth Unemployment, Importance, Objectives and Methodology
2. The Theoretical Framework of Business Entrepreneurship: Definition, Economic Impact and Entrepreneurs' Characteristics
3. Values and Perceptions in the Palestinian Society and the Educational System for Youth Entrepreneurship
4. The Environment for Entrepreneurship and National Initiatives to Improve Youth Entrepreneurship
5. The Reality of Entrepreneurship among Palestinian Youth
6. International Experiences in Enhancing Youth Entrepreneurial Activities
7. Conclusions and Recommendations

*Action Plan:*

- ✧ Collect and analyze primary data obtained from the APS and the NES for 2010 and especially 2012;
- ✧ Analyze data from the PCBS labor force survey;
- ✧ Review literature on the issue of youth entrepreneurship, its global characteristics, and international best practices for enhancing it as a source of employment and income;
- ✧ Prepare an outline for the study;
- ✧ Write a first draft of the policy paper;
- ✧ Submit the first draft to MAS research team for internal reviews ;
- ✧ Prepare a second draft based on the internal reviews;
- ✧ Hold a public workshop to present and discuss the research findings and policy recommendations;
- ✧ Prepare another draft based on the comments and suggestions from the workshop;
- ✧ Submit the new draft to two external peer reviewers for evaluation;
- ✧ Prepare another draft based on the external evaluations;
- ✧ Proof read, edit language, and make layout;
- ✧ Publish the final draft of the policy paper in Arabic with an executive summary in English, in both soft and hard copies, and disseminate among relevant stakeholders.

*Progress:*

The research team has completed all the tasks in the action plan, which resulted in the publication of the GEM-based policy paper in Arabic with an executive study in English after holding a public workshop with relevant stakeholders to present the findings and

recommendations. In the third period of the research program, the researchers completed the tasks in the action plan up through and including the preparation of a tentative outline for the paper. The rest of the tasks were completed in the final period of the research program.

*Research Findings:*

- ✧ Palestinian youth represent 29% of the total Palestinian population and 57% of the working age population (18-64 years of age), which underlines the importance of this study. Furthermore, youth in Palestine have the highest level of education and the greatest energy. At the same time, they suffer from extreme unemployment;
- ✧ Entrepreneurship gives Palestinian youth to reduce their unemployment rates, improve their family living standards, and enhance the overall economic development in general;
- ✧ In 2012 the early-stage entrepreneurship rate among Palestinian youth was slightly above the MENA average of 9%. Palestine ranked 38<sup>th</sup> out of 67 countries in this indicator;
- ✧ The established-business rate for Palestinian youth (1.3%) was 2.4 percentage points below the MENA average. In this indicator, Palestine was ranked 58<sup>th</sup> out of 67 countries;
- ✧ Early-stage youth entrepreneurship in Palestine is only 0.8 percentage points below the adult value, while the corresponding rate for established businesses is 4 percentage points below the adult rate;
- ✧ In terms of motivation, 46% of youth projects were necessity-driven, compared with 37% among Palestinian adults and 36% among MENA youth;
- ✧ Important differences exist between the two genders in terms of both early-stage and established-business entrepreneurial rates among Palestinian youth as young Palestinian females engage much less frequently in entrepreneurship than young Palestinian males;
- ✧ About half of youth entrepreneurship projects are consumer-related (retail and social services), while manufacturing, wholesale, and construction together account for 30% of activities;
- ✧ There exists a positive correlation between the level of educational attainment and the rate of entrepreneurial activity, particularly opportunity-driven;
- ✧ There exists a negative correlation between the level of household income and the rate of entrepreneurial activity, especially among youth with only primary and secondary education;
- ✧ The main obstacles affecting youth entrepreneurship negatively include: political impediments resulting from the Israeli occupation and its development-crippling policies, the gap between educational output and labor market needs, credit availability issues, barriers in the legal and regulatory environment, socio-cultural challenges, and barriers to market entrance;
- ✧ The study concludes with a number of recommendations targeted at various aspects of entrepreneurship:
  - Political obstacles:
    - Remove the barriers to the movement of people and goods;
    - Promote the boycott of Israeli settlement products;
    - Bring to an end the Israeli extremists and settlers' crimes of brining Palestinian crops and cutting down trees, the source of livelihood for poor Palestinians;
  - General education:

- Conduct a comprehensive review of the curriculum of the Palestinian educational system to include the knowledge and skills needed to develop entrepreneurs and gradually instill an entrepreneurial spirit, critical thinking, and risk management skills;
  - Recruit professional, well-trained educational supervisors to advise students in the selection of academic and professional disciplines required in the market;
  - Develop learning activities focused on teaching problem-solving skills;
  - Organize initiatives that bring young entrepreneurs to talk about their experiences in front of school and university students;
  - Channel governmental support to universities to target programs consistent with market needs;
- Vocational education and training:
  - Reform the vocational education and training system in a way that changes the negative perception of the community;
  - Launch awareness campaigns in the media to highlight the advantages of vocational education and its role in supporting the economy;
  - Provide regulations to protect the rights of vocational and technical graduates and differentiate them from professionals who do not have degrees;
  - Develop new programs consistent with market needs and equip vocational schools and training centers with modern facilities which appeal to young men and women seeking high-quality professional training;
  - Build the capacity of trainers and prepare them to teach entrepreneurial skills in vocational programs;
  - Establish partnership programs between educational institutions, the private sector, and the public sector to support entrepreneurship among the youth;
- Funding:
  - Allocate some international aid to provide loan guarantees for young entrepreneurs in order to encourage banks to grant small loans and appropriate credit channels to them;
  - Set up funds providing seed capital, venture capital, and equity capital to finance micro and small projects initiated by young entrepreneurs;
  - Encourage banks to finance small and medium size enterprises and facilitate lending to young entrepreneurs through monetary policy tools as exemption from minimum reserve requirements;
  - Build a network of angel investors to provide soft loans to distinctive youth projects;
- Regulatory framework:
  - Streamline procedures for the establishment of micro, small, and medium size enterprises;
  - Enact legislation necessary for the effective registration and protection of intellectual property rights and patents;
  - Provide tax breaks that motivate entrepreneurial projects;

- Design a government-guaranteed loan system for young entrepreneurs;
- Other recommendations:
  - Create incubators in all governorates to sponsor innovative ideas and develop entrepreneurial activities;
  - Enhance partnerships with local and international institutions and encourage the exchange of expertise to support and develop entrepreneurial spirit;
  - Establish a national institute aimed at developing young entrepreneurship by offering courses in entrepreneurial skills and advising participants on available investment opportunities.

### **2.3 The Informal Sector in the Palestinian Territories: Its Characteristics, Expansion Mechanisms and Obstacles to Formalize**

#### *Objective:*

- ◇ To estimate the size of the Palestinian informal sector (in terms of the number of informal firms and the employed labor force), to explore its characteristics (human resources, wages, size of firms, and type of economic activities), and study the pros and cons of formalizing informal activities and the obstacles to formalization.

#### *Methodology:*

- ◇ Collect data from the survey on the informal sector conducted by the PCBS in 2008 in addition to the labor force survey and the establishments survey;
- ◇ Conduct literature review on the economic impact of the informal sector, description of the informal sector in developed versus in developing countries, causes for the informal sector, and international policies regarding the informal sector;
- ◇ Meet with the PCBS to clarify issues in the labor force survey in order to identify informal sector workers;
- ◇ Conduct interviews with public sector officials and representatives to discuss the enforcement and impact of economic and business regulations;
- ◇ Conduct interviews with informal business owners to discuss the obstacles preventing them from joining the formal sector and the needed initiatives.

