



**FRIEDRICH NAUMANN
FOUNDATION** For Freedom.
مؤسسة فريدريش ناومان من أجل الحرية

Pal-Think
FOR STRATEGIC STUDIES
بال تينك للدراسات الإستراتيجية
مؤسسة تفكير وعمل فلسطينية

Policy and Research Papers

Within Project

Reimagining the Reality of Entrepreneurship in the Lens of Palestinian Youth



Microenterprises in the Gaza Strip: Enhancing Opportunities and Potentials



Challenges Facing Entrepreneurial Projects in the Gaza Strip



Towards Effective National Policies to Support Youth's Small Entrepreneurial Projects

November 2022
Gaza – Palestine

Policy and Research Papers:
within project:
**“Re-imagining the Reality of Entrepreneurship in the
Lens of Palestinian Youth”**

In Cooperation with:

Friedrich Naumann Foundation for Freedom



November, 2022

Gaza, Palestine

Introduction

As an independent think-tank that works to produce knowledge and spread it in Palestinian society, and in partnership with the Friedrich Naumann Foundation for Freedom, PalThink for Strategic Studies has implemented the “Re-imagining the Reality of Entrepreneurship in the Lens of Palestinian Youth” project, which aimed at promoting entrepreneurship in the Gaza Strip. It is one of PalThink’s core beliefs that entrepreneurship is an effective way to create job opportunities and that promoting it, by refining young people's skills to design and plan their innovative entrepreneurial ideas, is a valiant attempt to reduce unemployment.

The project aimed at enhancing the skills of 20 male and female students and graduates and raising their awareness about entrepreneurial projects, the reality of start-ups, and the economic barriers facing youth in the Gaza Strip. The project also included the production of three research papers discussing the challenges and opportunities of entrepreneurial projects in the Palestinian business environment. This booklet was published after the conclusion of three discussion sessions that presented and discussed the three papers with experts and researchers from Palestinian civil society institutions.

Omar Shaaban

Director of PalThink for Strategic Studies

Microenterprises in the Gaza Strip: Enhancing Opportunities and Potentials

Prepared by:

Dr. Raed Helle

Economy and development consultant

Introduction:

The ability of the economy of the Gaza Strip to provide job opportunities has been declining over time due to population and work force-growth, Israel's blockade and recurrent attacks, the Palestinian political division, and the low-quality expansion of education institutions.

Here it is very clear that microenterprises and entrepreneurship of young people are of paramount importance since they are the nucleus of small, medium, and large businesses. Microenterprises play a significant role in opening job opportunities, achieving self-realization, organizing the participation of young people in the economic field, and employing their creative abilities and energies.

Therefore, this study seeks to examine the demographic and local labor market indicators in the Gaza Strip, follow up on the development of microenterprises, identify the economic activities in which these projects operate, identify the reasons for the failure of microenterprises, and examine the possibility of converting these causes into success opportunities.

Gaza's population and local labor market:

The Gaza Strip is inhabited by 2.2 million people, and it is one of the most densely populated places on earth. High population is one of the challenges facing the job market in Gaza, which is small in size and yet lacks the resources and ability to absorb this work-force.

All this led to skyrocketing unemployment levels reaching about 46.9% (41.9% of the male labor force participation and 65% of the female labor force participation) in 2021. (PCBS, 2022)

The Gaza Strip has been severely affected by the blockade and the destructive wars waged by Israel in recent years, due to which Gazans are living in difficult and tragic economic conditions, in addition to the continuing state of Palestinian division that has prevented the implementation of development plans and programs prepared by successive Palestinian governments to reduce poverty and unemployment rates. (Helas, 2020)

Another problem that the local labor market suffers from is the low competence of graduates of educational institutions that does not rise to the level of knowledge, technical developments, and needs of the labor market.

Population and local labor market indicators accentuate the importance of small projects and their ability to provide job opportunities, especially as jobs in the public sector are scarce, and there is a lack of suitable vacancies to meet the aspirations of job seekers in the private sector.

