

Policies to Promote Entrepreneurship  
Among Young People  
in the West Bank and Gaza Strip



PALESTINE ECONOMIC POLICY RESEARCH INSTITUTE

2007



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Palestine Economic Policy Research Institute

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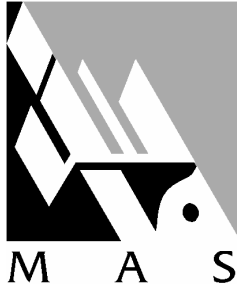
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- ◆ Evaluating economic and social policies and their impact at different levels for correction and review of existing policies.
- ◆ Providing a forum for free, open and democratic public debate among all stakeholders on the socio-economic policy-making 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 enhance their engagement and participation in policy formulation.
- ◆ Strengthening economic and social policy research capabilities and resources in Palestine.

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# **Policies to Promote Entrepreneurship Among Young People in the West Bank and Gaza Strip**

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This study was prepared by Palestine Economic Policy Research Institute (MAS) research team, particularly by the following researchers:

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Palestine Economic Policy Research Institute (MAS)  
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## FOREWORD

In cooperation with the International Development Research Centre, Canada, and the Friedrich Ebert Stiftung, MAS presents this research as a part of a programme that aims to foster and strengthen the competitiveness of the Palestinian private sector. This study examines youth entrepreneurship, and the factors which promote or discourage it in Palestine.

The research highlighted several inadequacies in existing educational and vocational training, and also the weak role played by financial and governmental institutions in terms of providing sufficient incentives to young people for establishing private entrepreneurial projects. It suggests a number of policies to foster youth entrepreneurship, which would benefit young people as a group and also the economy as a whole.

In the event of the publication of this study, I would like to thank the research team for the effort that they put into preparing it. I would also like to thank all the individuals and institutions that met the research team and whose input greatly contributed to the enhancement of this study. I am grateful also to all of those who participated in the workshop held to discuss the study, and whose opinions and observations helped elucidate its recommendations. Finally, I also present my gratitude to our partners at the International Development Research Centre and the Friedrich Ebert Stiftung, both of which institutions have long supported our institute's research activities. I am extremely grateful to both for their ongoing support, of which this study is the latest example.

Dr. Samir Abdullah  
Director General



## **Executive Summary**

Shedding light on entrepreneurship and economic activity among young people is a topic of great importance, being deeply intertwined with the growth and development of the economy as a whole, and a major factor in current and future economic competitiveness. This research looks at ways of identifying entrepreneurial spirit among Palestinians in the 15-29 year-old age group, and also how to foster it through the education system and opportunities in the private sector. It examines the topic through interviews and analysis of primary and secondary data, looking at both the current situation in Palestine and also how the issue is dealt with in other countries. It concludes with recommendations of economic and social policies to increase entrepreneurial activity among young people living in the Palestinian Territory.

The research found that young Palestinians do not usually favour the idea of starting their own businesses, preferring instead to seek employment in existing organisations. This is due to many shortcomings in schooling, vocational training, financing, and even in legislation related to this topic. Only 14% of people in the age-group in question had tried to set up their own income-generating activities, and of them only 6% were women.

The study concluded that much of the fault for this lies with the education system, which still relies on traditional teaching methods which do not encourage independent input and original thinking from students. Additionally, secondary stages of education still focus on preparing students to obtain employment opportunities in the job market, and do not prepare them to start their own businesses. Tellingly, there are no courses or modules available at Palestinian universities which focus specifically on entrepreneurship and its associated skills.

The study suggests several policies to remedy the lack of youth entrepreneurship in Palestine. These include encouraging nurturing entrepreneurial skills throughout the different stages of education, introducing schemes to encourage banks to finance young people's business projects, and introducing legislation that provides incentives for young entrepreneurs and tackles some of the obstacles they face.