#### *Outline:*

1. Research Objectives
2. Literature Review
  - 2.1 The Economic Impact of the Informal Sector
  - 2.2 Measuring the Size of the Informal Sector
  - 2.3 Determinants of the Size of the Informal Sector
  - 2.4 Reasons for the Expanding Size of the Informal Sector in Developing Countries
3. The Informal Sector in the Palestinian Territories
  - 3.1 Definition of the Palestinian Informal Sector
  - 3.2 Economic and Demographic Characteristics of Palestinian Informal Enterprises
  - 3.3 Workers' Characteristics in the Palestinian Informal Sector

- 3.4 The Wage Gap between Workers in the Formal and Informal Sectors in the Palestinian Territory
- 3.5 Consequences of the Wage Gap between Workers in the Formal and Informal Sectors
- 3.6 Determinants of the Accession of the Informal Sector in the Palestinian Territory: The Effect of the Demographic Characteristics
- 4. Policies to Formalize Informal Sector

*Action Plan:*

- ✧ Collect data from the informal sector survey for 2008 conducted by the PCBS, the labor force survey, and the establishments survey;
- ✧ Meet with the PCBS to clarify terminology in the labor force survey to identify informal sector workers;
- ✧ Conduct literature review on the Palestinian informal sector, the characteristics of the informal sector in developing countries, and best practices from other countries in formalizing the informal sector;
- ✧ Conduct interviews with governmental officials to discuss the implementation and impact of business regulations;
- ✧ Conduct interviews with informal business owners;
- ✧ Analyze the collected data;
- ✧ Prepare an outline for the study;
- ✧ Write a first draft of the policy paper;
- ✧ Submit the first draft to MAS research team for internal reviews;
- ✧ Prepare a second draft based on the internal reviews;
- ✧ Hold a public workshop to present and discuss the research findings and policy recommendations;
- ✧ Prepare another draft based on the comments and suggestions from the workshop;
- ✧ Submit the new draft to two external peer reviewers for evaluation;
- ✧ Prepare a draft based on the external evaluations;
- ✧ Proof read, edit language, and make layout; Publish the final draft of the policy paper in Arabic with an executive summary in English, in both soft and hard copies, and disseminate among relevant stakeholders.

*Progress:*

The research team has completed all the tasks in the action plan, which resulted in the publication of the GEM-based policy paper in Arabic with an executive study in English after holding a public workshop with relevant stakeholders to present the findings and recommendations. In the third period of the research program, the researchers collected the necessary data from the PCBS surveys and prepared a tentative outline for the paper. The rest of the tasks were completed in the final period of the research program.

*Research Findings:*

- ✧ In the last few decades economists documented a tremendous surge in the contribution of the informal sector, reaching 20-80% of GDP in developing countries in 2003. The substantial size of the informal sector has attracted attention because of linkages to economic development ills, including fiscal deficit (due to tax evasion), productivity losses, wage inequality, and lower provision of public goods;
- ✧ This study defines informal firms as those with no tax registration and for which at least a part of the production is sold at the market. Informal workers are defined as those workers who are employed in informal firms. The research study uses the

informal sector survey produced by the PCBS in the fourth quarter of 2008. The size of the informal sector in Palestine is substantial with 62,493 informal firms, or nearly half of the total number of firms in this period. 45.3% of the West Bank and 65.7% of the Gaza Strip firms were informal then;

- ✧ The overwhelming majority of informal entrepreneurs (86%) are self-employed (own account workers) as opposed to 63% of formal entrepreneurs. In terms of gender, 13.6% of informal entrepreneurs are female compared to 9.4% of formal entrepreneurs. With respect to educational attainment, informal entrepreneurs are less educated as only a tenth of informal entrepreneurs have tertiary education as opposed to a fifth of formal entrepreneurs;
- ✧ In terms of firm size, 60% of informal firms hire only one worker (including self-employed) related to 42% of formal firms;
- ✧ There exist substantial differences in economic activities between the formal and informal sectors. Agriculture, hunting, and fishing is one of the dominating activities in the informal sector, while it constitutes only 2% off the formal one. Similarly, construction accounts for 10% of the informal and 3% of the formal sector. Transport, storage, and communication activities, on the other hand, represent merely 5% of firms in the informal and 20% of firms in the formal sector;
- ✧ The informal sector employs 36% of total private sector employment. Two-thirds of informal workers are unpaid family members, while the corresponding figure for the formal sector is 6%. 40% of informal workers are women, compared to 19% in the formal sector;
- ✧ Formal sector employees tend to be better educated than informal sector ones. Overall, 17.5% of informal workers have earned tertiary education compared with 29% of formal workers. Also, 70% of informal workers have less than secondary education as opposed to 55% of formal workers;
- ✧ The average daily wage in the informal sector is 60 NIS, or about 27% less than in the formal sector. However, using OLS regression model shows that the wage gap is mainly attributed to differences in the economic activities and demographic characteristics as well as in inter-governorate wage gaps. Thus, the study reveals that unlike in many developing country, in Palestine joining the informal sector does not imply a wage penalty;
- ✧ In addition, using a probit regression model demonstrates that less educated workers are more likely to join the informal sector; the probability reaches 40% for those with elementary or lower level education and 30% for those with primary or secondary education. In terms of gender, males are 5% more likely to join the informal sector than females. Age and place of residence (urban, rural, or refugee camp) are not determinants of the probability to join the informal sector;
- ✧ Utilizing a probit regression model again shows that while less educated individuals are more likely to become informal entrepreneurs, the effect of education is smaller than among workers. However, younger entrepreneurs are more likely to establish an informal firm. Males and urban residents are less likely to start an informal business. The latter can be explained by the fact that the PNA has weak control over activities in many rural areas and refugee camps, which makes it easier to evade taxes and adds little pressure to formalize;
- ✧ Because of lack of data, the study could not estimate the cost of the Palestinian informal sector in terms of tax evasion and productivity losses. Nevertheless, the large size of this sector implies that the magnitude of tax evasion is significant. In addition, the low level of human resources and the lack of economies of scale in the informal sector mean that the negative impact on productivity should be large. These

expectations are supported by the findings of a large number of cross country studies that examined the economic cost of the informal sector;

- ✧ Reducing the size of the informal sector is a challenging task as it would cause severe economic repercussions, mainly a decrease in GDP and an increase in unemployment and poverty. Thus, the policy recommendations offered by the study propose gradual downsizing of the informal sector and focus on increasing the economic incentives to join the formal sector;
- ✧ Regarding the factors preventing the formalization of the informal sector, only 18% of informal entrepreneurs consider the costs of formalization, such as registration cost and lengthy registration procedures, as obstacles. The majority of informal entrepreneurs, or 75% of them, indicate there is no need to join the formal sector. Two-thirds of informal entrepreneurs believe there is no benefit in formalizing, while a quarter of them are not aware of any related benefits. Finally, the overwhelming majority of informal entrepreneurs are not willing to join the formal sector. These findings clearly indicate that from the point of view of informal entrepreneurs, the benefits of formalizing do not outweigh the entry cost or the other costs, such as direct and indirect taxes, employees' benefits, and the minimum wage. Thus, staying in the informal sector is a profit-maximizing decision;
- ✧ Finally, the study concludes with two policy recommendations to ease the challenges which informal entrepreneurs meet in formalizing their businesses so as to increase the incentives to formalize. These are:
  - Credit access: 57% of informal entrepreneurs use personal savings as a source of funding, while 23% rely on personal (non-bank) loans with no interest. The fact that less than 1% of informal entrepreneurs use bank loans shows an obstacle to accessing credit. Most informal entrepreneurs, who are sole proprietors, indicate access to credit as a challenge. Thus, an effective policy to increase the formalization rate would be to enhance the access to credit for those willing to enter the formal sector;
  - Market linkages: The main consumer market for informal firms is households, followed by small business but with a significant. Nearly all informal firms do not have market access to large companies or the public sector. This fact partially explains why most informal entrepreneurs do not see a need to formalize as selling goods or providing services to households does not entail formal transactions. Thus, the study proposes that creating market linkages with the public sector could be another vital incentive to formalize. The fact that more than half of informal entrepreneurs indicate that they face challenges in accessing markets supports this recommendation.

#### **2.4 Symposium on Entrepreneurship – Global Entrepreneurship Week Palestine, 18-24 November 2013 – 19 November 2013**

In addition to the activities outlined in the original proposal which MAS submitted to the IDRC, the Institute decided to organize a symposium on entrepreneurship within the framework of the Global Entrepreneurship Week in Palestine. Since MAS published the first GEM Palestine Country Report in 2009, the interest in the concept of entrepreneurship has been on the rise due to the always increasing importance to the economy. In 2013 the Global Entrepreneurship Week was marked for the first time throughout the West Bank and the Gaza Strip with various events organized by different

stakeholders. Thus, as the pioneer of studying entrepreneurship in Palestine, MAS felt the need to also commemorate this global celebration of innovation with a specific event, in addition to the other MAS workshops launching entrepreneurship-related reports and studies.

The two-hour symposium presented the most recent GEM Palestine Country Report from 2012, the two GEM-based policy papers related to female and youth entrepreneurship, and another study on women's participation in entrepreneurship in Palestine. The papers were presented and discussed by the relevant senior researchers and a research associate.

*Objectives:*

- ✧ To highlight the importance of entrepreneurship in the Palestinian economy and present the most recent characteristics of and trends in entrepreneurship in Palestine.