Microenterprises current situation:

According to the census of economic establishments for 2017, the total number of business projects in the Gaza Strip reached 46,825, 89% of them (41,641) are microenterprises. (PCBS, 2018)

Five economic activities share 89.4% of microenterprises in the Gaza Strip (wholesale and retail trade activities and vehicle repair by 60.5%, other service activities by 12.5%, manufacturing industries by 8.5%, accommodation and food services activities by 4.8%, and health and social work activities by 3.1%).

The vast majority of microentrepreneurs are managed and owned by young people who have limited capital. This pushes them towards establishing projects in fields and activities that do not require large capital.

Why do microenterprises fail in Gaza?

International studies indicate that about half of the projects do not last more than five years, only about a third of them succeed for a period of no more than 10 years, and almost 80% of projects last for more than a year, then they close. (Mustafa, 2017)

The most common reasons why microenterprises fail in the local market in Gaza are: limited capital invested, increased investment risk due to political and economic situation, reliance on unqualified labor, weak feasibility studies, reliance on inherited family experiences, facing difficulties in terms of obtaining soft loans, most projects' dependence on self-financing, intense competition between national products and imported products, Investment Promotion Law bias in favor of relatively large investments, Palestinian consumer preference of foreign products, and reliance on the Israeli market for production requirements. (Darwish, 2015)

Enhancing microenterprises' success chances depending on the available resources:

This paper presents a five-stage scenario to enhance microenterprises' success chances depending on the available capabilities in the Gaza Strip, based mainly on transforming the failure factors and obstacles into success opportunities.

First stage: Correcting the path

Entrepreneurship is the best way to correct the path of microenterprises, as most of them are unable to steadfast and compete in the local market.

Second stage: Incubation

Incubation is one of the important mechanisms in project development from its inception to implementation. Therefore, young people who have ideas for new projects should join business incubators, which are institutions dedicated to accelerating the growth and success of entrepreneurial projects through

support services that include: necessary workspace, financing, training, public services, and communication networks (Darwish, 2015),

Third stage: Reinforcing resilience

This stage depends on maintaining existing microenterprises to enhance their resilience, enhance the flexibility of the internal market, encourage financing or investing in companies, and reduce operational costs. To achieve this stage, the availability, flow, and easy access to financing or loans are vital.

Fourth stage: Empowerment

This stage depends on pumping new microenterprise and small entrepreneurial project initiatives, enhancing productivity, creating new markets, and promoting investment in technology.

Creating an up-to-date technological environment in businesses would reduce operational costs, expand the customer base, and strengthen their systems by facilitating the use of electronic payments and other technologies.

Fifth stage: Sustainability

The goal of this stage is to enhance microenterprises' and emerging entrepreneurial projects' resilience and ability to face expected challenges for long periods, by encouraging the owners of these projects to change their business direction, provide their services in different forms that fit the existing challenges and conditions, or expand their markets. It also aims at helping them find plans and alternatives to face crises, encouraging the availability of trust funds for emerging projects. A national fund can be established with the aim of creating financing channels specialized in financing microenterprises and emerging pioneering projects in a manner commensurate with their circumstances and needs (Darwish, 2015).

References:

• Studies and Research:

1. Ahmed Al-Mashrawi and Wissam Al-Ramlawi (2015). The most important problems and obstacles facing financing small projects funded by organizations operating in the Gaza Strip from the point of view of their employees, *Al-Aqsa University Journal (Human Sciences Series)*, Volume 19, Issue 2, Gaza, Palestine.
2. Eman Mustafa (2017). Why do small and medium enterprises fail? *The Arab Entrepreneur Magazine*, Dubai, United Arab Emirates.
3. Bassem Makhoul and Youssef Daoud (2005). Potential Economic Policies and Their Impact on the Labor Market in the Gaza Strip: Results of Record Growth Simulation, *Palestinian Economic Policy Research Institute - MAS*, Ramallah.
4. Bilal Al-Masry (2018). The reality of small and medium enterprises in the Gaza Strip and ways to enhance them, *Master's Thesis*, Islamic University, Gaza, Palestine.
5. Raed Helles (2020). The Development of the Palestinian Economy from Partial Independence to Dependence, *Tolerance Magazine*, Issue (71), Ramallah Center for Human Rights Studies, Ramallah, Palestine.
6. Raed Helles (2022). Effective policies to promote entrepreneurship among youth, a policy analysis paper within the Inham Youth Conference 2022, *Al-Nayzak Foundation for Education, Support and Scientific Creativity* in partnership with the United Nations Development Program / Program for Assistance to the Palestinian People and funded by the Qatar Education Above All Foundation, Gaza, Palestine.
7. Salem Darwish (2015). The Role of Small and Medium Enterprises in Supporting and Developing the Palestinian Economy, *Journal of Financial and Banking Research*, Volume Two, Issue One, *Palestinian Banking Institute*, Ramallah, Palestine.
8. Samir Abdullah et al (2014). Policies to Promote Entrepreneurship Among Youth in the State of Palestine, *Palestinian Economic Policy Research Institute - MAS*, Ramallah.
9. *Palestinian Business Forum* (2014). Small and Medium Enterprises in Palestine, *Studies and Research Center*, Ramallah, Palestine.

