

Challenges and Solutions: Palestinian Youth Employment and Entrepreneurship



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ABSTRACT: Youth unemployment in Palestine remains one of the most significant socio-economic challenges, with a disproportionate impact on young graduates. Despite a large pool of educated youth, the labor market struggles to absorb them, primarily due to a mismatch between academic training and market needs, limited job opportunities, and socio-political barriers. This paper explores the key challenges Palestinian youth face in entering the workforce, emphasizing the roles of education, underemployment, and the impact of political instability. Additionally, it examines the potential of entrepreneurship as a solution to youth unemployment, focusing on the obstacles young Palestinians face in establishing businesses, such as limited access to finance, regulatory challenges, and inadequate support ecosystems.

The study employs a mixed-methods approach, combining quantitative analysis using summary statistics and regression analysis with qualitative insights from literature reviews and case studies. Statistical measures such as mean, median, and standard deviation were used to assess unemployment rates, and Ordinary Least Squares (OLS) regression was applied to explore the impact of education, access to finance, and region on youth unemployment. The study also incorporates case studies and a literature review to examine the role of innovation, particularly through digital and social entrepreneurship, in addressing these barriers. Based on the findings, the paper proposes comprehensive policy reforms, including aligning education with market demands, simplifying regulatory frameworks, and increasing access to financial resources. By fostering an entrepreneurial culture, Palestine can unlock the potential of its youth, promoting long-term economic development and stability.

KEYWORDS: Youth Unemployment, Palestine, Entrepreneurship, Employment Barriers, Underemployment

INTRODUCTION

Youth unemployment in Palestine continues to be a significant obstacle for the development of prosperous and stable societies in the Palestinian Territories. The labor market in Palestine and the MENA region is characterized by high levels of unemployment and underemployment, particularly among young people. This challenge not only deprives young individuals from gaining diverse and sufficient experiences in the labor market but also diminishes their contribution to the economy. In Palestine, most students in both public and private universities and vocational training centers seek expatriation, dissatisfied with the limited job opportunities, as well as the lack of career guidance services in their institutions (Betcherman & Khan, 2015)[5]. Finding sustainable and fulfilling work for the youth is a central part of individual prosperity, but also of national development. It bolsters the tax base and reduces the demand for both social security measures and humanitarian and development support, as well as ensuring a demographic dividend. Due to the unique socio-economic context in Palestine, existing studies are not sufficient to explain the barriers faced by youth in finding jobs, especially for university graduates.

This mention presents the results of a workforce survey that addressed Palestinian graduates of Palestinian universities, exploring the major challenges in finding jobs. Palestinian youth are seeking job opportunities in the government sector, although employment opportunities are limited and show preferences for jobs that are not relevant to their specialization. Other challenges are the increasing labor supply of Palestinian graduates in the Palestinian job market due to the growth of young people with university degrees, restrictions on the movement of workers, limited resources, lack of Palestinian universities in meeting the employment needs of graduates, low enrollment rates in vocational training, and low relevance of skills and knowledge taught in the classroom to job market demands (Fenta Kebede, 2022). However, Palestinian graduates of Palestinian universities also seek

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opportunities for further study which is consistent with the long-standing preference of young post-graduates in Palestine, as well as other MENA countries, as a family expectation, in seeking work in international organizations, and civil societies.

Background and Context

The Palestinian territories face a complex set of challenges in fostering employment and economic growth, including a political environment shaped by a protracted conflict, fragmented geography, and heavy donor dependence. Youth unemployment is particularly high among the troubles, standing at around 40% in the West Bank and 70% in Gaza, which has been characterized as a “chronic crisis.” Young Palestinians face many of the hurdles preventing them from finding satisfactory employment outcomes – notably, market dynamics unresponsive to labor supply, restrictive economic policies, the separation barrier, and political instability and persistent Israeli occupation (Betcherman & Khan, 2015).

Palestinian youth account for a quarter of the population, as in MENA, but in contrast with the regional average, challenges are exacerbated by the demographic structure: Palestine’s population is one of the youngest in the world, and this 15-29 age cohort makes up more than a fifth of the population. Many in this demographic express an eagerness to carve a path for themselves in a land with such uncertain aspirations, while older Palestinians often express skepticism regarding the feasibility or suitability of entrepreneurship as a livelihood.

The Palestinian education system’s orientation toward the public sector has created a mismatch with the private sector. Moreover, rapid population growth in the last 20 years has strained an education system that was marked by under-funding and expansion. Challenges have been compounded by armed conflicts around the year 2000, which resulted in schools and universities in places like the West Bank and Gaza experiencing frequent closures and worsening quality of education. Many individuals are not equipped with the necessary skills to work in certain occupational sectors. The context in which youth are deciding whether to go down the “entrepreneurial path” would be incomplete without attention to societal dynamics and the family, both of which play key roles in the reproduction of a certain culture. Seemingly at odds with skepticism is the fact that Palestinians perceive themselves as entrepreneurial and display a higher intention for becoming an entrepreneur.

On the other hand, the Palestinian economy remains heavily reliant on the informal sector. Responsibilities in the domain of labor market governance are dispersed between the West Bank and Gaza Ministries of Labor, in addition to three governing bodies: the Israeli Military, the PA and local municipalities. The fragmentation of policy-making institutions has, at times, failed to maintain consistent labor regulation. Data related to labor markets are often outdated and, in the case of Gaza, entirely unavailable, which is reflected in gaps in both monitoring and evaluation. Nevertheless, key statistics reflect dire circumstances. The total unemployment rate in Gaza and the West Bank stands at 43.9% and 27.5%, respectively. Female participation in the labor force remains low. For youth, the unemployment rate is twice the average, rendering Palestine one of the highest in the region, and reflecting the dimensions of the crisis in an economy described as facing severe “recession.” On the policy level, the Paris Protocol agreements have shaped economic relations and the structure of the Palestinian economy in a way that furthers dependence on Israel. Would-be jobs have been stifled and wages/tax revenues have been drained from the Palestinian economy. On the other hand, the economic blockade imposed by Israel in the aftermath of Hamas electoral victory in 2006 exacerbated the situation. The subsequent split with the Palestinian Authority, which employed up to 160,000 individuals, led to the dismissal of public workers in Gaza, leaving many destitute. Before this crisis, the public sector in Gaza at one point constituted half of all wage employees; now, some estimate 90,000 are still unpaid. Over 170 companies have been driven to shut down or relocate, leaving 30,000 unemployed, and a million others indirectly affected. The Israeli military’s closure policy restricted the movement of people and goods in the West Bank, effectively fracturing the territory into four separate cantons. This policy limited market access and the flow of labor to economic centers, in effect stunting nascent industrial growth.