*Program:*

The workshop took place on 19 November 2013, at 11 A.M.-1 P.M. in the Conference Hall of MAS Building in Al-Masyoun, Ramallah.

- ✧ Welcome and Introductory Remarks – Dr. Samir Abdullah
- ✧ GEM Palestine Country Report 2012 – Dr. Yousef Daoud
- ✧ Women Entrepreneurship Promotion Policies – Dr. Samir Abdullah and Mohammad Hitawi
- ✧ Youth Entrepreneurship in Palestine – Dr. Samir Abdullah and Dr. Basel Natsheh
- ✧ Entrepreneurship: Risk Management and Gender – Dr. Yousef Daoud

*Attendance:*

The workshop was attended by over 60 stakeholders representing PNA ministries and agencies, research centers, women and youth organizations, and the private sector.

**2.5 Training Course on Cluster Development for MSMEs: Theory, Practice, International Experiences and Potentials for Palestine – 22-30 September 2013**

In the original proposal submitted to the IDRC, MAS proposed to conduct a policy study titled “Encouraging the Formation of SMEs Clusters” with the objective to look for innovative approaches to introduce the concept of clustering to Palestine and highlight the significance of innovation in looking for horizontal and vertical interconnections among MSMEs. However, because of the lack of local expertise in the field of clustering, MAS was unable to find a local researcher or team of researchers to conduct the research and produce the paper under consultation with an international expert, as initially planned. Thus, Dr. Khalid Nadvi, an expert on MSMEs clustering from the School of Environment and Development at the University of Manchester in the UK, recommended that MAS replaces the proposed study with a training program on the subject. Afterwards, MAS consulted with the IDRC on the idea of transforming the initially proposed study into a training program on SMEs clusters to be conducted in Palestine to increase the knowledge and knowhow on the clustering of industries through the implementation of a high-level training seminar on the subject. Through extensive written communication with Dr. Nadia Belhaj Hassine from the IDRC, MAS discussed in detail the necessity to take this step and

the specific plan and received the approval of the Cairo office of the IDRC to replace the initially proposed study with a training program.

Clustering can be of great importance to MSMEs in developing economies where these firms operate in industrially and infrastructurally underdevelopment environments. Clusters offer MSMEs advantages of economies of scale and scope. Select cooperation among cluster stakeholders through sharing of information, resources, knowledge, and technical expertise and other forms of joint actions reduce transaction costs, enhance competitiveness, and accelerate learning.

The industrial sector in Palestine includes an estimated 15,000 registered companies, the majority of which are MSMEs. More than 80% of these MSMEs, employing more than 80,000 people, are located in the following clusters:

- ✧ Agro-industry
- ✧ Construction and building materials
- ✧ Furniture
- ✧ Handicrafts
- ✧ ICT
- ✧ Pharmaceuticals
- ✧ Stone and marble
- ✧ Tourism

Abundant human resources, the absorptive capacity of the local market, and the scope for export diversification to the Arab world are the major opportunities for these MSMEs clusters. Meanwhile, limiter entrepreneurial capabilities, poor emphasis on quality, unhealthy competition, and difficulties in exporting are some of the most significant challenges which these clusters face. MSMEs development through a cluster approach is an important tool in meeting these challenges. The cluster approach not only builds a shared vision of competitiveness among MSMEs but also creates a process which ensures that the necessary actions are taken to build an enabling business environment.

The cluster development approach is very popular not only in developed countries like Italy, France, and Germany but also in developing countries such as India, Pakistan, Mexico, Iran, and others. Indian MSMEs, for example, benefited from the cluster approach initiated by UNIDO in the early 1990s. With the help of UNIDO, the Government of India drafted an exclusive support mechanism for clusters and earmarked a separate budget for these. Over the years, this approach has converted into an up-to-date, compact training program conducted by the Foundation for MSME Cluster (FMC).

Realizing the extreme shortages in Palestine on clusters development and management, MAS received IDRC's approval to use some of the funding of the current research program to arrange a training course on the subject for senior policy-makers. The training program would have high value added in nourishing local expertise and aiding senior employees of the PNA.

After extensive research on the matter, MAS selected FMC to conduct the training. FMC is a non-government, not-for-profit registered trust located in India, which was established in 2005 by the Entrepreneurship Development Institute of India (EDI) with technical support from UNIDO Cluster Development Programme in India. The Foundation strives towards making MSME clusters initiatives inclusive; preparing cutting edge policies,

methodologies, tools, information, and resources; promoting effective linkages between clusters and important thematic institutions in the areas of finance, infrastructure, environment, investment, R&D, social responsibility, and local governance; making available trained and competent professionals and institutions to facilitate cluster-based development; and preparing models of strong community based civil society organizations to take up sustainable cluster based development initiatives. These goals are targeted towards creating an economically progressive, socially connected, environmentally sustainable, and spiritually rooted world composed of interconnected yet diverse local socio-economic systems. The Foundation has conducted numerous training programs on cluster development in India and other parts of the world.

*Objective:*

- ✧ To provide training to twenty senior public and private sector professionals and experts in Palestine who will lead the process of introducing MSMEs clusters in the Palestinian economy.

*Program:*

Time	Session Title	Session Coverage
<b>22/09/2013</b>		
08:30-09:00	Inauguration and opening remarks	
09:00-09:45	Theories of agglomeration, clusters and cluster development	<ol style="list-style-type: none"> <li>1. What is a cluster</li> <li>2. Different types of clusters</li> <li>3. Different types of cluster stakeholders</li> <li>4. Clusters V/S networks - what is not a cluster</li> <li>5. Economies of scale, joint action/active cooperation, passive cooperation</li> <li>6. Targeted active and passive cooperation</li> <li>7. Different models of cluster development and their global spread</li> </ol>
09:45-10:00	Coffee Break	
10:00-12:00	Factors Behind the Success Stories of cluster development of countries – case studies of developed (Italy, USA) and developing (India, Pakistan, Brazil) countries	<ol style="list-style-type: none"> <li>1. Presence of clusters in developed and developing countries</li> <li>2. Map of clusters – case study of India, USA, Italy</li> <li>3. Let us draw one for Palestine</li> <li>4. Nature of neighborhood clusters and their interrelationship</li> <li>5. Case studies of successful clusters with respect to their major achievements and reasons for the same for               <ol style="list-style-type: none"> <li>(a) Developed countries: Italy – Prato/San Daniele, USA - Minnesota/Boston (USA)</li> <li>(b) Developing countries: Pakistan - Sialkot, Brazil – Sinos Valley and India – Tirupur</li> </ol> </li> <li>6. Learning on factors which made the difference</li> </ol>
12:00-01:00	Lunch Break	
01:00-01:45	Movie on cluster development and analysis	<ol style="list-style-type: none"> <li>1. A movie on introduction of CDP in four different types of clusters</li> <li>2. Analysis of the movie and draw the following:               <ol style="list-style-type: none"> <li>(a) Steps for CDP, their sequencing and significance</li> <li>(b) Role of different stakeholders in leading/supporting those steps</li> <li>(c) Reasons for the same</li> <li>(d) Your thoughts on their suitability of initiation of steps in Palestine</li> </ol> </li> </ol>
01:45-	Coffee Break	