• Reports:

1. *Palestinian Central Bureau of Statistics* (2008). General Census of Population, Housing and Establishments 2007, *Economic Establishments, Final Results*, Ramallah, Palestine.
2. *Palestinian Central Bureau of Statistics* (2018). General Population, Housing and Establishments Census 2017, *Final Results, Establishments Report*, Ramallah, Palestine
3. *Palestinian Central Bureau of Statistics* (2021). A press release entitled: Fields of study and the relationship with the labor market for individuals (20-29 years), Ramallah, Palestine.
4. *Palestinian Central Bureau of Statistics* (2022). *Palestinian Labor Force Survey: Annual Report 2021*, Ramallah, Palestine.
5. *Palestinian Central Bureau of Statistics A* (2020). *Housing Development in Palestine 2007-2017*, Ramallah.
6. *Palestinian Central Bureau of Statistics B* (2020). A press release for students who took the General Secondary Certificate Examination "Tawjihi" for the year 2019/2020, Ramallah, Palestine.

• Websites:

1. *Palestine Monetary Authority* (2022). Workshop on electronic payment services, Gaza, Palestine. See: <https://www.pma.ps/>
2. *The Palestinian News and Information Agency - Wafa* (2021). Standards for identification and national classification of economic establishments, Ramallah, Palestine. See: <https://www.wafa.ps>

• Foreign sources:

1. UN (2012). A report by the United Nations Country Team in the occupied Palestinian territory.
2. Dees, J. Greg. (1998): The Meaning of Social Entrepreneurship, <http://www.setoolbelt.org/resources/171>

• Focus groups:

1. Discussion session: a focus group that included 7 microentrepreneurs in the Gaza Strip, and 3 experts in the fields of economics, development and entrepreneurship. Place of implementation: Roadmap Consulting Services, Gaza, August 11, 2022.

Challenges Facing Entrepreneurial Projects in the Gaza Strip

Prepared by:

Dr. Mahmoud Hussein Issa

Researcher and specialist in economic affairs

Introduction:

Entrepreneurship is particularly crucial in the Gaza Strip due to the blockade and since public and private sectors have been unable to generate more job opportunities, which led to skyrocketing unemployment rates of 44.1% during 2021, with a much higher rate among young graduates at 74%. (Palestinian Central Bureau of Statistics (PCBS), 2022).

Entrepreneurial projects are an effective means of generating income, creating job opportunities, and achieving economic growth by involving young people in economic activity and employing their creative abilities and energies.

In the past few years, the local market saw many entrepreneurial projects that were able to offer special products (goods or services) and compete in the local market. However, entrepreneurship in the Gaza Strip still faces a set of challenges that stand in the way of their growth, development, diversification, and transformation into successful and stable projects.

Entrepreneurship and entrepreneurial projects

- Entrepreneurship

Many studies agree that entrepreneurship is any work that is based on self-employment regardless of its economic nature. Therefore, it includes all agricultural, productive, industrial, renewable energy, and communication technology activities. As for the entrepreneur, he\she is a creative person who makes a change in the market by introducing innovative ideas (Mansour and Abdel Gawad, 2018).

Perhaps the most important quality of entrepreneurship is that it focuses on a specific problem and tries to solve it with modern ways and new ideas, with the least possible human resources and in a distinguished investing manner, taking into account the ensuing risks (Hassan, 2020).