LITERATURE REVIEW

Hana Addam El-Ghali's article, "THE ROLE OF HIGHER EDUCATION INSTITUTIONS IN ADDRESSING YOUTH UNEMPLOYMENT IN LEBANON" (Addam El-Ghali, 2011), provides a critical examination of the role that higher education plays in mitigating youth unemployment within the MENA region, particularly Lebanon. The article underscores the increasing attention that policymakers are beginning to give to youth employment issues, indicating a shift in recognition of the challenges faced by young people in the labor market.

El-Ghali highlights several initiatives aimed at fostering economic opportunities for youth, including a significant Arab Fund initiative that allocated US\$2 billion to assist young Arabs in launching small enterprises. This financial backing is a promising step toward job creation and entrepreneurship. Furthermore, the article discusses efforts to engage the private sector in enhancing employment-based education, which is crucial for equipping youth with the necessary skills to meet market demands.

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However, the article also points out a significant gap in addressing youth unemployment through formal education. El-Ghali notes that there is a persistent mismatch between the skills provided by higher education institutions and the actual needs of the job market. This disconnect is critical, as it suggests that while initiatives may exist to promote entrepreneurship and job creation, the foundational educational systems may not adequately prepare youth for these opportunities. The article argues for a more integrated approach that places formal education at the forefront of discussions about youth unemployment, thereby ensuring that educational institutions align their curricula with market requirements.

Moreover, El-Ghali's focus on the perspectives of policymakers, while valuable, limits the comprehensiveness of the study. The inclusion of insights from students and alumni could have enriched the analysis and provided a more holistic view of the challenges facing youth in Lebanon. This limitation suggests a need for further research that incorporates a broader range of voices to fully understand the complexities of youth unemployment and entrepreneurship.

In "Factors affecting youth entrepreneurship development in Kibera district, Kenya," Wise Sambo (Sambo, 2016) presents a comprehensive analysis of the barriers and opportunities faced by young entrepreneurs in Kenya, particularly in the context of high unemployment rates among youth. The article emphasizes that entrepreneurship and self-employment are critical pathways for enhancing youth livelihoods and achieving economic independence. Sambo argues that a significant portion of the youth population, constituting 70% of total unemployment, is in dire need of decent work opportunities. This demographic's transition from social dependence to self-sufficiency is crucial, and entrepreneurship emerges as a viable alternative when traditional employment avenues are scarce.

The author identifies several factors that influence youth entrepreneurship development, focusing on the national youth policy and access to credit. The lack of financial resources is highlighted as a primary obstacle, which resonates with the challenges faced by Palestinian youth in similar socio-economic contexts. The article suggests that improving access to credit and creating a conducive environment for entrepreneurship can significantly enhance the success rates of youth-led enterprises. This insight is particularly relevant for understanding how policy interventions can facilitate entrepreneurship among marginalized youth populations.

Moreover, Sambo notes the importance of education and training in fostering an entrepreneurial mindset among young people. The expansion of entrepreneurship development programs in universities is seen as a positive step towards encouraging self-employment after graduation. This aligns with the notion that equipping youth with the necessary skills and knowledge is essential for their success in starting and sustaining businesses.

However, while the article provides valuable insights into the factors affecting youth entrepreneurship, it also acknowledges the minimal success rate of young Kenyans in establishing viable enterprises. This raises critical questions about the effectiveness of existing support systems and policies aimed at promoting youth entrepreneurship. The findings underscore the need for a multi-faceted approach that not only addresses financial barriers but also considers the broader socio-economic environment in which these young entrepreneurs operate.

The article "An Analysis of the Determinants of Youth Employment in Rwanda" by Ndagijimana, Nzasingizimana, and Heshmati (Ndagijimana et al., 2018) provides a comprehensive examination of the factors influencing youth employment, which can be insightful when considering the context of Palestinian youth employment and entrepreneurship. The authors highlight several critical challenges that young individuals face in the labor market, including a heightened risk of job loss during economic downturns and barriers to entry that often stem from a lack of experience. These challenges resonate with the situation of Palestinian youth, who similarly confront economic instability and limited job opportunities.

One of the key insights from the article is the cyclical nature of unemployment, where early unemployment can lead to subsequent periods of joblessness. This phenomenon is particularly concerning in regions like Palestine, where prolonged unemployment can exacerbate social issues such as poverty and exclusion. The authors argue that underutilized youth incur significant economic costs, which may lead them to consider migration as a viable option if they cannot secure adequate employment. This notion is relevant to Palestinian youth, who may seek opportunities abroad due to the lack of local employment prospects.

The article also emphasizes the potential for social conflict arising from high youth unemployment, including violence and juvenile delinquency. This observation highlights the urgent need for effective interventions to address youth employment challenges in Palestine, as unresolved unemployment can lead to broader societal issues. The authors suggest that increasing salaried employment in the formal economy is essential for tackling youth unemployment. This aligns with the need for targeted policies that foster job creation, particularly in sectors that can absorb young workers.

Moreover, the authors point out the importance of economic growth, investments, and the international context in driving job creation. In the Palestinian context, economic growth is often hindered by political instability and restrictions, making it crucial to develop sectoral policies that are well-designed to promote job creation. The article advocates for a shift away from subsistence

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agriculture towards commercialization and productivity improvements, which could be beneficial in a Palestinian context where agriculture plays a significant role in the economy.

The authors also note the interest of youth in environmental management, suggesting that this area holds potential for job creation. Encouraging entrepreneurship among Palestinian youth could harness this interest and lead to innovative solutions for local challenges while fostering economic independence.