02:00		
02:00-03:00	Identification and Selection of Clusters – a step by step approach	<ol style="list-style-type: none"> <li>1. Quantitative methods of cluster identification</li> <li>2. Mixed (Quantitative and qualitative) method of cluster identification</li> <li>3. Advantages and disadvantages of both methods</li> <li>4. Basic qualities for cluster selection – rapid survey framework</li> <li>5. Popular (mixed approach) method of cluster selection – role of cluster promotion objective</li> <li>6. Ideal method for cluster selection for a nation for intervention</li> </ol>
<b>23/09/2013</b>		
08:30-09:45	Trust building among stakeholders – Case Studies of Italian and Indian Clusters	<ol style="list-style-type: none"> <li>1. What is trust</li> <li>2. Techniques for trust creation</li> <li>3. How trust matures – the trust polygon</li> <li>4. Indicators of trust building</li> <li>5. Breakdown and revival of trust</li> <li>6. Measuring trust – cooperation matrix</li> <li>7. Case studies of trust building <ul style="list-style-type: none"> <li>(a) Natural process in San Daniele (Italy) – how trust was built for promoting quality</li> <li>(b) Natural process: Prato (Italy) - how trust could not be built for Information exchange (Enea)</li> <li>(c) Induced approach: Ahmedabad (India) - how trust was built through business creation</li> <li>(d) Pakistan (Sialkot) cluster how it was created through appropriate services by government and private sector initiatives</li> </ul> </li> <li>8. Major lessons and conclusions</li> </ol>
09:45-10:00	Coffee Break	
10:00-11:00	Diagnostic study (DS) and its evolution – role of policy makers	<ol style="list-style-type: none"> <li>1. Objectives of DS</li> <li>2. How DS differs from a research study</li> <li>3. The trinity approach – demand side, supply side and value chain analysis to understand the issues</li> <li>4. Coverage - a function of nature of targeted project outcome</li> <li>5. Target outcome</li> <li>6. Appropriate questionnaire for different type of stakeholder, coverage</li> <li>7. Interviewing technique</li> <li>8. Quality of a DS</li> <li>9. What all a DS document covers</li> <li>10. Cluster map (before and after intervention), 11. Validation</li> <li>12. Sample studies and their problem analysis</li> </ol>
11:00-12:00	Creation of action plan for appropriate monitoring	<ol style="list-style-type: none"> <li>1. What is an activity and an action plan?</li> <li>2. Whose action plan</li> <li>3. The process of creation of an action plan</li> <li>4. Who prepares the action plan?</li> <li>5. Characteristics of a good action plan</li> <li>6. Types of joint activity in an action plan</li> <li>7. The action plan document</li> <li>8. Action plan detailing for appropriate monitoring</li> </ol>
12:00-01:00	Lunch Break	
01:00-01:45	Movie on case study of a handicraft (handloom) cluster	<p>Comment on the following:</p> <ol style="list-style-type: none"> <li>1. Objective of implementation</li> <li>2. Appropriate Stakeholders</li> <li>3. Pressure point for implementation and its changing dimension</li> </ol>

		<ol style="list-style-type: none"> <li>4. Role of specialized stakeholders</li> <li>5. Techniques of resource mobilization</li> <li>6. Exit Strategy</li> </ol>
01:45-02:00	Coffee Break	
02:00-03:00	Steps for implementation the cluster agenda	<ol style="list-style-type: none"> <li>1. Dual purpose of implementation</li> <li>2. Three principles of implementation</li> <li>3. Golden rule for successful implementation</li> <li>4. Guidelines of implementing action plan</li> <li>5. Activity sequencing – role of pressure point and its changing dimensions</li> <li>6. Nature and frequency of activities</li> <li>7. Comparative advantages of stakeholders</li> <li>8. Promoting and selecting the best intermediary for organizing various joint activities</li> <li>9. Resource mobilization by stakeholders -</li> <li>10. Support framework for successful implementation</li> <li>11. Bulk off loading</li> <li>12. Exit strategy</li> </ol>
<b>24/09/2013</b>		
08:30-09:45	Monitoring and evaluation	<ol style="list-style-type: none"> <li>1. Formal and informal tools and frequency of M&amp;E</li> <li>2. M&amp;E of diagnostic study</li> <li>3. M&amp;E of Trust Building</li> <li>4. M&amp;E of Action Plan – output M&amp;E</li> <li>5. M&amp;E of Implementation</li> <li>6. M&amp;E of Exit Strategy</li> <li>7. M&amp;E of implementation system</li> <li>8. Sustainability Index</li> </ol>
09:45-10:00	Coffee Break	
10:00-11:00	Can clusters be created?	<ol style="list-style-type: none"> <li>1. Origin of old clusters - some examples</li> <li>2. Reasons for creation</li> <li>3. Identify points of creation</li> <li>4. Sequenced selection of stakeholders for creation</li> <li>5. Process of creation</li> <li>6. Handholding for creation</li> <li>7. Role of support stakeholders</li> <li>8. Need for long term handholding, with changing dimension of support</li> </ol>
11:00-12:00	Role of business development service providers in cluster development – Case Study of a BDS Project	<ol style="list-style-type: none"> <li>1. Need of a BDS</li> <li>2. Types of BDS</li> <li>3. Importance of MSME Clusters in BDS Promotion</li> <li>4. Mapping “Who Does Who Pays” matrix.</li> <li>5. BDS - Stakeholders and Non-stakeholder</li> <li>6. What constrains BDS promotion - supply side and demand side issues</li> <li>7. Role of facilitator agency</li> <li>8. Mapping a BDS Provider</li> <li>9. Different roles of BDS in MSME Promotion - need for BDS combo</li> <li>10. Different sources of BDS</li> <li>11. BDS for sustainable production</li> </ol>
12:00-01:00	Lunch Break	
01:00-01:45	Movie of a performing association – analyzing its strengths	<p>Comment on the following:</p> <ol style="list-style-type: none"> <li>1. Role of leaders</li> <li>2. Role of support units</li> <li>3. Role of Government</li> <li>4. Role of Secretariat</li> <li>5. Nature of organization</li> </ol>

		6. Vision of leaders 7. Issues of sustainability and how addressed
01:45-02:00	Coffee Break	
02:00-03:00	Role of buyers in cluster development – Case study of a handicraft and a pharmaceuticals cluster	1 Typologies of value chain 2 Degree of specialization and nature of value chain 3 Clusters and multiple value chain 4 Process of value chain up-gradation 5 Examples of nature of value chain – Montebelluna cluster 6 Creation of appropriate value chain relationships A buyer driven approach in Chanderi Handloom Cluster, India
<b>25/09/2013</b>		
08:30-09:45	Cluster branding – global case studies	1. What is a cluster brand? 2. Global presence of “cluster brand” 3. Broad methodologies of establishing those brands 4. Developing a branding strategy 5. How can stakeholders be motivated for the same? 6. How can buyers be motivated (Institutional and non-institutional)? 7. Expected outcomes/impacts of cluster branding 8. Role of BMOs 9. Role of policy makers 10. Need for regulatory measures – brand enforcement 11. Creating favourable infrastructure and support services
09:45-10:00	Coffee Break	
10:00-12:00	Specialized dimensions of cluster development – Sustainable Production	1. Defining sustainable production 2. Specialized cluster selection technique 3. The ‘new’ stakeholders 4. Changing dimensions of diagnostic study 5. Aggregate reporting 6. The specialized implementation technique 7. New monitoring and evaluation tools 8. Role of support stakeholders
12:00-01:00	Lunch Break	
01:00-03:00	Specialized dimensions of cluster development - poverty alleviation	1. Defining poverty and poverty alleviation 2. Specialized cluster selection technique 3. The ‘new’ stakeholders 4. Changing dimensions of diagnostic study 5. Participatory Poverty Appraisal 6. The specialized implementation technique 7. New monitoring and evaluation tools 8. Role of support stakeholders
<b>26/09/2013</b>		
08:30-09:45	Specialized dimensions of cluster development – Innovation Promotion	1. Defining Innovation, its value chain, management 2. Innovation promotion in clusters – a new-age developmental model 3. Specialized cluster selection technique 4. Changing dimensions of diagnostic study 5. Models and activities of innovation Promotion - Specialized implementation techniques 6. Case studies of successful and failure innovation attempts 6. New monitoring and evaluation tools 7. Role of policy makers and support stakeholders
09:45-10:00	Coffee Break	
10:00-12:00	Role of Cluster development agent and Technical Agencies	1. The Implementers – Cluster Development Agents, Technical Agents and Policy Makers 2. Selection of CDA

		<ol style="list-style-type: none"> <li>3. Role of CDA</li> <li>4. Changing role of CDA</li> <li>5. Case studies of role of CDA – a professional (HBPT Cluster – India), an association president (Sialkot, Manzano), a technical institution (Arzignano, San Daniele)</li> <li>6. Role of Technical Agents at various stages of implementation</li> <li>7. Role of Policy makers – create internal enablers</li> <li>8. Role of policy makers – create external enablers</li> </ol>
12:00-01:00	Lunch Break	
01:00-03:00	Interaction with cluster stakeholders	Discussion session with cluster stakeholders <ol style="list-style-type: none"> <li>1. Can cooperation and competition co-exist?</li> <li>2. Issues faced and scope for joint action</li> <li>3. Expected schematic support</li> <li>4. Need for market linkages</li> <li>5. Need for technical support</li> </ol>
<b>29/09/2013</b>		
Visit to clusters by Instructors (one cluster)		
<b>Time</b>	<b>Place</b>	<b>Activity</b>
08:30	MAS	Meeting
10:00-10:30	Bethlehem	Visit to Industrial Park (under construction)
11:00-12:00	Hebron	Visit to Stone and Marble Research Center, Polytechnic University Lecture by the Stone and Marble Association
12:30-01:30	Hebron	Lunch Break
02:00-02:45	Hebron	Visit to Falcon Shoes Factory
03:00-03:30	Hebron	Visit to leather tanning workshop
03:45-04:15	Hebron	Visit to a shop selling shoes
<b>30/09/2013</b>		
08:30-12:30	Towards a cluster development model for Palestine	See the PTT of the “Cluster Road Map for Palestine” Lecture
12:30-01:30	Lunch Break	
01:30-02:30	Questions and answers	
02:30-03:00	Concluding remarks	

*Progress:*

The training was conducted by the FMC experts on 22-30 September 2013.