- Entrepreneurial projects

Entrepreneurial projects are new, unconventional, creative ideas that may be translated into products; high value-added services; or new administrative, practical, or technical methods. The results of these projects are not guaranteed. The difference between entrepreneurial projects and small projects is that the latter offers traditional ideas or products and does not come with great risk.

Entrepreneurial projects economic value

Entrepreneurial projects are key for achieving economic development, innovating new methods of production, introducing new products to the market, opening new markets, and searching for new raw materials sources (Abdullah et al., 2014).

These projects consolidate social and economic justice since increasing the number of projects and entrepreneurial activities in the economy helps in redistributing wealth in a more equitable and efficient manner, consequently reducing the gap between incomes (Abu Mudallalah and Al-Ajla, 2013).

Entrepreneurial projects improve productivity through the optimal use of available resources, equipment, and used machines, keeping pace with scientific and technological developments, and applying quality control methods. (Mohammed and Abdel Karim, 2011).

Entrepreneurship in the Gaza Strip: Challenges and obstacles

Young Gazans face multiple challenges obstructing the achievement of their full potential due to the blockade and division, which caused a catastrophic impact on the Gazan economy.

Challenges related to the policies, legislation, and institutions regulating entrepreneurship:

A. The absence of effective legislation regulating entrepreneurship:

Not only, the current legislation, laws, and executive regulations are inadequate to deal with entrepreneurial projects, their registration, stimulus, and protection, they are obstructive in many aspects and serve large projects at the expense of small ones (Advisory Board for the Development of Non-Governmental Institutions, 2019).

B. Public and private institutions view entrepreneurial activities as complex, costly, and do not contribute to the institution's outputs:

90% of institutions specialized in supporting entrepreneurial projects depend on external funding, not self-financing. This way, donors control the projects' agenda, weakening these institutions' ability to formulate projects that meet the needs of society in the Gaza Strip (Abu Hashhash, 2016).

C. Government policies, plans, and programs supporting entrepreneurial projects are weak.

Challenges related to the quality of public, higher, vocational, and technical education:

A. Public education sector, due to its traditional educational methods, suffers from a problem of multiple dimensions in terms of the quality, curricula, and methods of teaching (Ministry of Entrepreneurship and Empowerment, 2021).

B. Palestinian university and college graduates lack many life skills and research abilities as traditional teaching patterns are also followed in higher education. (Issa and Mansour, 2018).

C. There is also a real problem when it comes to the majors of graduates in Palestine. Statistics indicate that about 60% of graduates in 2021 are

specialized in educational, human, social, and administrative sciences. As for specialists in the fields of engineering and architectural sciences and information and communication technology, they accounted for only 14% (PCBS, 2022).

D. Vocational training lacks specializations, curricula that keep pace with recent developments, especially technological ones, and life skills training programs.

Challenges related to access to funding

Commercial banks, lending institutions, and local and international financing programs in the Gaza Strip are usually reluctant to finance or lend small entrepreneurial projects, as they view young people as less responsible and inexperienced. In general, the funding problems can be summarized in the following points:

A. Investors and the private sector's lack of confidence in youth entrepreneurial projects.

B. Banks and financial institutions do not trust young entrepreneurs, they rather prioritize profit over supporting and financing entrepreneurial projects.

C. The existence of high-interest rates on loans, the absence of long-term ones, and obtaining loan conditions are not encouraging (Advisory Authority for the Development of Non-Governmental Institutions, 2019).

Challenges related to accessing local and foreign markets:

Israeli strict restrictions on importing raw and intermediate materials needed for manufacturing, as well as on bank transfers prevent foreign investment and impede the marketing of products locally or exporting them abroad.

In addition, the local market in the Gaza Strip is narrow and relies on imports with competitive prices, which reduces the ability of small projects to compete in the local market (World Bank, 2020).

Social and cultural challenges:

Entrepreneurial projects are influenced by the social and cultural values prevailing in society. Positive values are an important factor in encouraging young people to innovate, while negative values are a discouraging factor and a deterrent to creativity and innovation.

