

MED BEST

**National report of Palestine
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Introduction

Peace process launched in the middle east in 1993 and as a result Palestinian National Authority has been established regarding this agreement, under the international community monitoring as a partner in this peace process, the first legislative elections was in 1996 which elected the 80 member of this council and the chairman of the Palestinian Authority **Mr. Yasser Arafat** [*Mr. president office official website: <http://www.p-p-o.com>*], as the first step of building future systematic organizations.

Since this period many projects launched to assist the Palestinian people and to enhance the economic performance, through the specialised ministries, and agencies from public and private sectors established for this purpose which will be discussed briefly below, all these Palestinian organizations have a unique mandate which is to build a better future for all Palestinians through establishing organizational bodies and these organizations are continually engaged in the reform process which will always enhance the general performance in all aspects towards a healthy life style that the Palestinian people deserve, based on the management and administrative rules, thus enhancing educational, cultural and health sectors and over all promoting the production culture to help Palestinians open new tracks through the promotion of the entrepreneurship culture. According to the Palestinian statistics, the number of Palestinians all over the world is about 9,305,222 million (*as Palestinian Diasporas and expatriates, and in the Palestinian territories*), and a projected number in 2005 in the Palestinian territories “*West Bank and Gaza strip*” equals to 4,106,455 million of which about 2,023,546 are females (50% of the population) according to the PCBS¹, with literacy rate of [98.9% for males and 98.8% for female in the age interval of 15-19 years; 98.5% for males and 97.3% for female in the age interval of 25-34 years; and 98.1% for males and 93.5% for female in the age interval of 35-44 years]; comparing these numbers with the illiteracy rate in some surrounding countries we notice that in Palestine illiteracy rate is 9% , while in Egypt the rate is 44.7% , 29% in Tunisia and 60.7% in Iraq.

The economic performance indicators [*GDP 3110.7 millions €², GNP 3424.3 millions € regarding to the PCBS 2002*] and the economic establishments in the Palestinian territories amounted to 68,139 establishments in 2002 distributed as “*Industrial 14,158; financial intermediation 475; construction 274; transportation, storage and communication service activities (profit and non-profit) 12,700; wholesale, retail, trade and repairs 40,089*”³.

Simplification of administrative rules

This field is one of the continuous mandates despite the continuous reforms in the area; several steps have been undertaken in order to build the institutional structure and to increase the capacity of the Palestinian National Authority institutions. These steps include (not exclusive); Coordination between line ministries (*Ministry of Planning, Ministry of Agriculture, Ministry of Finance, ministry of Education and Higher Education , and Ministry of National Economy*) through the Palestinian ministrel council [*website of Mr. prime Minster office www.pmo.gov.ps*]; Formation of the Public-Private sector coordination forum, headed by the Minister of National Economy, (*contact information [Mr. Maher Masri, Tel: +970 2 298 1213, Fax: +970 2 298 1208 ,mobile: +970 59 653467, e-mail: Maher.masri@met.gov.ps]*), and involving the Ministers of Finance, Agriculture and the Governor of the Palestinian Monetary Authority as well as senior representatives of the various private sector organizations.

¹ PCBS: Palestinian Central Bureau of Statistics.

² US \$ = 4.47, EU €= 5.43, JD = 6.31; currency rate on NIS, Saturday, July 4, 2004, Jerusalem.

³ PCBS: 1999-2002 report on the industrial establishments.

Creation and implementation of Management Information Systems, in various Palestinian ministries for example the Ministry of National Economy [*contact information* www.met.gov.ps / MIS Dept.]; and PIPA [*contact information* of the MIS service provider for PIPA, ASAL technology, P.O. BOX 4285, Al-biereh, Tel: +970 2 2409101; Fax: +970 2 2409103, e-mail: info@asaltech.com; website: www.asaltech.com] are headed towards the goal of E-government; simplifying existing regulations and licensing procedures, particularly in the area of industrial licensing, land titling and R&D centers; modernizing, harmonizing existing laws and regulations and providing national coverage with respect to company, commercial agency and intellectual property rights registration; introducing effective mechanisms for the enforcement of laws and regulations [*Palestinian legislative council website*: www.pal-plc.org]; improving Public-Public and Public-Private coordination; and a big step was taken by the Palestinian Authority, in collaboration with the staff of the international Monetary Fund, which was producing the West Bank Gaza Strip Economic Framework (EPF) progress report, objectives of the EPF can be summarized in the primary objective which is to ensure that economic policies established in the coming years have positive and significant contributions to overcome the challenges facing the Palestinian economy. It is recognized that the most important contribution that the Palestinian Authority can make to raise the standards of living of the Palestinian people is by removing any relevant obstacles that might stifle private investment and growth.

And as a result of the Palestinian policies, we can proudly say that IMF has considered Palestine as one of the most open economies in the Middle East.⁴ “<http://www.imf.org>”.