*Attendance:*

A total of 19 senior public and private sector officials attended the training course: 15 male and 4 female.

	<b>Name</b>	<b>Job Title</b>	<b>Institution</b>
1	Ala' Bahiej Al-Biqawi	Training Officer	Jadarah Group (private sector consultancy)
2	Ahmad A. A. Al-Qinneh	Project Coordinator	Ministry of National Economy
3	Sadeq Neiroukh	R&D Director	Taqaddom

4	Sabeeh H. Qarban	Enterprise Development Officer	Federation of Chambers of Commerce
5	Linda Salah Tamimi	Project Coordinator	Ministry of National Economy
6	Munji M. Nazzal	Economic Development Officer	Federation of Chambers of Commerce
7	Eyad J. Nimer	General Manager	Caesar Hotel
8	Hazem I. Shunnar	Assistant Undersecretary	Ministry of National Economy
9	Jamil S. Sultan	Official Development of Small and Medium-Sized Enterprises	Federation of Chambers of Commerce
10	Manal Farhan Shkoukani	Director General	Ministry of National Economy
11	Alaa Bassam Briek	Program Officer	General Union of Palestinian Industries
12	Maysa' Nidal Abu-Ajinah	Project Coordinator	General Union of Palestinian Industries
13	Haitham Abu-Obied	Director of the Department of Trade and Tourism in the Economic Sector	Ministry of National Economy
14	Malek A. Jaber	Project Coordinator	Federation of Stone and Marble Industry in Palestine
15	Mahmoud Abu-Amireh	Deputy Director of Private Sector Development Project	Federation of Chambers of Commerce
16	Peter Wilson	Team Leader – Private Sector Development Cluster Project	Federation of Chambers of Commerce
17	Bashar Gharabeh	Research Assistant	MAS
18	Mamoun S. Nazzal	Export Development Department	PalTrade (an export promotion organization)
19	Ayman Atawneh	Chief Department	Ministry of Agriculture

*Participants' Feedback:*

Feedback from participants in the training was very positive. At the end of the training course, the participants were asked to fill in a feedback sheet. The below table summarizes their satisfaction with the training:

Have your objectives of participating been met?	Fully	Partially	Not at all
	70%	30%	
What is your opinion of the program duration?	Right duration	Too long	Too short
	77%	8%	15%
Did you find the topics covered relevant and useful?	Yes	No	
	100%		
Would you recommend this	Definitely	Maybe	Certainly not

training program to others?	85%	15%	
Was the program useful?	Very useful	Useful	Not useful
	92%	8%	

Furthermore, participants suggested the following additional topics for inclusion in the training program:

- ✧ Tips for CDA in implementation
- ✧ General theory of clusters
- ✧ A single case study of a cluster having all elements
- ✧ More current case studies
- ✧ Rise and transformation of a cluster
- ✧ Doing an action plan for a cluster
- ✧ Policy suggestions
- ✧ Case study on Arab clusters

Participants plan to take the following steps in their near-future work as a result of receiving the training:

- ✧ Adopt the cluster approach in Palestine
- ✧ Use the M&E tools
- ✧ Reorient their cluster plans based on learning
- ✧ Select CDAs
- ✧ Create a roster of BDSPs
- ✧ Share obtained knowledge with colleagues

### **2.6 Article based on the research conducted for the “Who Shared the Fruits of Growth in the Palestinian Economy, 2006-2010?” study**

The senior researcher who completed this paper, Dr. Mehrene Larudee, has not been able to write an article based on the conducted research yet due to her commitments to teaching at university. However, MAS commits to have an article prepared and submitted to a journal in order to benefit from the already existing data and analysis and make them available to a larger audience beyond Palestine. If the researcher remains unable to dedicate the necessary time to this task, MAS will commission another researcher to write the article.

### **2.7 Article based on the research conducted for “Entrepreneurship Education in the Occupied Palestinian Territory: An Exploratory Study”**

On 28 May 2013 Dr. Maher Hashweh, the senior researcher, submitted an article under the title “Entrepreneurship Education in the Occupied Palestinian Territory” to the International Journal of Educational Development. He is still awaiting the Journal’s feedback.

### **2.8 Article based on the research conducted for the GEM policy paper “Policies for Scaling Up Female Entrepreneurship in the State of Palestine”**

The first GEM-based policy paper on enhancing entrepreneurship among Palestinian women was only completed and published in January 2014. This recent publication means that the

senior researcher Dr. Samir Abdullah has not had the necessary time yet to write an article with the produced research. Now that the senior researcher has completed his obligations on the policy paper, he will soon start work on the article. Based on MAS previous experience with the article mentioned above, the writing of this article is expected to take about three months before submission, while the process of preparing the article to be published by the journal might take up to nine months needed for reviews, comments, and writing other drafts.

### **2.9 Article based on the research conducted for the GEM policy paper “Policies for Scaling Up Youth Entrepreneurship in the State of Palestine”**

The second GEM-based policy paper on how to support entrepreneurial activities among Palestinian youth was finalized and published in January 2014. This means that Dr. Samir Abdullah, the senior researcher, has not been able to start work on the article based on this paper yet. However, since all required data and analysis are now available, the senior researcher can start writing the article soon. The entire process before the article is published in a peer-reviewed journal might take up to a year: three months of writing the article and nine months of reviews and other drafts.

# **I. Final Technical Report**

## **1. Basic Project Information**

### **1.1 Abstract**

On 22 January 2012 the International Development Research Centre (IDRC) and the Palestine Economic Policy Research Institute (MAS) signed a two-year project agreement. Under this agreement, the IDRC generously sponsored a policy research program on enhancing the framework for entrepreneurship and innovation in the West Bank and the Gaza Strip. This supported a strategy for inclusive economic growth that contributes to poverty reduction and the creation of decent jobs. Initially, the contact committed MAS to produce a total of nine papers (six research studies, one GEM Palestine Country Report, and two GEM-based policy papers), eight workshops to launch the studies and a conference to launch the GEM Country Report, and four articles based on some of the research studies to be published in peer-reviewed journals. The topics of the papers were initially set; however, MAS was provided with some degree of flexibility to allow it to modify them if needed to accommodate the needs of Palestinian policy-makers in the socio-economic realm.

At the end of the research program, MAS has produced five research studies and one GEM Palestine Country Report, held seven workshops (five workshops to launch the research studies, one workshop to launch the English GEM Report, and one workshop to commemorate Global Entrepreneurship Week Palestine) and one one-day conference (to launch the Arabic GEM Report), and conducted one training program on MSMEs cluster development. Upon IDRC's agreement, MAS replaced the initially planned study on MSMEs clusters in Palestine with a training program on the same topic targeted at senior public and private sector officials. MAS has produced and submitted only one of the four articles to be published in academic journals and has not received feedback yet. Overall, the hard and soft copies of the research studies were distributed to a large number of relevant stakeholders from the PNA ministries and agencies, private sector leaders, civil society representatives, academics, donors, and diplomats. The workshops and the conference were attended by numerous beneficiaries from the same groups who provided positive feedback and emphasized the importance of the conducted research. The training program benefited nearly twenty high-level officials involved in developing MSMEs clusters in Palestine in the future. It can be stated with confidence that the research program has immensely expanded and deepened the understanding of many aspects of equitable economic growth, entrepreneurship, and MSMEs in the Palestinian context and resulted in practical, specific recommendations how to allow entrepreneurship to enhance its role as the driver behind economic growth, especially among vulnerable populations such as women and the youth.

### **1.2 Keywords**

The keywords of the research problem include: entrepreneurship, female entrepreneurship, youth entrepreneurship, MSMEs, inclusive economic growth, competition commission, informal sector.

## 2. The Research Problem

In recent years the Palestinian economy has experienced significant growth with GDP increasing by 7.1% in Q2 2011 compared with the previous quarter and by 10.6% compared with the same quarter the year before. Meanwhile, the annual GDP growth rate reached 9.3% in 2010 and is projected at 12% for 2013 with per capita growth of no less than 8.9%. However, in line with trends in the wider Middle East and North Africa (MENA) region and other developing economies, this overall economic expansion has failed to benefit all groups of society equally.