It can be noticed that Palestinian society, especially in Gaza, is dominated by some traditions that restrict young people. Perhaps the fear of failure is the biggest obstacle for young people. Even young people themselves have some negative behavioral patterns including isolationism, dependence, lack of respect for work values, and lack of faith in change. There are also some cultural inheritances in Palestinian society that urge young people to prefer jobs in the public sector which are safer and risk-free. (Abdullah et al., 2014)

Conclusion

Entrepreneurship can have a great role in economic development, and entrepreneurial projects are the primary drivers of job creation; income development; standard of living improvement; unemployment, poverty rate, and income gap reduction; and optimal use of available economic resources.

Reinforcing youth entrepreneurship in the Gaza Strip can be achieved after all official institutions, civil society organizations, private sector institutions, and companies adopt policies, interventions, and measures that provide technical and financial support for entrepreneurial projects and mobilize expertise, knowledge, and technology necessary for their continuity and growth.

References

1. Abu Mudallalah, Samir and Al-Ajla, Mazen. (2013). Challenges Facing Entrepreneurship Among Youth in Palestine, Palestine University Journal for Research and Studies, No. 5, Palestine.
2. Abu Hashhash, Arwa. (2016). Survey of employment institutions and youth entrepreneurial initiatives. Palestine: Palestine Economic Policy Research Institute (MAS).
3. The Palestinian Central Bureau of Statistics. (2022). Press release on: Educational fields and labor market among individuals aged (20-29 years) in 2021.
4. The Palestinian Central Bureau of Statistics. (2022) a. Labor Force Survey 2021, Palestine.
5. The Palestinian Central Bureau of Statistics. (2016). A study on indicators of creativity in Palestine, Palestine.
6. The advisory body for the development of non-governmental institutions. (2019). Diagnostic Report on Entrepreneurship and Economic Empowerment, Palestine.
7. Barhoum, Basma. (2015). The role of business and technology incubators in solving the problem of unemployment for entrepreneurs in the Gaza Strip, unpublished master's thesis, Palestine: The Islamic University.
8. Hassan, Adel. (2020). The role of banks in financing entrepreneurial projects. Anchor Banking Magazine, Issue 26, Palestine.
9. Hamami, Zina. (2019). Al-Riyadi../https://hyatok.com, visit date 11/8/2022.
10. Kharboutli, Amer. (2018). Entrepreneurship and management of small and medium enterprises. Damascus: Syrian Virtual University.
11. Khalaf, Haider. (2021). The reality of pilot projects in Iraq. Policy Making Forum Award, (IFPMC-LONDON).
12. Abdullah, Samir and Natsheh, Basil and Hattawi, Muhammad. (2014). Policies to promote entrepreneurship among youth in the State of Palestine. Palestine: MAS Institute.
13. Abdullah, Samir and Hatawi, Mohammed. (2014). Policies to develop women's participation in entrepreneurship in the State of Palestine. Palestine: MAS Institute.
14. Issa, Mahmoud and Mansour, Mustafa. (2018). The Qualitative Gap between Higher Education Outcomes and the Requirements of the Palestinian Labor Market: Reasons and Matching Mechanisms, Journal of Al-Azhar University - Gaza, Humanities Series, Volume 20, Palestine: Al-Azhar University.
15. Crow, Randa. (2017). Mechanisms of financing entrepreneurial projects among university graduates, unpublished master's thesis, Algeria: Larbi Ben M'hidi University.
16. Fathi, Walaa and Abdel-Gawad, Mansour. (2018). Entrepreneurship Challenges in Palestine, Conference on Sustainable Development in a Changing Environment, Faculty of Economics and Social Sciences. Palestine: An-Najah National University.
17. Muhammad, Raslan and Abdel Karim, Nasr. (2011). The reality of small businesses and ways to enhance them in the Palestinian economy. Al-Quds Open University Journal for Research and Studies, Issue 23, Palestine.
18. Murad, Rami. (2020). The repercussions of the Coronavirus pandemic on small and micro-enterprises led by women in the Gaza Strip, Palestine: Women's Affairs Center.
19. The Ministry of Entrepreneurship and Empowerment. (2021). Sectoral Strategy for Entrepreneurship and Empowerment 2021-2023, Palestine.
20. World Bank. (2020). Doing Business 2020. (West Bank and Gaza Economic Profile).