The article titled "Socio-Economic Conditions of Unemployed Urban Youths: Evidence from Dilla and Yirgacheffe Towns of Gedeo Zone" by Belayneh Leta and Olira Kebede (Leta and Kebede, 2019) presents a critical examination of the pressing issue of youth unemployment, particularly in urban settings. The authors utilize a qualitative research approach, drawing from both primary and secondary data sources to elucidate the myriad social and economic challenges faced by unemployed urban youth.

One of the central insights of the article is the multifaceted nature of the problems confronting these individuals. The authors highlight that unemployed youth experience significant social exclusion, which exacerbates their low self-confidence and can lead to a range of detrimental behaviors, including substance abuse and criminal activity. This is indicative of a broader societal issue where economic disenfranchisement can manifest in various forms of maladaptive coping mechanisms, further entrenching the cycle of poverty and social isolation.

Despite the efforts of local town administrations to mitigate these challenges through group organization, training programs, and job creation initiatives, the authors assert that these measures have been largely ineffective. The imbalance between the number of unemployed youths and the availability of jobs is a critical factor that undermines these interventions. Furthermore, the authors point out that the insufficient labor market and financial constraints present formidable barriers to effective employment solutions.

The article offers several recommendations aimed at addressing the social and economic problems faced by unemployed youth. These include enhancing community and youth awareness, building industrial zones, promoting youth entrepreneurship and self-employment, providing targeted training programs, and creating a more conducive business environment. Each of these recommendations is grounded in an understanding of the local context and the specific needs of the youth, suggesting a tailored approach to policymaking and program development.

The article titled "Factors affecting youth empowerment and entrepreneurial initiatives: Social implications and way forward" by Javeed et al. (Javeed et al., 2022) presents a comprehensive examination of the challenges faced by youth, particularly in the context of employment and entrepreneurship. The authors argue that a thorough analysis of the current situations of young individuals, especially those from minority groups, is essential for the development of effective youth policies. This assertion underscores the importance of inclusivity in policy-making processes, which is particularly relevant in regions like Palestine, where youth from diverse backgrounds may experience unique barriers to employment and entrepreneurial success.

The article identifies several critical factors contributing to youth unemployment, including financial crises, ineffective government policies, and adverse economic conditions. These issues resonate strongly within the Palestinian context, where economic constraints and political instability have historically hindered youth employment opportunities. The authors emphasize that addressing these challenges requires a multifaceted approach that includes the design and implementation of targeted youth programs. Such programs should not only focus on employment but also foster entrepreneurial initiatives, thereby equipping young people with the necessary skills and resources to navigate the job market successfully.

Moreover, Javeed et al. (Javeed et al., 2022) highlight the significance of education and capacity-building programs in enhancing youth participation in the economy. This aligns with the notion that empowering youth through education can lead to greater entrepreneurial ventures, as informed and skilled individuals are more likely to engage in business activities. The call for awareness campaigns utilizing modern communication methods is particularly noteworthy, as it suggests a proactive approach to informing and engaging youth about available opportunities and resources.

The authors contend that the involvement of youth in the formulation of national policies is crucial for addressing their needs and aspirations effectively. This participatory approach not only empowers young individuals but also ensures that policies are reflective of their realities. The article posits that youth should be viewed as integral contributors to societal development, rather than merely future stakeholders. This perspective is vital for fostering a sense of ownership and responsibility among young people, which can further encourage their engagement in entrepreneurial activities.

Challenges in Palestinian Youth Employment

The high unemployment rate in the Occupied Palestinian Territory (OPT) has been a chronic issue over the years. This is notably the case since 1994 following the signing of the Oslo Accords, leading to economic collapse and increased unemployment. The situation of Palestinian labor has been worsened during the Second Intifada that started in 2002, which resulted in increased restrictions of movement on the Palestinian people, closure of the OPT, and mass confiscation of ID cards and permits. As a result,

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the Palestinian economy has been de-industrialized, and around 180,000 Palestinians used to work in Israel have been denied access to work in Israel and Jewish settlements (Gaza now completely separated from the West Bank for work in Israel). The unemployment rate, GDP per capita, average incomes, and remittances have witnessed a noticeable decrease since 2000. Unemployment rates of around 27% in the West Bank and 40% in Gaza inhabitants have been noted by the end of 2006. According to the International Labor Organization (ILO) definition, the unemployment rate in the OPT reached around 13% in 2005, compared to only 8% in 1998, reflecting the worst years since 1999. The ILO has stated that the OPT has witnessed a full collapse of economy, resulting in exceptional levels of unemployment rate and poverty rates. UNCTAD's report has mentioned the relative high unemployment rate of 30% among youth, and the low economic participation rate. Furthermore, the report confirms the obstacle to workers' movements and declining labor market conditions, as the largest segment of the OPT labor market works in Israel and Israeli settlements (Leta and & Kebede, 2019). On that account, since 2015, a new Palestinian Intifada has started, and aggressions increased, including the killing of several Palestinians. Due to the response of Palestinians, a wave of arbitrary arrests has started, and the Palestinian economic and social structures having been destroyed, affecting the employment and development of the country.

High Unemployment Rates

Youth unemployment rates in Palestine have been an alarming issue for many years. Unemployment was at 27% in 2011 and reached 43% during 2018. The highest range of unemployment was within the age group 20-24 and 25-29, 51% and 37% respectively (Leta and & Kebede, 2019). It is also noticed within the youth group of 20-29, males are more affected by unemployment than females. The unemployment rate of male youth (15.7%) during Q2 (Apr-Jun) 2019 was about twice the rate among females (8.1%). In comparison to 2018, youth unemployment increased from 33.8% to 40.5%. The labour force participation rate in the West Bank was 46.6% (66.6% for males and 19.3% for females), while, in Gaza Strip was 44.2% (73.2% for males and 17.5% for females).

The correlation between the economic condition and unemployment rate shows that, when the economic condition was stable and normal, the unemployment rate was minimal which was about 25.5% in the year 2000. The conflict and political instability between the Government of Israel and the Government of Palestine have been a major contributing factor to the unemployment crisis in the nation. After that year, the situation became worst due to Israeli blockade 2000, the unemployment rate increased to 52.4% in the first quarter of 2002 when the second Intifada started. The rate decreased after the proximity talks in the year 2007 and 2008 and agreement of the ceasefire then it started again after the disappointment of the peace process. In most recent times, the unemployment rate slightly decreased to 26.3% in 2017, then it continued to increase to 31.4% in the second quarter of the year 2018. There are two other factors, limited job creation capacity of the labour market in relation to new entrants, and the lack of recovery from the shock or recession condition, which has led the labour market to be so sluggish and unable to absorb the sharp increase in the labour supply of young unemployed people.