Importantly, the substantial economic growth in the Palestinian economy in the last few years has not had a positive and sizeable effect on poverty rates. In 2010 about 26% of Palestinians lived below the poverty line, while 14.1% of the population was below the deep poverty line (an increase from 13.7% in 2009).

Despite some economic improvements, the Palestinian labor force continues to suffer from the lack of job opportunities. Even though the unemployment rate (ILO definition) declined between Q2 2010 and Q2 2011, nearly one in five Palestinians participating in the labor force was unemployed in Q2 2011. Even more worryingly, data show that refugees were hit disproportionately hard, facing an unemployment rate of nearly 24%.

Notably, women continue facing an even higher unemployment rate than men, reaching as high as 23.3% in the West Bank and 43.6% in the Gaza Strip in Q2 2011. Also, similar to the rest of the MENA countries, Palestinian women have an extremely low labor force participation rate: 16.2% versus 68.6% for men. Youth form another marginalized group in the Palestinian labor market: while more than half of the Palestinian population is below 18 years of age, 24% of those aged 15-19 years and 33% of those aged 20-24 years are unemployed. The figures for females in the two age groups, 27% and 53% respectively, are even more problematic.

Because of the inability of the private sector to generate sufficient job opportunities as a result of the general weakness of the Palestinian economy, entrepreneurship has turned into the chief source of employment in the Palestinian Territory. However, data from the GEM Palestine Country Report for 2009 confirm that economic opportunities are not equally available to all social groups. For example, Palestinian women and youth experience the lowest rates of entrepreneurship due to, among other reasons, problems in accessing financing, dedication to housework and education, and cultural stereotypes.

The above narrative reveals deep structural imbalances in the Palestinian labor market and policies which prevent all social segments from benefiting equally from the witnessed economic expansion. Despite the trends prior to the inception of this research program, MAS believed that this tendency was not inevitable. As the IDRC's Supporting Inclusive Growth Program Prospectus for 2011-2016 makes clear, economic growth and social inclusion do not necessarily have to be mutually exclusive, in spite of current and historic tensions between the two in numerous developing economies, including the Palestinian one. Thus, MAS embarked on conducting a policy-oriented research program in line with its institutional mission and objectives in order to address the above problems and induce inclusive growth.

The Palestinian national development vision, adopted by the Palestinian National Authority (PNA) in 2008, stresses the importance of moving towards a knowledge-based economy (KBE), producing high value-added and highly competitive products, through a

structural transformation of the economy. A KBE requires the generation of powerful human capital via modernization of the educational system and enhancement of the quality of services to allow for innovation and entrepreneurship. This shift, however, has produced a new challenge to the labor force: a widening gap between those who have the right skills to participate in a knowledge-intensive and technology-based economy and those who lack them. The inadequate quality of education, despite the high level of educational attainments among the Palestinian population, has turned into one of the three factors which most negatively affect the promotion of entrepreneurial activities. Consequently, policy-oriented research is needed to locate the problematic issues in the educational system and propose ways to improve them.

While laws, regulations, and legal institutions play a crucial role in economic growth in general and inclusive growth in particular, due to the political situation the West Bank and Gaza suffer from an incomplete and still evolving regulatory system. While in previous decades civil society organizations performed many of the functions of the state in the Palestinian Territory, it is of crucial importance now for policy-oriented research to assist in the advancement of a modern, wide-ranging, all-inclusive institutional and regulatory framework which creates the right environment for growth. This is vital for the creation of enough decent jobs to absorb not only those who are currently unemployed or underemployed, but also new entrants into the labor force. It will enable the Palestinian economy to evolve in line with global trends in developing countries in spite of its geo-political particularity.

This research program, conducted by MAS, paid special attention to women and youth, who constitute the two most marginalized groups in Palestinian society in terms of employment opportunities. The goal was to promote female and youth socio-economic empowerment as a prerequisite for inclusive and sustainable growth.

### **3. Objectives**

In order to address the problems outlined in the above section, the general objective of the concluded research program was to strengthen the role of entrepreneurship and innovation as a strategy for inclusive economic growth which would assist in poverty alleviation and in the creation of decent jobs in the Palestinian Territory. The program tackled the following specific objectives with the aim of fulfilling the global one:

1. To identify the underlying reasons for the current state of the Palestinian economy as to why growth fails to translate into improvements for all and devise appropriate policies to make growth more participatory and equitable;
2. To put forward policy recommendations in order to enable meaningful changes in national legislation and regulation to stimulate competition and create the right environment to encourage investment and a lively private sector;
3. To analyze the reasons for the high unemployment rate and the low entrepreneurial rate among women and youth, and design policies to promote female and youth entrepreneurship;
4. To propose reforms to the educational system at all levels to allow it to take its due role in stimulating entrepreneurship and innovation;
5. To study the informal MSMEs, address the pros and cons of formalizing these informal enterprises, and provide a set of recommendations based on the experiences of other countries and the particularity of the Palestinian situation.

## 4. Methodology

In conducting the research in this program, the MAS research team under the guidance of the MAS Director of Research employed a wide variety of methodological tools typical for MAS work. Most or all studies relied on:

- ✧ Secondary data collection from PCBS sources (including the labor force surveys, the national accounts, the consumer price index, the economic surveys, the enterprises surveys, the informal sector survey, and others);
- ✧ Literature review and best practice from international experiences in order to bring appropriate recommendations for the Palestinian context;
- ✧ Focus groups bringing together various stakeholders engaged in the same issue but having various perspectives on it;
- ✧ Interviews with important stakeholders;
- ✧ Graphical representations to illustrate important trends and highlight significant findings;
- ✧ Policy recommendations addressed to Palestinian policy-makers and action recommendations to other stakeholders how to improve the situation of the targeted groups;
- ✧ Launching workshops to present the research findings and recommendations in order to receive feedback from stakeholders and accommodate this feedback into the final draft.

In addition to these general research tools, MAS utilized other techniques specific to the needs of the research studies:

- ✧ “Who Shared the Fruits of Growth in the Palestinian Economy, 2006-2010?”: In this study, the researcher used the concepts of labor productivity, elasticities of employment, and employment ratio;
- ✧ “A Comparative Study on the Establishment of the Palestinian Competition Commission”: In this paper, the research conducted a comparative study and critical review of legislation;
- ✧ “GEM Palestine Country Report 2012”, GEM-Based Policy Paper 1: “Policies for Scaling Up Female Entrepreneurship in the State of Palestine”, and GEM-Based Policy Paper 2: “Policies for Scaling Up Youth Entrepreneurship in the State of Palestine”: The GEM Report and the two subsequent policy papers utilized primary data collection from the Adult Population Survey (APS), for which MAS commissioned the PCBS, and the National Exert Survey (NES), conducted by MAS researchers.

The training program on MSMEs cluster development relied on entirely different methods including lectures, group discussions, demonstrations, best practices, and site visits among others. Used tools included PowerPoint Presentations and movie showings.

## 5. Project Activities

### 5.1 Project Activities by Reporting Period

In the first reporting period of the research program (January-June 2012), MAS:

- ✧ Produced a draft of the policy paper “The Patterns of Recent Palestinian Economic Growth” and submitted it to two external reviewers for evaluation;
- ✧ Completed the data collection, literature review, and research needed for the policy paper “Establishing a Competition Council in the Palestinian Territory” and started writing the first draft;
- ✧ Completed the data collection and literature review, initiated the data analysis, and started writing the draft for the policy paper “The Role of Education in Encouraging Entrepreneurship and Innovation in the Palestinian Territory”;
- ✧ Collected the primary data through the Adult Population Survey (APS) and the National Expert Survey (NES) for the GEM Palestine Country Report 2012 to be prepared in the first half of 2013.

In the second reporting period of the research program (June 2012-January 2013), MAS:

- ✧ Produced and published the final draft of three policy papers: “Who Shared the Fruits of Growth in the Palestinian Economy, 2006-2010?” (initially titled “The Patterns of Recent Palestinian Economic Growth”), “A Comparative Study on the Establishment of the Palestinian Competition Commission” (initially titled “Establishing a Competition Council in the Palestinian Territory”), and “Entrepreneurship Education in the Occupied Palestinian Territory: An Exploratory Study” (initially titled “The Role of Education in Encouraging Entrepreneurship and Education in the Palestinian Territory”);
- ✧ Held three public workshops with relevant stakeholders to present the findings and the recommendations of the studies “A Comparative Study on the Establishment of the Palestinian Competition Commission” and “Entrepreneurship Education in the Occupied Palestinian Territory: An Exploratory Study”;
- ✧ Continued work on the GEM Palestine Country Report 2012.