Towards Effective National Policies to Support Youth's Small Entrepreneurial Projects

Prepared by:

Dr. Yahya Qaoud

Political science and public policy researcher

Introduction

Due to its pivotal role in production, employment, income, and pioneering innovation, entrepreneurship is a key economic sector for countries around the world, especially in light of the current global economic changes and transformations.

Entrepreneurial projects constitute more than 70% of businesses and generate more than 50% of jobs around the world (United Nations, June 27, 2022). The same can be said in Palestine, which, like the rest of the world's countries, is suffering multiple challenges including the Coronavirus pandemic, environmental challenges, and challenges arising from the Israeli occupation.

Small and micro-entrepreneurship projects are the most practical solution for a country like Palestine, which cannot build large businesses. Therefore, small entrepreneurial projects are the backbone of youth employment and reducing poverty rates attempts (Mashni, 2018).

Youth projects in the Gaza Strip face many internal obstacles that prevent their success and development. To overcome these obstacles, investing in young people is of great importance.

Investing in the human capital:

Human capital consists of the healthy knowledge, skills, and capabilities that people invest in and accumulate over the course of their lives enabling them to realize their potential as productive members of society. Investing in people—through providing nutrition, health care, quality education, jobs, and skills—helps develop human capital, which is key to ending extreme poverty and building more inclusive societies (World Bank, 2022).

Palestinian youth: Investing in the future:

Palestinian youth in the age group 18–29 constituted 22% (more than one-fifth) of the Palestinian society in 2021, according to the Palestinian Central Bureau of Statistics (PCBS). Promoting entrepreneurship among Palestinian youth, in proportion to their and the society's capabilities, is an investment in the future since youth is the most productive and vital segment of society.

However, despite the latent energies in Palestinian society, youth are the most affected by internal challenges and the Israeli occupation. Unemployment poses the biggest challenge for Palestinian youth, with rates reaching 64% among females and 33% among males. Unemployment rates in the Gaza Strip are even worse compared to the West Bank, reaching 67% among females and 24% among males.

Strengthening the human capital in Palestine begins with strengthening the "social capital". The years of division have shown the necessity of solidarity, interdependence, and joint action, in addition to prioritizing the collective interest, which we severely lack (Abu Qara, 2022).

In April 2019, the 18th Palestinian government created the Ministry of Entrepreneurship and Empowerment to be the umbrella body for the entrepreneurship sector in Palestine. The new ministry presented a sectoral plan that aimed at raising youth's awareness and modernizing the legislative and educational system. Besides the fact that the ministry works in the West Bank and not Gaza, it did not present any practical plans.

Suggested alternatives:

This paper presents a set of alternatives toward effective national policies to support youth's small entrepreneurial projects. It should be pointed out that real will is the most important criterion of any alternative, which would also require hard work.

First: Establishing a Palestinian entrepreneurship observatory:

The goal of establishing the Palestinian entrepreneurship observatory—whether by official or unofficial institutions—is to provide visions and practical solutions to overcome the challenges of entrepreneurial projects, especially small and micro youth projects, in Palestine, and provide advice and consultation to young people who are about to establish their entrepreneurial projects of their own.

The observatory would put an end to the fact that there are separate strategies in the West Bank and Gaza Strip, and both have not achieved any tangible progress yet on youth-related indicators, and give proper attention to the theories of "social capital" and create a conscious generation that is capable of resilience, taking regional geography considerations into account.

Second: Modern laws

The Palestinian Authority has legislated a set of laws aimed at regulating and developing the Palestinian economy, including the "Palestinian Basic Law", the "Palestinian Labor Law", the "Investment Promotion Law", etc., among other laws related to the Palestinian economy (Ruslan and Abdel Karim, 2011, pg 49).

However, these laws are insufficient to support youth entrepreneurship, given the Israeli policies and the internal division, which has greatly affected supporting government regulations and procedures.

What should be done is:

1. facilitating legal procedures that support youth entrepreneurial projects and providing legal and advisory assistance to them, and
2. introducing investment facilities related to supporting youth entrepreneurial projects and exemptions from government fees and taxes.

Third: Developing the educational system in Palestine:

Previous literature on entrepreneurship and economic empowerment confirmed the need to develop the educational system in Palestine in its various stages and specializations, in addition to developing the vocational and technical training system.