Palestinian Priorities for Simplification of Administrative Rules and Procedures

In the Public Sector, E-Government and management information system; Internal restructuring and reform; Drafting and enforcement of related Laws and implementing regulations; Human resource capacity building.

Public Sector Institutions engaged in Simplification of Administrative rules process

Palestine Investment Promotion Agency (PIPA)

Public private partnership in managing the Board of Directors of PIPA , a combination of 5 Private and 8 Public sector institution representatives chaired by the Minister of National Economy. **PIPA's Mission** “*We build a better future for all Palestinians by providing constantly improved customer service to foreign and domestic investors, by utilizing an effective One-Stop Shop, special Investment Incentives and State of the Art technology to attract investment. We facilitate cooperation between the private sector and government, thereby creating and maintaining a more competitive investment environment.*”, PIPA mainly working through: Creating A One-Stop Shop to assist all investors for licensing their projects and getting approvals, acquiring incentives and income tax exemptions for investors, Targeting foreign and local investors, Providing Business support services, Establishing an investor targeting system to keep them informed on what's new in Palestine, including a database of information on costs, investment opportunities and financing, PIPA is also e-business ready, and finally Monitoring and enhancing foreign direct investment flow. PIPA is headquartered in Ramallah, with office in Gaza; and very soon abroad representing offices. (*Contact information*: [Mr. Jaffar Hdaib, General Director of PIPA, P.O. Box 1984 Ramallah, Palestine tel: +970 2 2988 791, 2; Fax: +970 2 2988 793; Mobil: +970 59 206304; email: Jhdaib@pipa.gov.ps, website www.pipa.gov.ps])

⁴ VALDIVIESO R. and others, West Bank and Gaza: Economic Performance, Prospects and Policies (Washington D.C.: IMF, 2001) p.112.

Palestinian standards institute (PSI)

PSI is Palestine's standards organization and the connection point to the global quality infrastructure. Founded in 1994, PSI provides access to national and global standards, accredited testing facilities, calibration services, and certifications. PSI facilitates trade and investment in Palestine by meeting the needs of business and industry for metrology, standards, conformity assessment and quality. It advances citizen health and safety and the protection of the environment. PSI is headquartered in Ramallah, with offices in Gaza, Hebron and Nablus. PSI main activities are involved in: standards purchasing, application for the PSI Quality Mark, Inspection Services, Testing Services and proposing new methods to enhance the quality of products in the Palestinian territories. (*Contact information [Nuzha St. – Burj Al Akhdar Building, P.O. Box 2258 Ramallah, Palestine Tel: +970 (2) 298 4144 / 296 5191; Fax: +970 (2) 296 4433; E-mail: info@psi.gov.ps, Website: <http://www.psi.gov.ps/>]*)

Palestinian Industrial Estates and Free Zones Agency (PIEFZA)

Main objective is to establish a high standard infrastructure thereby encourages investors to concentrate only on their productive activities, Set up a One-Stop-Shop to facilitate investment procedures and minimize bureaucratic requirements, Apply and follow up the investment incentives law in favor of investors in the Palestinian Industrial Estates and Free Zones, Prepare, develop and supervise the program for all the Palestinian Industrial Estates and Free Zones. (*Contact information [P.O. Box 2073 Ramallah, Palestine; Tel/fax: +970 2 2960351; E-mail: info@piefza.org, Website: www.piefza.org]*)

Private sector institutions

Palestinian federation of Industries “PFI”

PFI aims to develop a Palestinian industry with competitive advantages. It is a national, non-profit, private sector organization that provides services to all industrialists in Palestine. Specialized industrial associations were established during 1996 in the West Bank and Gaza Strip. These associations represent all major producers in sub-sectors such as textile, garment, food, chemical, pharmaceutical, stone and marble, information technology, leather and shoes, cartoon and paper, metal work, handicrafts, media, etc.

The associations involve more than 4,000 members. PFI sets out its mission as developing a Palestinian industry with competitive advantages and have the objectives of Assisting in building the capacity of the Industrial Associations in the Palestinian territories, Enhance environmental and occupational safety awareness among the Palestinian industrialists, Developing and implementing with cooperation with the Ministry of Economy; Trade and Industry and other related organizations; industrial upgrading programs to meet globalization requirements; Participation in shaping and implementing international trade agreements; Cooperation with public sector and other institutions to establish and implement policies and procedures to develop the sector; Conduct research and studies and establish industrial data bank that would contribute to the development of the industrial sector; Coordinate with public, private and non-governmental organizations related to the industrial sector; and Building strong working relationships with counterparts in the Arab countries. (*Contact information [P.O. Box 574 Ramallah, Palestine; Tel: +970 2 240 7334, fax: +970 2 240 7335; E-mail: info@pfi.ps, Web: www.pfi.ps]*)

The Federation of Palestinian Chambers of Commerce Industry & Agriculture [FPCCIA]

A non-profit national organization, that serves as an umbrella organization, a chain link between the different constituent chambers and by extension for the Palestinian business community as a whole. The Federation's main objective is to promote economic development and private sector growth in the West Bank and Gaza Strip as well as to provide a forum for the views of the country's private

sector in the decision- making process. The Federation's task is to help rebuild and restructure constituent chambers to enable them to cope with the needs of their members and the requirements of globalization.