In the third reporting period of the research program (January-June 2013), MAS:

- ✧ Produced and published the final draft of the GEM Palestine Country Report 2012 in both English and Arabic;
- ✧ Held a public workshop with relevant stakeholders to present the findings and the recommendations of the GEM Palestine Country Report 2012;
- ✧ Prepared an article based on the study “Entrepreneurship Education in the Occupied Palestinian Territory: An Exploratory Study” and submitted it for approval for publication to the *International Journal of Educational Development*;
- ✧ Attempted to commission the GEM national team for the two GEM-based policy papers: “Policies to Mitigate the Effect of Gender Differences in Entrepreneurship” and “Policies to Scale Up Youth Entrepreneurship” (previously titled “Policies to Turn the Educational System into a Source of Entrepreneurship”). However, the GEM researchers declined the offer because of their commitments to the universities where they teach. Then MAS commissioned Dr. Basel Natsheh as the senior researcher for the paper on youth entrepreneurship. Meanwhile, MAS, prepared the ToRs for the two papers, and the appointed research associate started analyzing the data collected through the GEM APS and NES and the PCBS labor force survey;

- ✧ Commissioned the study “The Informal MSMEs in the Palestinian Territories”, collected the data, and prepared a tentative outline;
- ✧ Started the preparation of a training program on cluster development after receiving the IDRC’s approval to replace the previously planned policy study “Encouraging the Formation of SMEs Clusters” with a training on SMEs clusters. In this regard, MAS selected the organization to conduct the training, the trainers were commissioned, the training schedule was agreed upon, and the dates for the program were set.

In the fourth reporting period of the research program (June 2013-January 2014), MAS:

- ✧ Held a one-day conference to launch the Arabic draft of the GEM Palestine Country Report 2012;
- ✧ Produced and published the final draft of the two GEM-based policy papers “Policies for Scaling Up Female Entrepreneurship in the State of Palestine” (initially titled “Policies to Mitigate the Effect of Gender Differences in Entrepreneurship”) and “Policies for Scaling Up Youth Entrepreneurship in the State of Palestine” (initially titled “Policies to Turn the Educational System into a Source of Entrepreneurship”) and the research study “The Informal Sector in the Palestinian Territories: Its Characteristics, Expansion Mechanisms and Obstacles to Formalize”;
- ✧ Held three public workshops to launch the present and discuss the findings and recommendations of the three papers;
- ✧ Held a symposium on entrepreneurship on the occasion of Global Entrepreneurship Week Palestine in November 2013, where MAS most recent publications on entrepreneurship were discussed;
- ✧ Conducted a training course on Cluster Development for MSMEs: Theory, Practice, International Experiences and Potentials for Palestine on 22-30 September 2013 for nearly twenty public and private sector high officials.

## **5.2 Project Implementation and Management**

Overall all project activities, with the exception of the submission of three of the four articles to academic journals, were completed in line with the project schedule and on time. The work on all research studies started with preparing the ToRs and commissioning the research team and then continued with collection of primary and secondary data and analysis of the collected data. Primary data collection included surveys (the APS and the NES), interviews, and focus groups. Secondary data collection was mostly from PCBS sources. Usually literature review was conducted on the topic, and best practices from international experiences were investigated. After the data analysis, policy recommendations were formulated to address the pressing issues in the Palestinian economy. Then the senior researcher wrote a first draft of the study, which was subjected to evaluation from two internal and two external reviewers, following MAS usual practice. These procedures assure the expected level of quality from MAS publications. Then another draft of the study was prepared. A launching workshop was organized for each paper to present and discuss the research findings and recommendations. Workshops were attended by several media sources to assure the widest possible coverage of these important topics among the general public. The feedback received from various stakeholders during the workshop was then taken into consideration when preparing the final draft of each study. The final drafts of all papers, except for the GEM Palestine Country Report 2012, were prepared in Arabic with an executive summary in English. The

GEM Palestine Country Report 2012 was entirely translated into English. Finally, the hard and soft copies of the studies were disseminated among numerous stakeholders from the public and private sector, civil society, academia, donors, and others.

One challenge which MAS encountered in the implementation of the research activities was forming the teams for the two GEM-based policy papers and especially finding a senior researcher. Initially MAS planned to commission the GEM national team to work on the papers, but the researchers could not accept the offer because of the prior commitments to the universities where they teach. Then MAS hired Dr. Basel Natsheh as a senior researcher on the paper on youth entrepreneurship. Nonetheless, in October 2013 Dr. Natsheh had to discontinue his work on the paper when he assumed deanship at the Hebron University. In order to avoid delay in the completion of the two papers, the research associate appointed by MAS started work on collecting, organizing, and analyzing the data. Finally, MAS commissioned Dr. Samir Abdullah as the senior researcher for the two papers in November 2013.

Another challenge which the research team leader faced was finding an appropriate senior researcher to lead the research on MSMEs clusters in Palestine. Since MSMEs clusters do not virtually exist in Palestine and this is a very new concept to Palestine, MAS could not find an expert with sufficient expertise to lead the research team in this endeavor. Thus, MAS negotiated with the IDRC to replace the initially proposed research study with a training program on MSMEs cluster development, which is believed to have a significantly higher value added than a mere study in this case. To conduct the training, MAS commissioned the Indian Foundation for MSME Cluster (FMC) based on recommendations from experts in the field.

A third challenge during implementation was the production of articles based on four of the studies to be submitted for publication in peer-reviewed journals. Since submitted pieces need to be substantially different from the research studies and policy papers already published by MAS under this research program, writing articles anew requires some time. Also the procedures set up by these journals are lengthy and beyond the control of MAS. Working on these articles has proven that MAS cannot control the timeframe which expands over the span of nearly a year: three months for writing the article and around nine months of back-and-forth with the journal.

Overall, the work and efforts throughout the research program were organized, coordinated, and supervised by Dr. Numan Kanafani, MAS Director of Research at the time and the research team leader for this program. With the support of MAS administration, he ensured the on-time completion of individual tasks, while guaranteeing the usual level of MAS high-quality, integral research. Regular meetings were held at the senior level to review progress and outputs. All research papers were subjected to internal evaluation by the MAS Research Committee and external review by specialized experts. With regards to the GEM Palestine Country Report 2012 and the two GEM-based policy papers, the high quality, research integrity, and individual privacy of data collected through surveys and interviews have been ensured by consultations with the GEM Consortium, the professionalism of the PCBS, and the experience of MAS researchers.

## 6. Project Outputs

The recently concluded research program resulted in the following outputs by category:

### 6.1 Research

Research studies in Arabic with an executive summary in English in a hard and soft copy (available at MAS website):

- ✧ Who Shared the Fruits of Growth in the Palestinian Economy, 2006-2010?;
- ✧ A Comparative Study on the Establishment of the Palestinian Competition Commission;
- ✧ Entrepreneurship Education in the Occupied Palestinian Territory: An Exploratory Study;
- ✧ The Informal Sector in the Palestinian Territories: Its Characteristics, Expansion Mechanisms and Obstacles to Formalize.

GEM-Palestine Country Report in English and Arabic in a hard and soft copy (available at MAS website):

- ✧ GEM Palestine Country Report 2012

GEM-based policy papers in Arabic with an executive summary in English in a hard and soft copy:

- ✧ Policies for Scaling Up Female Entrepreneurship in the State of Palestine;
- ✧ Policies for Scaling Up Youth Entrepreneurship in the State of Palestine.

### 6.2 Capacity Building

- ✧ Nineteen public and private sector officials received training on Cluster Development for MSMEs: Theory, Practice, International Experiences and Potentials for Palestine by the Indian NGO FCM, an expert with international experience in the field of developing MSMEs clusters. Because of their professional affiliations and positions, the participants are expected to be among the pioneers of MSMEs clustering in Palestine in order to bring the associated benefits for the economy. Owing to the training, they are now better aware of the concept of MSMEs clustering, the expected advantages, and the steps towards achieving this in Palestine;
- ✧ Through the conducted research, MAS researchers have developed their research capacities, skills, and techniques. MAS research human resources have benefited greatly from the opportunity to perform applied policy research, which has allowed them to improve their methodological skills and knowledge of topical aspects of the Palestinian economy. Furthermore, researchers have enhanced their capability to address equity issues within interdisciplinary perspectives, such as economic growth, gender aspects, innovation, entrepreneurship, education, and a knowledge-based economy. In particular, researchers have expanded and deepened their understanding of the sectoral, geographical, and demographic distribution of the benefits of economic growth; the nature of competition, competition commissions, competition laws, and the establishment of competition bodies; the role of education in promoting entrepreneurship and innovation; recent trends in entrepreneurship and the role of advisory networks in entrepreneurship; characteristics of female entrepreneurship and ways to promote its distribution; features of youth entrepreneurship and ways to

enhance it; and the size and nature of the informal sector, the costs and benefits of formalizing it, and how to support this formalization;

- ✧ The organization and management of the research program has also enhanced the experience and capability of MAS administrative staff;
- ✧ MAS position as an institution dedicated to high-quality research with direct societal and economic relevance has been strengthened through the completed research, workshops, and publications. The Institute has been given the opportunity to once again show itself as a credible, reputable policy research center, which will in turn help MAS attract support for future research and successfully disseminate its research findings.