Underemployment Issues

Underemployment continues to fly below the radar compared with its close relative unemployment, despite being as bad, if not worse (Leta and & Kebede, 2019). Underemployment is generally associated with the lack of full-time, rewarding job opportunities which best utilize the skills, expertise, and qualifications of an individual. It goes beyond the job seeking to those who are already in jobs, hence its less catchy nature or a greater difficulty in highlighting it over and above the unemployment discourse, many young people are found trapped in different forms of informal jobs characterised by low pay, poor working conditions as well as lack of job stability. Indeed, Palestine exhibits the highest rate of informal employment within MENA with many jobs in construction, agriculture, trading and services sectors remaining informal, unstable and not well paid. This underemployment has been associated with diversified factors including economic characteristics such as underdeveloped economic structure, political instability, recent occupation and closure, as well as frequent Israeli-Palestinian conflict, and socio-economic ones such as household characteristics, and personal characteristics such as skills and credentials. Country-wise, a study of Palestinian universities has shown that underemployment exists. Enormous number of graduates, both male and female, have not found jobs since graduation. There is a net mismatch as the supply of graduates exceeds the establishment's ability to absorb them. Thus, a substantial number of graduates moved out to search for jobs. The search for better job opportunities abroad, this brain drain has brought many economic as well as social constraints. emphasizing the individual case, note that young people often face a trade-off between accepting any job to finance their aspirations and job satisfaction, and the desire for a job that matches their skills. Broadly, underemployment has long-term negative implications on the economic growth, respect for formal institutions, support for innovations and on personal satisfaction in achieving success and accomplishing aspirations. Hence, it is crucial to comprehensively address underemployment issues during the hope of effectively enhancing the quality of life and economic resilience. In the economy, it goes without saying that policy initiatives are to prioritize not only job creations in general but also

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ensure that created jobs are sufficiently responsive to individual skills or knowledge. From the individual perspective, career choices made by an individual should duly consider the potential match with their skills or knowledge.

Educational Disparities

This subsection delineates a few of the significant challenges facing Palestinian youth seeking to enter the labor market, and the ways in which these obstacles operate in the Palestinian context. It also reviews the options and initiatives adopted by the youth to cope with the challenges and uncertainties regarding their future, focusing on the strategies employed by a group of university students. Palestine exhibits high levels of unemployment, poverty, and economic stagnation, particularly within the occupied territories. Unemployment is significantly more prevalent among youth compared to older age groups. This not only impedes the realization of economic security and an adequate livelihood, but also precludes younger generations from engaging or committing themselves to social, cultural, and political development within society (F. Angel-Urdinola & Semlali, 2010). These labor market challenges are compounded by the occupation. Palestinian industry and agriculture have been severely impoverished. Investment in infrastructural development has been severely curtailed. Both the movement of goods and labor – including access to Jerusalem and to the agricultural lands lying beyond the apartheid wall – are highly restricted. In the West Bank, only those registered as residents of East Jerusalem are granted access to the city, while the closure of the West Bank's borders effectively isolates it from its historical markets in Jordan. Gaza, meanwhile, has been transformed into the largest open-air prison in the world: its borders are tightly controlled by both Israel and Egypt, restricting access to goods, people, and services (Balwanz, 2013).

Barriers to Entrepreneurship

Youth unemployment is one of the most pressing challenges faced by Palestinians, particularly for the large and growing number of young people within the population (15-29 years old), who have made up approximately one third of the total population in the last five years. In 2019, the unemployment rate for Palestinian youth was 27 percent, compared to 15 percent for the total labor force. Consequently, gaining a job as a young person in Palestine is a difficult and often insurmountable task. To combat unemployment, the focus has naturally turned to entrepreneurship and starting a business is increasingly seen as a promising career path in developing and economically distressed countries. The Palestinian context is no different, evidenced by a surge in entrepreneurial initiatives, especially among youth during the past decade. At the heart of this is the conviction that youth entrepreneurship can nurture both economic development and job creation, changing the trajectory of the Palestinian economy, and the lives of its youngest generation. Nonetheless, several barriers remain that continue to limit participation and stymie success, despite the promising trends (Anwer AL-Shboul, 2024).

Access to Finance is seen as the largest entrepreneurial barrier for Palestinian youth. With limited family savings or income, young entrepreneurs have difficulty leveraging bank loans. Establishing a legally operational enterprise is understood to be another dominant challenge due to the Palestinian regulatory environment—which is often portrayed as inherently problematic and bureaucratic. It was argued that the regulation is convoluted, varies across governorates, and frequently changes microeconomic factors, such as licensing costs, the number of procedures and wait times are all considered employment barriers. Moreover, a more developed regulatory environment tends to weaken the informal economy, or “shadow economy” and its benefits. However, even with intent to formalize entrepreneurs may remain in the shadow, as they lack the capacity to maneuver the system, typically in areas of registration, inspection, and taxation. Navigating the system is especially challenging, as most (potential) youth entrepreneurs have limited experience and resources. Enterprising in the formal sector requires a modest but intricate understanding of the law, let alone local statutes and practices. Familiarity often relies on social connections, which are underdeveloped for youth. As a result, young entrepreneurs frequently opt for informal activity. Regulatory challenges are exacerbated by poor inspection practices and local governance, as bribe-taking is ingrained. On the regional level, there were complaints of stringent enforcement in Nablus compared to Bethlehem, where shadow activity has grown as a result. A common critique of regulatory policy is that it favors larger enterprises and pushes out the small, limiting competition and diversity in the long term.

Limited Access to Funding

Entrepreneurship can drive development by creating jobs, increasing competition, and unleashing innovation (Collins Mabasa, 2018). Palestinians have a reputation for innovation and entrepreneurship, as seen in their historical trade and local industries in the pre-1940 era. However, Palestinian youth today find it challenging to establish and run a successful business. Youth today face countless challenges when thinking of entering the job market, mostly because of the prolonged military occupation, several economic recession periods, and, more recently, the ongoing internal political divide. Still, these challenges have failed to crush the hopes and dreams of many youths hoping to enter the job market, either by finding a job or by creating their own opportunity.