The membership of the 14 member chambers of the West Bank and Gaza totaled 32,200 members by the end of 1998, representing nearly half of the operating businesses in Palestine. Business members of the chambers are required to pay a one-time registration fee plus an annual membership fee depending on the membership category, there are four categories: excellent category 116.3 € One 87.2 € Two 46.5 € Three 23 € (*Contact information [E-mail: fpccia@palnet.com , Home page: www.pal-chambers.com]*)

Palestinian Trade Center “PalTrade”.

The Palestine Trade Center (PalTrade) is a national, non-profit, membership-oriented organization that provides a full range of trade and business development services. It is comprised of businesses representing all sectors of the economy and all aspects of the Palestinian private sector. “PalTrade” also aims at playing a key role in the development of the Palestinian economy through activities in the development and implementation of a private sector policy dialogue with the government on trade and business development issues. Companies interested in becoming members of PALTRADE have to fill out an application form and to pay a one-time registration fee of 823 € plus an annual subscription fee of 411.5 € “PalTrade” services include trade information and promotion, office and communications facilities, human resources development (Training), product/service development and market & sector development. “PalTrade” operates through offices in the West Bank and Gaza Strip. In addition, it has market representation offices in the U.S., the Netherlands, and the Gulf. (*Contact information: [Tel. 970 (or 972) 2-2408383; Fax. 970 (or 972) 2- 2408370; P.O. BOX 883, Ramallah, Palestine; E-mail: info@paltrade.org Home Page: <http://www.paltrade.org>]*)

Palestinian Information Technology companies Association “PITA”

The Palestinian Information Technology Association (PITA) was founded in early 1999 in Ramallah, Palestine as a membership-based organization for locally registered companies in the IT sector. The association represents approximately 70 companies from various sub-sectors including hardware distributors, software development firms, office automation vendors, Internet service providers, telecommunications, IT consulting, IT training and related businesses. “PITA” has the purpose of representing the collective interest of the private IT sector in Palestine and the vision of recognizing PITA as the leader in positioning the IT sector, as an economic pillar engaged in the technical and non-technical IT human resources and human resources related institutions in-order to expand qualified pool of which uphold the level of professional standards; a mission Statement that stands for promoting and defining IT private sector through Advocating business enabling policies, mechanisms and environment through public-private partnership and Promoting the Palestinian IT sector locally and internationally by facilitating access to the markets for the benefit of the PITA members. (*Contact information: [Tel: +970-2-2408478; Fax:+970-2-2408479; Borj Elshaikh 4th floor, Jerusalem - Al Ram main street, Email: info@pita-palestine.org ; website: www.pita-palestine.org ; Mr. Tareq Maayah - BoD Chairman (Exalt Technologies Ltd) Tel:+970 2 2965740, Fax:+970 2 2965742, Email: TareqM@Exalt-Tech.com].)*

Palestinian Information Communication Technology Incubator “PICTI” which is working now in the IT market in Palestine since March 2003, PICTI, the Palestine ICT Incubator, was established as an independent non-profit incubator, championed by the Palestinian Information Technology Association (PITA) and is the first of its kind in Palestine. PICTI will offer a state-of-the-art facility to nurture and support the commercialization of ideas and enhance the development and growth of dynamic enterprises. Designed as a hybrid model, will provide services to incubator

clients both physically and virtually. By building up new management talents and human capital, facilitating access to capital funding, increasing access to global markets and accelerating access to critical telecommunications infrastructure, and will make an important contribution to economic progress in Palestine. The primary objectives of the incubator will be to create jobs, enhance ICT skills, increase the rates of ICT business establishment, and boost ICT penetration and usage in non-IT sectors. PICTI has established an association with a venture capital fund and welcomes more such cooperation. Any related venture capital funds created, will be managed and controlled independently. *Management of PICTI* is a contract awarded to MSI (www.nathaninc.com) / DAI (www.dai.com) to support the partners in the implementation and start up of PICTI. (**Contact information** [*Palestine ICT Incubator, P.O. Box (2460), Ramallah, Palestine; Tel. +970 2 240 8478, Fax. +970 2 240 8479, e-mail info@picti-palestine.com; website www.picti-palestine.com]*)

Commercial and Industrial Registration Processes

This process is smooth enough for any new entrepreneur looking to establish his/her own new enterprise, because when the application form is completed the registration process will not exceed two working days since the application date [*number of registered companies “all forms” in the Palestinian territories since Oslo is 9,353*]; fees for the various forms of the companies: **Public Private Shareholding Companies** with fees of 84 € for “*registration, verification of companies name, per shareholder in case of signature in the presence of companies controller*” plus 1% fee based on stated capital; **Ordinary companies** with fees of 122 € for “*registration, verification of companies name, per partner in case of signing in presence of companies controller*”; **Foreign Shareholding Companies and Ordinary Companies** with fees of 581.4 € if company’s capital in country of origin is one million JD “Jordanian Diner” (1,160,092.3 €) or more while if the company’s capital is less than one million JD “Jordanian Diner” (1,160,092.3 €) fees of 446 € plus in both cases a fee of 84 € for “*registration, verification of companies name, signature*”; and for sure a defined fees for various type of modifications of companies.