### **6.3 Policy and Practice**

In line with MAS mission to assist Palestinian policy-makers in the formulation of socio-economic policies, the research team concluded its research study with a set of specific, feasible, practical recommendations targeted at policy-makers as well as other stakeholders. In specific, the conducted research produced policy recommendations related to:

- ✧ Establishing a competition council in Palestine;
- ✧ Implementing entrepreneurship education at Palestinian schools;
- ✧ Improving the entrepreneurial environment in Palestine with regards to the political instability, the political division, the educational system, and a business outreach center;
- ✧ Enhancing female entrepreneurship to strengthen women's participation and role in the economy and support job creation and income generation;
- ✧ Scaling up youth's participation in entrepreneurship in order to tackle the pressing problem of youth unemployment and assist job creation and income generation;
- ✧ Formalizing informal business to support the economy as a whole through access to credit and market linkages.

The results of the conducted research and the consequent recommendations were made available to a large number of various policy-makers in order to allow them to benefit from the acquired knowledge and the newly produced analysis. The conducted workshops and conference were also attended by many relevant stakeholders from the policy-making circles. They welcomed the new research on these important issues warmly and commended MAS on the work done. Policy-makers expressed lively interest in these topics and participated actively in the workshops.

## 7. Project Outcomes

The completed activities under the recently concluded research program have resulted in many important outcomes. First and foremost, the conducted research and analysis has created new knowledge about important concepts in the Palestinian economy, such as inclusive growth, competition, entrepreneurship especially among vulnerable populations, and the informal sector. In specific, the produced research studies have succeeded in explaining the jobless economic growth which happened in recent years in Palestine; laying the ground for the establishing a competition council and increasing competition; suggesting ways to turn the educational system into a source of innovation, creativity, and entrepreneurship for Palestinian youth; updating the existing knowledge about entrepreneurship in Palestine and demonstrating recent trends in entrepreneurial activities; providing the reasons why Palestinian women are so inactive in entrepreneurship and offering solutions to this economy problem; offering specific suggestions how to increase entrepreneurship among youth to create jobs and generate income; and clarifying the pros and cons of formalizing economic activities and offering recommendations how to facilitate the process of formalization. Equally importantly, the conducted training course effectively and efficiently developed the understanding of relevant stakeholders how to initiate and expand MSMEs clusters in Palestine.

Although a total of seven research papers, eight workshops, one conference, and one training program came out of this research program, it is still too early to evaluate the real, practical impact of the conducted research, the produced knowledge, and the disseminated policy recommendations. However, owing to the relevance of the research topics in the current Palestinian socio-economic and developmental context and the excellent reputation of MAS as a policy research institute, it is expected that the research analysis and proposed recommendations will be widely used in future government policies and private sector efforts to improve economic growth inclusiveness and generate more decent jobs available to all. This confidence in the usefulness of the produced outcomes in the future policy-formulating and economic development has been supported by the high level of engagement of the participants in the workshop and the conference in the subject matters and their lively interest in the discussed topics. Meanwhile, The GEM Palestine Country Report has become the most highly demanded publication by governmental officials, civil society representatives, and other individuals engaged in entrepreneurship development. Because of the series of reports already produced, MAS has been offered to partner in numerous international entrepreneurship initiatives.

Below is a list of the media coverage of the activities which have been implemented under this research program:

- ◇ Who Shared the Fruits of Growth in the Palestinian Economy, 2006-2010?:
  - <http://www.alquds.com/news/article/view/id/388815>
  - <http://www.wafa.ps/arabic/index.php?action=detail&id=139627>
  - <https://ar-ar.facebook.com/pages/%D8%A7%D9%84%D8%B5%D8%AD%D9%81%D9%8A-%D9%88%D8%A7%D9%84%D8%A7%D8%B9%D9%84%D8%A7%D9%85%D9%8A-%D8%A3%D8%B4%D8%B1%D9%81-%D8%B3%D9%85%D8%A7%D8%B1%D8%A9/121114051396855>
- ◇ A Comparative Study on the Establishment of the Palestinian Competition Commission:

- <http://m.alrai.com/article/556719.html>
- <http://maannews.net/arb/ViewDetails.aspx?ID=547294>
- <http://www.alhayat-j.com/newsite/details.php?opt=7&id=191943&cid=2795>
- ✧ Entrepreneurship Education in the Occupied Palestinian Territory: An Exploratory Study:
  - <http://www.karamapress.com/arabic/?action=detail&id=26435>
  - <http://www.alquds.com/news/article/view/id/397289>
  - <http://www.wafa.ps/Arabic/index.php?action=detail&id=141933>
  - <http://www.alhayat-j.com/newsite/details.php?opt=2&id=189322&cid=2765>
  - <http://maannews.net/arb/ViewDetails.aspx?ID=558856>
- ✧ GEM Palestine Country Report 2012:
  - <http://www.wattan.tv/ar/video/77779.html>
  - <http://wattan.tv/ar/news/37109.html>
  - <http://wafa.ps/arabic/index.php?action=detail&id=157290>
  - <http://www.al-ayyam.com/article.aspx?did=219663&date=>
  - <http://www.shasha.ps/more.php?id=71861#.UeucStLwm58>
  - <http://www.youtube.com/watch?v=z9ZqKyyRSA8>
  - <http://www.alhayat-j.com/pdf/2013/7/18/page12.pdf>
  - [http://www.wattan.tv/new\\_index\\_hp\\_details.cfm?id=a5461555a7581369&c\\_id=1](http://www.wattan.tv/new_index_hp_details.cfm?id=a5461555a7581369&c_id=1)
- ✧ The Informal Sector in the Palestinian Territories: Its Characteristics, Expansion Mechanisms and Obstacles to Formalize:
  - <http://www.wafa.ps/Arabic/index.php?action=detail&id=166635>
- ✧ Cluster Development for MSMEs: Theory, Practice, International Experiences and Potentials for Palestine:
  - <http://www.wafa.ps/arabic/index.php?action=detail&id=160431>
  - <http://www.wafa.ps/arabic/index.php?action=detail&id=160928>

## 8. Overall Assessment and Recommendations

Because of the generous support of the IDRC, MAS has been able to complete one more research program supporting economic growth and development in Palestine, this time with a focus on inclusive growth and the creation of decent jobs for all. The invested human and financial resources have resulted in the expansion of knowledge and understanding of important economic issues. In addition, the research program has made valuable contribution to the economic enhancement of marginalized groups. The papers centered on entrepreneurship provide specific recommendations on how to improve the participation of women and youth in the economy and especially in productive sectors through entrepreneurship.

In terms of partnerships, the decision to replace the study on MSMEs clusters in Palestine with a training program on MSMEs cluster development resulted in the initiation of a working relationship between MAS and FMC, the Indian organization which conducted the training. Through this partnership, Palestinian public and private sector officials could benefit from the wide expertise of developing MSMEs clusters around the globe of this Indian pioneer.

The implementation of this research program furthered MAS experience in disseminating the Institute's research among diverse audiences within and beyond Palestine through publication in peer-reviewed journals. Even though MAS research outputs have been invariably subjected to review by peers, this has been done more for the purpose of quality control than to publish in journals. The submission of articles to academic journals not only enhances researchers' profiles but also allows other economies to benefit from Palestine's experience with regards to inclusive growth and entrepreneurship as a source of income generation and job creation. Nonetheless, the efforts to have these articles published in journals confirmed that the process is a demanding and lengthy one. Writing an article based on the conducted research and receiving approval from a journal might take a year.

Finally, the research program has inspired MAS to continue its research on entrepreneurship as not only a source of economic growth and income generation but also as a tool of enhancing the well-being of all individuals.