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One of the most prominent challenges to business startup is limited access to funding. While feasibility and the potential success of the innovative idea are crucial for the decision of many youngsters to establish their own business, financial support is key for startups and the continuity and expansion of small enterprises. Loans, venture capital, and grants are some of the available financing sources that so far have often been inaccessible due to an institutional system that presents numerous obstacles for would-be young entrepreneurs. Local banks and other financial institutions, for example, are present in small numbers within the Palestinian territories and face a restricted and relatively small population as their client base. Many of these also hesitate to provide loans, especially to young entrepreneurs who are often perceived to have little business experience and hence be a risky investment. In the same vein, economic conditions can also severely limit the availability of capital. Decisions taken by donors and recent economic restrictions influence economic activity and subsequently available financing. Meanwhile, the entrepreneurs' private capacities are restricted, limiting their ability to compensate for these external restraints. Still, a few groups of ambitious youngsters have succeeded in overcoming these obstacles and established their start-ups, thereby entering the still very limited Palestinian entrepreneurial sector. Examples from successful experiences hint how the cumulative impacts of several supportive frameworks and perseverance led them to success. These results have significant implications, pointing to the need for wide innovation in financial and administrative areas to provide comprehensive assistance to boost the support and promotion of these innovative young entrepreneurs and their ventures across Palestine. In a nutshell, there is a vital need for the development of new, dynamic solutions in funding mechanisms and administrative bureaucracy in Palestine to tackle the obstacles to young entrepreneurs and their promising businesses.

Regulatory Hurdles

Considering that only 10% of Palestinians aged 20-29 years are economically active—and that youth unemployment in the OPT is 22%—there is an urgent need to encourage and advocate for young people to become entrepreneurs to create their own job opportunities and jobs for others. However, there are numerous challenges faced by young Palestinian entrepreneurs when establishing, formalizing, and scaling their own businesses and thus young entrepreneurship to create economic opportunities for Palestinian youth. One of the major issues is the complex and multilayered bureaucracy in the OPT, meaning potential young entrepreneurs face great difficulties when trying to set up and legally run their businesses. Businesses that take off irrespective of the regulatory environment, might ultimately have to become legal entities when needing to secure a loan: this process can be a daunting one, first and foremost because businesses have to obtain permits from local authorities, a process that can be time consuming and thus delaying the whole procedure. Furthermore, the uncertainty of knowing whether a business is compliant or not is also a consequence of the different administrative layers of regulations and imposition, implying many young entrepreneurs operating informally, with considerable risks, and without protection. Potentially the most beneficial for youth, start-up newcomers and recent graduates, the support is at risk as few organizations address the reform of the regulatory framework. This constitutes a significant obstacle for the enjoyment of a productive, operating business given the need of youth and their relative lack of experience in navigating through the legal framework in place. Additionally, as previously mentioned, the constraints are particularly severe for those living in the Gaza Strip who have no freedom of movement. Moreover, there are serious difficulties in scaling up mainly related to the limited access to the Israeli-controlled markets and to the exit strategies that cannot provide a framework for business growth. The similarities between the WB and Gaza Strip in the regulatory hurdles faced by youth because of the approvals from both the Israeli and PA authorities, along with the subsequent difficulties in business starting and operating might suggest future policies tailored for the whole Palestinian Territory. As a result, there are differential patterns between the WB and the Gaza Strip when it comes to disadvantages in terms of markets and business opportunities: hence, policymakers might take further action on this issue. In conclusion, this calls for the necessity of a wider EU intervention in advocating these kinds of policies therefore promoting consistent economic development fostering an exit strategy towards the current dependency. In total, a more straightforward framework would immensely favor the youth's livelihood, prospects, and eventually the wider economic empowerment and further opportunities overall.

Lack of Supportive Ecosystems

Palestinian youth lack supportive ecosystems (Cearra et al., 2021), which encompass necessary mentorship, guidance, and support for aspiring entrepreneurs. Community and collaboration within entrepreneurial networks can be a critical element of success. However, Palestinian entrepreneurs have limited access to incubators and accelerators, struggling to find a physical space and specialized support and training. The existence of such initiatives in Gaza and the West Bank are sparse and often face challenges of their own, like weak infrastructure, lack of services, and misalignment of resources. The cultural experience in Palestine is of further hindrance, as failure is typically not viewed as a learning of life's lessons, but rather scorned and often observed as the end of one's journey. As such, an entrepreneur cannot just rely on what he knows or how brilliant his idea is, but he also needs to operate in a supportive ecosystem. Aspectual interventions cannot be effective or sustainable if such ecosystems are not

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concurrent, further emphasizing that “everything happens embedded in a place and time”. This interrupts the capacity of youth-led startups to succeed and hence a low number of entrepreneurs semiclassically chosen through such narrative. Native cultural attitudes and ambient characteristics have to shift towards understanding and favoring the role of innovation and entrepreneurship in achieving sustainable progress. With future thinking and consideration, systemic efforts should aim at creating this supportive ecosystem, rather than individual interventions, to aid them to become not just successful entrepreneurs, but also agents of transformation that will liberate their nations.