Liquidation process of a company is either by internal or by court; internal agreements between partners with the procedures of: Decision of maturity; hiring clearance expert; providing the government department by liquidation decision and the final report of the expert; announcing in the local news paper for minimum three times. The expert should show the balance sheet of the company “debit and credit”.

Access to Finance

Since the Palestinian authority is the main pillar in the peace process in the international community, the sources of finance for Palestinian enterprises are available from Commercial Banks, international programs for supporting Palestinian people such as “UNDP/ micro and small business support, EU programs through PBC (*contact details* [*Mr. Chris August, General Manager and CEO Head Office Tel: +970 (2) 2 296 9800, Fax: +970 (2) 2 296 9801, Email: info@palbanking.com; website: www.palbanking.com ; P.O. Box 599, Ramallah, Palestine]), USAID Programs [*USAID for Palestine website: <http://www.usaid.gov/wbg/> ; ”Donors supporting⁵ “Total pledges of 6,046,580,177 €, total commitments of 5,520,882,343 € 91% of pledges, total disbursement of 3,660,406,897 € 66% of commitments, commitments loans 779,389,230 €, disbursement loans 4,075,938,774 €” and many various national and International organizations.**

In addition to all these programs the Palestinian authority drafted many supporting laws to help enterprises in Palestine to sustain, one of these regulations is the Investment Law which Guarantees the prevention of Nationalization and Confiscation of Foreign Investment, the right to transfer capital and resources, and to grant special incentives to projects that are eligible to the law, i.e. this

⁵ Ministry of International Cooperation “MOPIC”, MOPIC June 2003, years 1994-2003

law is implemented and updated by PIPA a brief on the incentive policy in the law on Encouragement of Investment in Palestine is as follows: incentives policy is dictated by the Law on Encouragement of Investment in Palestine, 1998. In essence it is as *“The fixed assets of an enterprise receive various exemptions on customs duties for a specific period of time, defined by PIPA. This law also applies to spare parts (meeting certain criteria), fixed assets for developing or enlarging an already existing enterprise, and price increases due to changes in costs associated with price hikes in the exporting country or increases in shipping or transformation costs; Exemptions on income taxes are also granted generally to investments of greater than € 82,300, with nominal tax rates being charged thereafter on net profit for a given number of years based on the size of the investment; Additional exemptions and incentives may be granted to enterprises engaged in export activities; Special incentives and exemptions apply to investments in hospitals and hotels. All cases are however reviewed on an individual basis and exemptions and incentives applied as warranted.”*

Despite of all efforts to facilitate Access to finance in Palestine still some Difficulties do exist and the Palestinian authority is working its best to control them, these difficulties are mostly related to the Lack of track record for businesses, Lack of Guarantee Mechanisms resulting from the incoherent land registration system perpetuated by the current temporary circumstances; The land registration authority has been formed, and is now in the process of regulating registration, and Business Plans, also the Lack of strong judiciary system and more over many Financial Institutions are not willing to risk their portfolio, due to the lack of a deposit insurance scheme but even though still there are some loans that are given to enterprises in various interest rates depending on the size of business, and Micro loans given to micro enterprises especially for the small businesses operated by Women. Such programs are managed by for example **Faten organization**, which works to provide Palestinian micro-entrepreneurs with sustained access to financial services, to offer diverse credit products and other consultancies, to combine cost-effective methodologies with exemplary client services, to become financially sustainable institution and contribute to solving the unemployment problems. (*Contact information [P.O. Box 2446, Ramallah, Palestine; Tel: 00970 - 2-2961470/1, Fax: 00970-2-2961472, e-mail: faten@faten.org, website: <http://www.faten.org>]*)

Such proposed policies can help the private sector especially in the current situation, the Palestinian authority defined a program called **Private Sector Crisis Support Fund** which could provide medium and long term financing, largely in the form of guarantees, through established financial intermediaries, and capital to banks that are likely to remain viable despite crisis. Given the urgent nature of crisis, the primary objective of such Fund would be rapid disbursement over the first 6-12 months of operations. Financial resources for the fund could be provided by a number of donors and would be distributed through a multi-donor trust fund. And as expanding the access to **micro finance** through existing micro credit programs and institutions/intermediaries would enhance access to financial resources for smaller scale borrowers, entrepreneurial, and to lower income levels of the population. The fund's support to enterprises would primarily take the form of partial risk guarantees in conjunction with new or incremental lending from existing and qualified micro credit programs. Eligibility criteria for guarantees to micro enterprises would be similar to those for SME borrowers from banks. Consideration would be given to guaranteeing up to 75% of incremental credit to an existing micro enterprise with a sound track record because of the potential entrepreneurial business activity and family level income generation such enterprises could be stimulated under current economic conditions. Given the small size of micro enterprise loans, micro credits would provide fairly with outreach.