Many countries have included entrepreneurship in their educational curricula as an optional course or an after-school activity that includes teaching students project management techniques. Other countries developed school and university curricula to be adapted to the new labor market requirements, including courses on technology and modern marketing methods (Palestine Economic Policy Research Institute, 2007).

The following set of work mechanisms can improve the quality of education:

On the basic education level: The number of schools and students in Palestine is rapidly growing, which requires developing the educational system to be able to develop creative ideas in a way that is commensurate with the Palestinian environment.

On the university education level: Despite the increase in the number of higher education institutions in Palestine, the university education system is still without development that lines with global scientific developments or is commensurate with the Palestinian environment, as it does not support "entrepreneurship and innovation" or depend on "vocational training".

Work mechanisms that can inspire innovation in students:

1. Funding entrepreneurial projects and competitions: Motivating students at all stages to start entrepreneurial projects and directing them according to the environment and the requirements of the market requires funding student entrepreneurial projects by conducting competitions in all governorates.

2. Funding creative projects initiatives: Youth projects funding initiatives accomplish two goals: first, supporting creativity among young people; second, an attempt to truly employ young people and establish their entrepreneurial projects, even if they are small or micro.

Fourth: Searching for new markets and job opportunities:

In light of the rapid rise in unemployment and the saturation of the local market, it is necessary to search for new markets. This requires preparing graduates through business incubators and accelerators to work and compete in international markets.

We may find young people who have creative ideas, but they do not have the support so that they can implement them. Thus, business accelerators become of paramount importance in the Palestinian economy, entrusted with providing quality services to entrepreneurs.

Youth employment opportunities can be enhanced in the Palestinian work environment by following this set of procedures and mechanisms:

- 1. Searching for funding for creative ideas:** Decision makers, in partnership with the private sector and civil society institutions, must search for funding sources for youth projects with microfinance (Palestine Economic Policy Research Institute, 2007, p. 54).
2. Working with UN institutions to improve employment opportunities for young people.
3. Transforming the mentality behind funding small projects from relief-intended to development-intended.
4. Enabling young people to have access to funding sources, such as banks and lending institutions for small entrepreneurial youth projects.

References

1. Abu Qara, Akl, (2022): The Social capital and the current Palestinian reality! Al-Ayyam newspaper, April 23, 2022: <https://bit.ly/3BSgkwt>
2. United Nations, (2022): UNIDO and UNDP launch the “Lebanon Export Academy” in support of MSMEs in the agri-food and agriculture sector, press release, March 28, 2022: <https://bit.ly/3Kn7N6W>
3. United Nations (2022): Micro, Small and Medium Enterprises Day, 27 June 2022: <https://bit.ly/3pL2apE>
4. The World Bank (2022): Human Capital Project: Frequently Asked Questions: <https://bit.ly/3vS4FtE>
5. Palestinian Central Bureau of Statistics (2021): On the Eve of the International Youth Day, the Palestinian Central Bureau of Statistics (PCBS) issues a press release demonstrating the situation of the youth in the Palestinian society, December 8, 2021: <https://bit.ly/3bIy56z>
6. Raslan, Muhammad. Abdel Karim, Nasr. (2011): The reality of small and medium entrepreneurship and ways to enhance it in the Palestinian economy, Al-Quds Open University Journal for Research and Studies - Issue Twenty-third (2), June 2011.
7. Abdullah, Samir, and others. (2014): Policies to Promote Entrepreneurship Among Youth in the State of Palestine, Palestinian Economic Policy Research Institute - MAS.
8. Prince Mohammed bin Salman College of Entrepreneurship (2021): Global Entrepreneurship Monitor: <https://bit.ly/3QXO9Rv>
9. Mishna, Jihad. (2018): The reality of small entrepreneurial projects and ways to develop them, an unpublished master's thesis, Al-Quds University Abu Dis - Institute of Management and Economics.
10. Palestinian Economic Policy Research Institute - MAS, (2007): Towards Policies to Promote Entrepreneurship Among Youth in the West Bank and Gaza Strip.
11. The Ministry of Entrepreneurship and Empowerment (2021-2023): Sectoral Strategy for Entrepreneurship and Empowerment, Office of the Prime Minister / National Development Plan 2021-2023.