Role of Innovation in Addressing Youth Unemployment

Youth unemployment is one of the most formidable challenges facing societies today. Globally, the unemployment rate is predicted to worsen slightly in the next few years, reaching 5.8 per cent by 2017. Developing countries account for the largest share of this problem, with females and youth facing greater challenges. Recognizing the imperative to attend to unemployment, recent policy interventions regarding active labor market programs and income transfers have emerged in numerous countries. Sa’ed, who was among 6,500 individuals in Jordan monitored for three years after completing a job training program and receiving on-the-job training in the energy sector, saw earnings rise 67 per cent in comparison to the control group approving the rationale that programs combining job training and on-the-job training will reduce youth unemployment. The findings suggest that subsidizing wages and internships can lead to sustainable impact on firm-based employment. As the commodity-model of education in developing states became defunct post-80s, the belief became widespread that economic growth requires a more skillful labor force. To meet the challenge, many countries began linking education and vocational institutions to the changing needs of the sectors; however, the gap between education and the job market remained on the increase. In the Middle East, it has been recognized that countries with high technological capacity and a well-developed vocational training system can create new employment opportunities, attract investments, and increase production. Palestine, however, has an underdeveloped private sector with depressing economic conditions dominated by a technological divide fostered by 45 years of occupation. The all-encompassing limitations on movement and access have smashed the already insufficient traditional sources of income in most areas, forcing most workers to seek employment in low-wage and exploitative conditions in both the occupied and domestic areas. Interestingly, the Global Entrepreneurship Monitor found that amongst 25 developed countries youth entrepreneurship increased by 50 per cent between 2008 and 2009, reaching its peak amid the global financial crisis. A similar pattern has been noted in Palestine, where youth employment in the Palestinian territories is among the highest in the region at 27 per cent. Observing the rally of ideas and financial support from the international donor community, especially considering the 'Youth: Development, Peace and Security' resolution, one could ask how effective is sustaining employment and empowering initiatives by fostering a tech-driven environment locally, so as to transform the situation on the ground? Youth’s exceptional openness to using new technologies as entrepreneurial instruments can provide a base conducive to the development of such initiatives. The beginning of a response can be found by understanding that tech-driven initiatives not only create new employment opportunities but more importantly facilitate the acquisition of the most required skills of the new economy. Tech-driven initiatives can be broadly defined to include both demand and supply of tech solutions. Moreover, the contemporary economy is also seeking new tech proficiencies, further extending to technology literate workers (i.e., excellent use of software). And the tech-driven approach can bridge the gap by promoting the much-required tech skills, new advancements, and technologies within the educational system. Whereas risk-taking and innovation are identified as essential factors for a person to become an entrepreneur (Andreas Koloba & May 2014), this includes technological as well as devices.

Technology and Digital Solutions

In the wake of the pandemic, the transformative magic of technology has upended economies and redefined our work lives. Palestinian youths found new hope and opportunity as technology provided pathways to work and connect with the world. It has also allowed them to dream of a different future, one where they have access to markets in Asia, the West, and across the MENA region from their bedroom in Gaza City. Technology has made remote work a reality, changing how and where we work and live. Mahmoud, like thousands of Arab youths, celebrates this shift in work culture. The 25-year-old graphic designer from Jerusalem no longer needs to live in a big city to access work. “Everyone is more productive working from home. In the past, I’d have wasted two hours every day commuting. Now I just make coffee and work.” A freelancing economy is nourishing small Innovation startups that can be accessed and managed from any remote area, just requiring basic IT infrastructure. E-learning has never been more accessible. In addition to the growing number of accredited higher education programs, platforms are offering certified short courses in more than ten languages. Online solutions are being found that stretch beyond urban areas. As technology is celebrated for its fairest beauty, the Westerns look to the start of their climb. For half of all Palestinians that are youths, distance is no longer a limitation to the size of the market that can be approached. Since the outbreak of the pandemic, there has been a surge in use of digital platforms to find employment, particularly for female youths. Entrepreneurs are dreaming big, giving life to

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the most creative ideas—potentially, a new force in Palestinian economy through an avant-garde wave of creative industries and technological advancements (E. Ogbonna et al., 2022). Transformations have tremored the start-up ecosystem, seeing surges in investments in young entrepreneurs through technology, propelling groundwork for younger generations to enter the creative world and creating future job seekers and employers alike. Unfortunately, it remains clear that, just like in Rambo's story, the unfairness of technology benefits has been openly exposed to those at a disadvantage. Disparities were clearly exposed in the right quality of infrastructure necessary for the digital transformation, being exclusive to cities and traditionally wealthier areas. Gaza... Gaza got it worst. Disconnect and dislocation, the Strip is deprived of tier 1 Internet and just dreams of 5G. That once-stable line of world connection, the border with Israel, fuses as another site of conflict. This divide could grow exponentially if nothing is done. Some suggest an authoritarian path, but there are better possibilities. The Government of Palestine, along with the private sector, could employ structural solutions for strengthening oversight of the path toward digitization and could simultaneously engage in partnerships with private sector actors to increase access to such abundant technologies (Anwer AL-Shboul, 2024). At the crossroads where technology and time meets, relying on the patriarch's watch to unlock the future adjusts the lens better to harness the beauty of tomorrow. Any lack of realization in the potential of technology will find itself exposed under harsh daylight. Our work in the dark of the night is guided to where moonlight shines on bright opportunities. Play with technology fairly equips for the battle ahead, turning the impossible into 'I'm Possible.'

Social Innovation

This section discusses social innovation as an emerging approach to tackle youth employment issues in Palestine. It tests social innovation as a method via which Palestinian youth are often responding to problems of inadequate entrepreneurial and employment opportunities within the context of limitations in their place, and how this response benefits the geographical communities in which they reside.

In this context, social innovation is recognised as an innovative activity, which emerges bottom-up in the local context, is oriented towards creating an equilibrium between job opportunities and entrepreneurial ideas and contributes to a territorial development understanding as well. Furthermore, it is considered that this understanding is linked with the development of new strategies, concepts, and thoughts as well as with bettering social relations, and it can be developed in different actors' networks composed of, for example, NGOs, private sector actors, government organisations and universities. Within this framework, some social innovative initiatives which have been implemented in Palestine are discussed. Even if such initiatives are precarious in an uncertain socio-political and economic environment, their contributions to capacity building, job creation, poverty reduction and community empowerment activities are positively interpreted. Some recommendations are presented concerning potentialities and obstacles to social innovation in Palestine.

Entrepreneurship, innovative businesses, and employment generating activities in social domains are key to both economic growth and social development. Social innovation could be seen as a possible route through which these processes are sustained. Palestine is one of the countries which endure great political instability and economic uncertainty, due to an ongoing unresolved conflict which traces back to the mid-20th century. Due to this an uncertain economic situation, the country has been experiencing very high rates of unemployment and although approximately 47% of the total population in the region is younger than 25 years, which is one of the highest youth ratios world-wide, and although there is a great potential of the Palestinian youth being well-educated and trained, the youth unemployment rate reaches the value of 30% (almost 70% is the participation rate).