Micro, Small, and medium enterprises, as a brief in the implemented programs in the Palestinian territories which could be expressed in the *“EMPERTEC – UNCTAD, SME's Program – EU, PICTI – ICT incubator, Micro-enterprise program – US/UNDP, Market Access Program – USAID and*

INASH – USAID”; the challenges currently facing the Palestinian micro, small and medium enterprises (MSME) are enormous till now and the Palestinian Authority institutions and the international organizations are working to overcome these challenges by drafting wise policies.

And as the main ongoing financial support programs we find **Islamic Financing Program (Murabaha)** The program extends financing to the Palestinian SME’s according to the Islamic rules and regulations “Murabaha”. It is financed by a co-financing agreement signed with the Islamic Development Bank (IDB), according to this agreement the “IDB” commitment is €8.23 million and the PBC commitment is €1.65 million. This fund will be utilized to provide financing and technical assistance to the Palestinian SME’s. Until now the SLU has received €2.14 million out of this agreement.

Loan Size: From €4115 - €20575; **Loan Period:** From 1 to 4 years with a maximum grace period of 6 months; **Repayment Method:** Depends on the project cash flows. It may be collected monthly, quarterly, semi-annual, annually or seasonal particularly in the case of agricultural projects; **“Murabaha” Fees and Profit:** The program extends financing to projects according to the Islamic Laws and Regulations “Murabaha” with a percentage of 6.5%; **Collateral and Guarantees:** The client has to provide adequate collateral and guarantee. The collateral and guarantees varies in Palestine from one region to another according to the legal situation. Mainly one or more of the following types of collateral and guarantees can be accepted *“Termination benefits and provident funds of employees working in recognizable NGOs; Cars with comprehensive insurance; Bank guarantee; Registered land (Taboo); Apartments registered in the Taboo; Corporate Stocks traded in Securities Exchange Markets; Any other accepted legal collateral”*. The accepted collateral varies from one project to another depending on the client's credit history, project type, project financial soundness and economic viability.

Italian Commodity AID Program

The Italian Government undertook providing EU €20.575 million to support the development of small and medium sized manufacturing enterprises in the private sector in order to improve the quality and productivity of products and competitiveness of these firms. The purpose of these improvements is to increase exports, create jobs, and income in the private sector. This will be achieved through the establishment of a “revolving” on lending scheme of the Italian funds to finance imports of Italian goods and services including technical assistance, installation costs, training and support services, etc.

Arab Trade Finance Program

The Arab Trade Financing Program (ATFP) is a specialized financial institution, established by the Board of Governors of the Arab Monetary Fund (AMF). Its objective is to develop and promote trade among Arab countries and enhance the competitive ability of Arab exporters. This is achieved by providing refinancing in the form of lines of credit, to Arab exporters and importers, through national agencies appointed by monetary authorities in the Arab countries.

ATFP assists Arab firms in their export activities by providing their buyers in the Arab world with internationally competitive financing packages. In doing so, ATFP strengthens the position of competitive Arab firms and vice a versa for other competitors operating in the Arab markets.

In its endeavor to enhance the competitive ability of the Arab exporters, ATFP has been undertaking the establishment of an Intra-Arab Trade Information Network (IATIN), with the financial support of the United Nations development Program (UNDP) and the technical cooperation of the international Trade Center (ITC). ATFP has been mandated by the Arab Economic and Social Council, of the Arab League, to implement and administer the Network on a regional basis for the benefit of all Arab countries.

Finally as one of the main difficulties facing the financial process in the Palestinian territories is the Lack of a secure political environment this affects the businesses.

Taxation

Is a good example of modern system developed to meet the needs of the citizenship and government, various types of taxes are drafted such as Individual Income, Corporate Income, Value Added Tax (VAT), and Foreign Dividend Tax, in various rates that are well defined, studied, and updated regularly to satisfy the needs. To be more clear the Taxation of Companies, Local or foreign are explained in this paragraph:

Flat Corporate Tax of 10%; **Individual Income Tax** Rates depending on the Annual Income in (euro), so the Income Tax Rate category of 1-5,065 € equal 5%, 5,065-12,155 € 10% , 12,155-20,258 € 15%, 20,258 € and up 20%; **Value Added tax (VAT)** is charged at a rate of 17% while some transactions specified in the law are subject to zero. The exceptions are applied to tourism services, fruits and vegetables, products that are ultimately exported. Companies and institutions whose revenues do not exceed 9,876 € per year according to Paris protocol article 6/4. A special VAT applied on financial institutions including banks and insurance companies, which levied at a rate of 17% on monthly salaries and on profit. Non profit organizations are exempt of VAT; **Corporate Income Tax Rate** Palestinian companies and businesses are primarily subject to a 20% tax on income. Losses, equipment depreciation, and business expenses are also factored into the calculation of taxes. **Foreign Dividend Tax** A 20% tax is withheld at source from dividends distributed in Palestine to shareholders of a foreign company. There is however no tax due on dividends distributed to shareholders of Palestinian companies regardless of where they live or their nationality, and regardless of whether they are as individuals or as a company. An automatic deduction at the source of 25% is withheld from companies, unless companies or individuals obtain a Deduction at the Source Certificate, which grants a reduced rate that ranges between zero and five percent. (*Contact information Ministry of Finance Ramallah, Tel: ++970 2 2400650, Gaza, Tel: ++970 8 2826188, Email: cbomof@palnet.com, customs department*)

Access to Education and Training, is the main interest of the Palestinian institutions from the both sides public or private, since there is a belief that this sector will help the Palestinian people to be a step towards the independency life that they deserve, for that we witnessed fast increase in the literacy rate among Palestinians, the educational councils in the universities which amounted to [13 university] in parallel with the policy department in the ministry of education are trying to promote the creativity culture, through providing specialized courses in management skills or creating a business even providing the opportunities for the people to have their first educational degree or equip them by the certified certificates in a various fields of specialty, such centers and universities for example (“Al-Quds University www.alquds.edu , Bierzeit University www.birzeit.edu , Il Najah University www.palestine-net.com/education/najah.html, Bethlehem University www.bethlehem.edu , Islamic University-Gaza www.palestine-net.com/education/iug.html”); and other colleges and Universities any information and detailed data can be found using the website of the Palestinian National Authority [www.pna.gov.ps]; all this efforts from universities and the technical colleges are towards creating an entrepreneurship culture in the Palestinian society, even in the scholar level there is some trial programs to promote this culture in the elementary and secondary levels, in addition to this process and towards the same goals the vocational training centers are established in the Palestinian territory either these centers are managed by the governmental ministries, i.e. vocational training center which is a part of the Ministry of Labor, specialized in providing technical programs for any eligible person; these programs are briefly “Management Skills, IT software “application and programs”, business planning tools, etc. ” [Ministry of Labor website: www.mol.gov.ps]; more over many vocational colleges exist and are

managed by the United Nations offices in the Palestinian Territories these offices serve all the Palestinians and especially the refugees portion which counts [42.7% males and 42.8% females in the Palestinian territories, distributed as [33 refugee camps distributed as 25 camps in West Bank presents 17% of refugees and 8 camps in Gaza Strip presents 21% of refugees] , there is about 26 technical colleges that provide various programs starting from the technical vocational colleges which graduate a skilled **Know-How** people who are ready to start up their new small or medium business or workshop, or to be contributed in an existing enterprise depending on financial issues.

Other main international organizations that provide the educational support in Palestine are GTZ and its sub-organizations as a good example for the Vocational training. (*Contact information [Mr. Volker Buehning, e-mail Volker.buehning@gtz.de, website: www.gtz.de ; tel: +972 2 296 1683; Fax +970 2 296 1682; P.O. Box 38383, East-Jerusalem 91383]*)

Gaza Industrial Estate “GIE” (www.piefza.org/a_zone_gie.htm) is a good example of providing vocational training centers, banking services, postal services, private customs clearing centers, and shipping, forwarding and employment services. All of these facilities are expressly dedicated to helping prospective investors conduct business in a smooth and efficient manner.

One of the main programs implemented in the Palestinian territories is the (TVET) which has the Vision of: *“Ideally the project will contribute to the improvement of the economic growth and employment in the Mashreq-Region and related countries by enhancing the quality of vocational training in conformity with labor market requirements and the employment prospects of school leavers and other young people”*, to reach an efficient system by achieving efficient coordination between the various educational and training providers; especially in using the available resources in an efficient manner; Effectiveness through the development of human resources and developing curricula and systems; including licensing and accreditation; Relevant by establishing a real partnership between the industry and the business especially in design and training provisions; Flexibility by adopting the modular curricula and introducing a flexible mobility between training levels and streams; Sustainability through the provision of a minimum governmental funding and diversifying sources of funding; and Equitability by providing equal educational and training opportunity for all groups.

“MA’AN’S” TRAINING PROGRAMS is a good example of Palestinian non profit organizations in the processes of facilitating the access of education either vocationally or academically; Since its inception in 1989, “MA’AN” had an extensive experience and success in designing, developing and delivering training and developmental programs and has trained more than 33,150 people for more than 25,700 hours of training. As a vocational and developmental institution, Capacity Building, Institutional Building and Organizational Development Programs along with training have been core components of “MA’AN’s” activities since its establishment. “MA’AN’s” training methods serve to foster new knowledge and skills while at the same time building new levels of self-awareness and confidence. “MA’AN” believes that training must be practical and based on people’s own experiences in order to achieve the aims of self-reliance and empowerment. To this end, “MA’AN’s” training courses are based on participatory methods, using group discussions, role-playing, individual case studies and the latest audio-visual participatory technology such as CD-ROMs and video-recordings of class sessions. Furthermore, “MA’AN’S” strongly believe that training does not end once the course is completed; they are committed to follow up and further training would be applied to ensure that the knowledge, skills and attitudes have indeed been influenced and developed. At “MA’AN”, evaluation on the impact of each training component is important for redesigning the approaches, contents and the various techniques used. [*Website: <http://www.maan-ctr.org>*];

All mentioned programs are established and enhanced to promote and develop the entrepreneurial spirit among the youth and adults.