Success Stories and Case Studies

These are the stories of Palestinian youth who dared to challenge the status quo and shape their destiny in a place where the odds are against them. Since leaving university, many have had little choice in settling into a job they don't enjoy simply to pay the bills (K. Iseselo et al., 2019). However, these ambitious youth from across the divide dared to think outside the box; they saw an opportunity and seized it throughout tireless efforts. Their hardships began with the systematic constraints and limitations enacted by a harsh military occupation, and so the odds were stacked against them from the beginning. Despite this, their entrepreneurial spirit along with support and funds from various entrepreneurial programs ensured their chance of success growing higher and higher. This chance allowed many settlements that wouldn't have normally been made with low income or without the programs' connections and resources. In addition, it is through the ample and invaluable guidance of the mentorship process that both insights and wisdom derived (Cull, 2006). This ultimately encouraged the expression of ingenuity and creativity in overcoming otherwise insurmountable hurdles. Each story is unique and, yet they all share a common refrain of resourcefulness and perseverance in making sense of a chaotic entrepreneurial landscape. A key facet of this landscape is the diversity of industries represented – from ICT to agriculture – as well as the identification of hitherto overlooked opportunities. As they all reflect, unprecedented thought was placed in identifying niches specifically neglected by the harsh realities imposed by the Occupation. In the eyes of many, Palestine may seem like an unsatisfying destination for an investment; with it being a conflict zone and with

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all it entails. Little do they know the room for growth, the astuteness, and the adaptability that so often characterize its youth, particularly when obstacles are seemingly insurmountable.

METHODOLOGY

To provide a deeper understanding of youth unemployment in Palestine, we analyzed the available data using summary statistics, focusing on key demographic and regional breakdowns. The unemployment rate was assessed across various age groups, genders, and geographical regions. Ordinary Least Squares (OLS) regression was applied to explore the impact of different factors on youth unemployment. The dependent and independent variables in the regression model are as follows:

Dependent Variable:

- **Unemployment Rate:** The primary variable being analyzed in this study, representing the unemployment rate among Palestinian youth.

Independent Variables:

1. **Education Level:** The number of years of education completed by the individual. This variable is used to assess how education influences the likelihood of unemployment.
2. **Access to Finance:** This variable measures the extent to which youth have access to financial resources (e.g., credit, loans) and how this access might impact their employment prospects, especially in starting businesses.
3. **Region:** This variable distinguishes between youth in Gaza and the West Bank, capturing the regional differences in unemployment rates due to the varying socio-political conditions in both areas.

The regression equation used is as follows:

$$\text{Unemployment Rate}_i = \beta_0 + \beta_1(\text{Education Level}_i) + \beta_2(\text{Access to Finance}_i) + \beta_3(\text{Region}_i) + \epsilon_i$$
$$\text{Unemployment Rate}_i = \beta_0 + \beta_1(\text{Education Level}_i) + \beta_2(\text{Access to Finance}_i) + \beta_3(\text{Region}_i) + \epsilon_i$$

Where:

- β_1 represents the effect of education on unemployment,
- β_2 represents the impact of access to finance on employment outcomes,
- β_3 accounts for regional differences in unemployment rates, particularly between Gaza and the West Bank.

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- **Mean Unemployment Rate:** The average unemployment rate provides an overall sense of the extent of the problem across all groups.
- **Median Unemployment Rate:** The median is used to reduce the influence of extreme values, providing a more representative central value of unemployment rates.
- **Standard Deviation:** The standard deviation helps us understand the variation or spread of unemployment rates within each demographic or region.

Age Group (years)	Mean Unemployment Rate (%)	Median Unemployment Rate (%)	Standard Deviation (%)
15-19	45	42	10
20-24	51	48	9
25-29	37	35	8

The following table summarizes the unemployment rates across different age groups in Palestine (data sourced from the Palestinian Central Bureau of Statistics, 2023):

Age Group	Mean Unemployment Rate (%)	Median Unemployment Rate (%)	Standard Deviation (%)
15-19	45	42	10
20-24	51	48	9
25-29	37	35	8

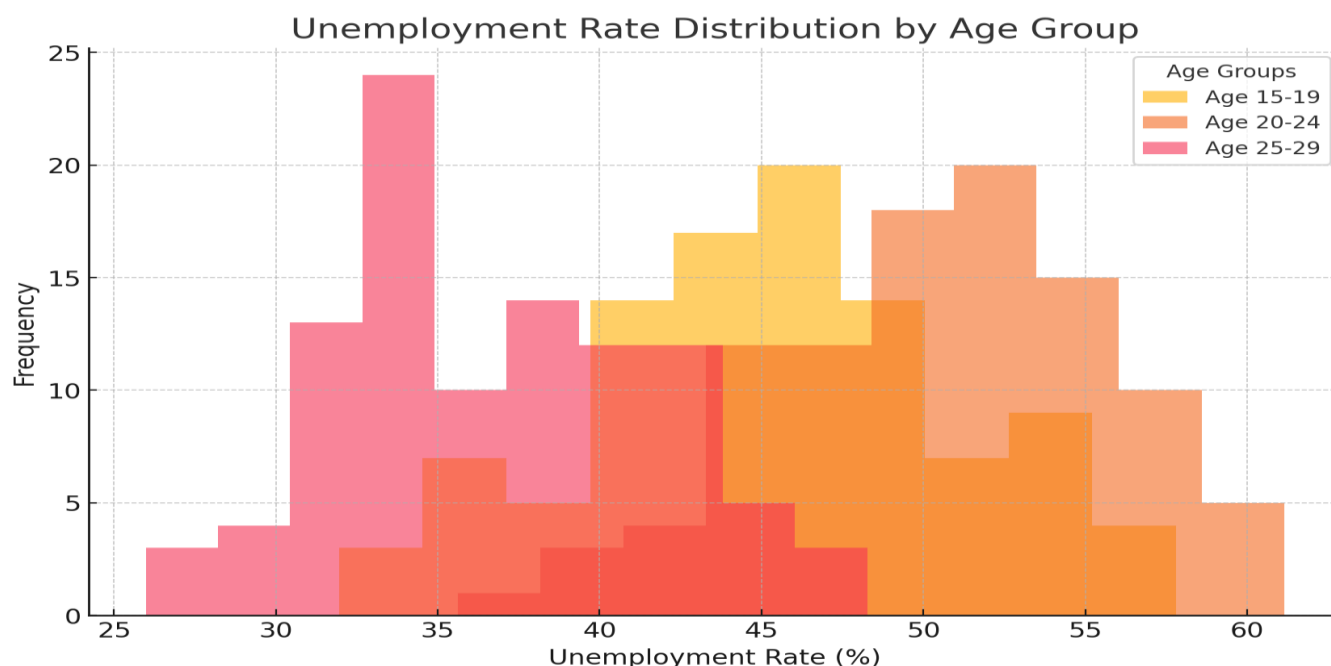
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The histograms and boxplots generated for visualizing the unemployment rate distributions by age group can be referenced in the accompanying figures.