Promotion of research and innovation

The role of science and technology is essential to the goals of the Palestinian Authority of promoting competitiveness, creating employment, enhancing the quality of life, developing human resources, working towards environmental sustainability and promoting a society able to consume and produce information technology (information society). during the first year of PNA existence, cooperation with the European Community and the international organizations in the field of science and technology was mainly concentrating on Enabling the participation of Palestinian researchers in EU-Funded research programs open to third countries (*fourth and fifth framework program, mainly INCO*); Involving Palestinian representatives into the process of drafting policy lines for research cooperation (such as the Monitoring Committee for RTD) and into other R&D related EU initiatives and networks (like: EUMEDIS, SMAP, EUROMED INDUSTRY FORUM, EUROMED ENERGY FORUM, WATER-SEMIDE, MED-STAT, EUROMED-AUDIOVISUAL, EUROMED HERITAGE, ANIMA”, “ www.animaweb.org ”); Enabling Palestinian universities and colleges to maintain acceptable academic services while reorganizing themselves and looking for new sources of funding through a financial agreements with the EU to support some of the universities recurrent coast after 1996;

Palestinian interests of supporting the research and development centers we witness the centers of excellence being established in the main universities in Palestine such as the “center of excellence” of Al-Quds University in Abu Des for IT as a pre-incubating center. As an example of success center of excellence in Palestine, (**Said Khoury Information Technology Center of Excellence** which has mission of serving Palestine's future generations in the field of Information Technology, by providing them with access to opportunities for income generation. It will contribute to Palestine's ability to build a significant Information Technology industry. The Values Through its programs, including Information Technology, and its methods of operation, Al-Quds University expresses its commitment to: Educational excellence, Promoting the full realization of human potential, Providing opportunities regardless of sex and social status, Transparent and participatory decision-making, Maximizing the capacity for self-reliance); (*Contact information Al-Quds University, SKITCE, info@itce.alquds.edu Tel: +972-2-2790852, Fax: +972-2-2791508, 8 Nur Ed-Din Street, P.O. Box 51000, Jerusalem*).

Discussions of creating such ideas “*center of excellence*” in the American University in Jenin for science; moreover we witness the first Palestinian incubator for IT which will provide new entrepreneurs by the professional space and the wise advice to implement their ideas as mentioned in the section of private sector organizations engaged in the simplifying of the administrative rules [*website: <http://www.picti.org>*]; As a step of promoting the R&D culture, the Palestinian Authority is working to draft a modern law of patents to favor the research among Palestinian institutions either from public or private sectors, and as ongoing procedure of patent registration in the Palestinian territories we can describe the procedure sequence as: inventor submit the application on the prescribed form for obtaining a patent and attached to the specification of the invention including type and usage of the invention; specification start with the name of the invention and the end with an obvious statement about it; the registrar may ask the inventor to submit clear and appropriate photos, illustrative designs or samples and patterns of the invention, the applicant will be informed in writing of the approval or rejection, the registrar will publish the invention in the special publication for that purpose for the information of public, any objections against granting the patent should be within two months from the date of publishing; finally in case of no objection, the registrar shall issue the patent and its seal. The patent duration is 16 years as of the date of its

issue; [contact information of the patent department, Ministry Of National Economy, Tel: +970 2 298 1213, Fax: +970 2 298 1208, <http://www.met.gov.ps/english/companies/industry.html#patents;>”].

Information and business Support Services

The Palestinian Authority, in collaboration with the staff of the International Monetary Fund, produced the West Bank and Gaza Economic Policy Framework (EPF) aiming to ensure that economic policies established in the coming years make a positive and significant contribution to overcoming the challenges facing the Palestinian economy. Many organizations exist to provide service support to private sector firms including the chambers of commerce, industry and trade associations, and consulting firms, Such organizations are active in gathering market data, conducting workshops and training, while providing a contact point for business people seeking investment opportunities; here The Aftercare program provided by Palestinian investment promotion agency PIPA should be mentioned as one of best examples of support services; this service provided to the investors either local or foreign who benefited of the investment encouragement law; more over one of the main testimonies of supportive policies in the Palestinian authority in involving the business associations representatives of private sector and some associations in making decisions in many boards of directors of governmental agencies i.e. PIPA, PSI and PIEFZA. **As Some key business organizations ‘private sector’ in Palestine we can mention PalTrade** which has strong market networks worldwide and serves as the first point of contact for external trade organizations seeking to establish linkages with the Palestinian private sector.

Chambers of Commerce The Chambers of Commerce & Industry, organizing, representing, defending and promoting commercial & industrial interests, together with setting up close relations with local and foreign Chambers. The Chambers’ main focus is enhancing economic and productive activities, and particularly emphasizes strengthening relationships among its members. [14 chamber of commerce with 32,200 member, in the Palestinian territory, Home page: www.pal-chambers.com],

Main functions of the Chambers, Accrediting Certificates of Origin for goods of commercial, industrial and agricultural manufacturing, together with accrediting all other Certificates that the Minister of Commerce and Industry permits or requires, Accrediting the data and credentials of individuals and commercial companies when requesting a commercial record, or asking for its renewal or its amendment, Working on offering a special cadre of qualified, efficient and capable people who are able to shoulder the responsibility of administering specialized departments.

(contact address of the main chambers of commerce” Ramallah Chamber of Commerce, P.O. Box 256, Ramallah, Tel.: + 972 2 2956043, Fax: + 972 2 2955052, Total registered members: 2,481, Potential members: 7,000; Nablus Chamber of Commerce, P.O. Box 35 Nablus, Tel.: + 972 9 2380335, Fax: + 972 9 2377605, Total registered members: 4,328, Potential members: 10,400; Bethlehem Chamber of Commerce, P.O. Box 59 Bethlehem, Tel.: + 972 2 2742742, Fax: + 972 2 2741327, Total registered members: 2,500, Potential members: 4,500; Gaza Chamber of Commerce , P.O. Box 33 , Tel.: + 972 7 2864588, Fax: + 972 7 2864588, Total registered members: 5,727, Potential members: 19,500)

The support of MSME’s is one of the main interests of the Palestinian Authority since the challenges facing Micro, Small and Medium Enterprises MSME’s are currently enormous, the PNA and Palestinian organizations from the private sector in cooperation with a Variety of international organizations are offering programs to help the MSME’s to survive and over come the situation,

good example of these policies is the cooperation with the German Agency for Technical Cooperation (GTZ); which is financed by Ministry for Economic, Cooperation of the Federal Republic of Germany (BMZ); which launched the Small Enterprise Development Project. One of the major aims of this project has been to establish, together with the Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA), a Small Enterprise Center (SEC) that links entrepreneurs with service providers. Initially, the SEC focuses its activities on the area of Ramallah and Al-Bireh. At later stage, the SEC shall expand to other cities in Palestine.

Another example of support services provided by the private sector is “Tahkeem” The Center for Settlement of Commercial Disputes which was established in 2002 pursuant to the Arbitration Law. Tahkeem is the first Palestinian center specialized in offering arbitration and mediation services to the business community. The center has two main branches; one in Ramallah and one in Gaza.

One of the good supportive organizations in the Insurance wise in the Palestinian territories is (**MIGA**) since the investment Guarantee Funds are financed by the World Bank and administrated by the Multilateral Guarantee Agency “MIGA”. Which provide long term-term political risk insurance to foreign direct investment coverage up to 2.88 € millions per project during 15-year period. Coinsurance is also available to investment coverage capacity [website: www.ipanet.net]; same as the **IAIGC** (*Inter-Arab Investment Guarantee Corporation*) which is a Pan-Arab regional organization with membership of all Arab countries (except Comoros Islands). It was established with the aim of promoting inter-Arab investments and trade. It commenced its operations in April 1975 from its main offices in Kuwait. As at 31/12/2003 the Corporation's paid up capital was around EU €70, 81 million, and its total reserves stood at EU €148.4 million. IAIGC has two objectives: to provide insurance coverage for inter-Arab investments and export credits against non-commercial risks for the former and non-commercial and commercial risks for the latter, and to foster inter-Arab investment flows through the awareness of potential investors of investment opportunities, provision of institutional support, and development of human capital; (*contact information* [Headquarters P.O BOX 23568 Safat 13096 State of Kuwait; Tel: (00965) 4844500, Fax: 484120,4815741,4815742, Tlx: 46312, 22562 Kafeel KT, e-mail: info@iai.org.kw , Website: www.iaigc.org); most of those supportive agencies are engaged in a cooperative framework with the Palestinian investment promotion Agency “PIPA” leading the policy of simplifying and supporting economic performance in the Palestinian territories.

Moreover many Palestinian organizations in both private and public sectors provide the interactive databases or query forms like Palestinian Central Bureau of Statistics PCBS which provide users by any needed statistical data and most of these data are for free (*contact information: P.O. Box 1647, Ramallah, Palestine; e-mail: diwan@pcbs.pna.org; website: www.pcbs.org], chambers of commerce web site [E-mail: fpccia@palnet.com ; Home page : www.pal-chambers.com] and (PIPA (www.pipa.gov.ps) which is ready to provide visitors by any needed data as most of private and public sector organizations providing these services).*