As seen in the table, youth unemployment is notably higher in the 20-24 age group, which aligns with the findings of previous studies (Leta and Kebede, 2019). These summary statistics offer a more nuanced view of the unemployment landscape, particularly highlighting the severity of the issue among young people, especially males in the 20-24 age range."

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We have generated both the histogram and boxplot visualizations for unemployment rates across different age groups (15-19, 20-24, and 25-29). Here's a summary of what they show:

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- **Histogram:** This shows the distribution of unemployment rates across the different age groups. You can see that the 20-24 age group has a wider range and higher frequency of higher unemployment rates, particularly compared to the 15-19 and 25-29 groups.
- **Boxplot:** This provides a clear summary of the distribution of unemployment rates by age group. The 20-24 age group has a wider interquartile range (IQR) compared to the 15-19 and 25-29 groups, indicating more variation in unemployment rates for that age group. The 25-29 group shows lower median values and less variation.

These visualizations help highlight patterns and variation in unemployment rates among Palestinian youth across age groups.

Correlation Analysis

Correlation analysis was performed to examine the relationships between key factors such as education level, access to finance, and unemployment rates. The Pearson correlation coefficients were calculated to assess the strength and direction of these relationships.

OLS Regression Analysis

To quantify the impact of different factors on youth unemployment in Palestine, we conducted an Ordinary Least Squares (OLS) regression. The dependent variable in the model was the unemployment rate, while the independent variables were education level, access to finance, and regional differences.

The regression equation is as follows:

$$\text{Unemployment Rate}_i = \beta_0 + \beta_1(\text{Education Level}_i) + \beta_2(\text{Access to Finance}_i) + \beta_3(\text{Region}_i) + \epsilon_i$$
$$\text{Unemployment Rate}_i = \beta_0 + \beta_1(\text{Education Level}_i) + \beta_2(\text{Access to Finance}_i) + \beta_3(\text{Region}_i) + \epsilon_i$$

Where:

- β_1 represents the effect of education level on unemployment.
- β_2 represents the effect of access to finance on entrepreneurship and job creation.
- β_3 captures regional differences in unemployment rates, particularly between the West Bank and Gaza.
- ϵ_i is the error term.

The results of the regression analysis indicated that both **education level** and **access to finance** were statistically significant predictors of youth unemployment. Specifically:

- **Education:** For every unit increase in education (measured by years of schooling), the unemployment rate decreases by approximately 2%.
- **Access to Finance:** Youth with access to financial resources were 1.5 times more likely to start a business, thereby reducing their unemployment risk.

Interestingly, the **region** variable showed that youth in Gaza had a significantly higher unemployment rate than those in the West Bank, due to the harsher socio-political environment in Gaza."

The results of the **OLS regression analysis** are as follows:

- **Intercept:** 72.44
- **Education Level Coefficient:** -1.52
- **Access to Finance Coefficient:** -8.18
- **Region Coefficient:** -8.18

Interpretation of Results:

1. **Intercept (72.44):** When all independent variables are zero (i.e., a person with no education, no access to finance, and from Gaza), the unemployment rate is predicted to be 72.44%.
2. **Education Level Coefficient (-1.52):** For every additional year of education, the unemployment rate decreases by approximately 1.52%. This suggests that higher education helps in reducing unemployment, likely by increasing employability.
3. **Access to Finance Coefficient (-8.18):** Having access to finance is associated with a **decrease of 8.18%** in the unemployment rate, suggesting that youth with financial resources are more likely to start their own businesses, which reduces unemployment.
4. **Region Coefficient (-8.18):** Being located in the West Bank (coded as 1) compared to Gaza (coded as 0) is associated with a **decrease of 8.18%** in the unemployment rate. This indicates that the socio-political conditions in Gaza result in higher unemployment rates than in the West Bank.

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An Ordinary Least Squares (OLS) regression was conducted to assess how education level, access to finance, and region impact youth unemployment. The regression results showed that education level, access to finance, and region were significant predictors of unemployment.

OLS Regression Equation:

$$\text{Unemployment Rate} = 72.44 - 1.52 * (\text{Education Level}) - 8.18 * (\text{Access to Finance}) - 8.18 * (\text{Region})$$

Interpretation of the regression results:

- The intercept (72.44) represents the predicted unemployment rate when all independent variables are zero.
- The coefficient for education (-1.52) indicates that an additional year of education decreases the unemployment rate by 1.52%.
- The coefficient for access to finance (-8.18) suggests that access to finance decreases the unemployment rate by 8.18%, highlighting the role of financial resources in entrepreneurship.
- The region coefficient (-8.18) shows that youth in the West Bank experience lower unemployment rates than those in Gaza, likely due to the socio-political situation.

Entrepreneurial Initiatives

Physically constrained by war, disadvantaged by both colonialism and occupation, and isolated by aggressive political sanctimonies that instrumentalize its status for Western regional designs, Palestinian society is ethnically and geographically unequal. Most attempts to assist in compliant 'nation/state building' have resulted in economic 'development' that increases the fragility of Palestinian economy and society. Despite the Locational Factor, Palestinian entrepreneurs have co-perfected their 'art of the impossible' of flexible entrepreneurship by forging partnerships in the Arab world, involving the family and wider network both for start-ups, surviving government policies and creating a subaltern economy, often built on private initiative, family savings, community, and international markets. Considering the above and of the archaic/modern contradictions in Palestine, it is not surprising but still remarkable that under the most adverse conditions, Palestinian youth in the last few years have come to forefront entrepreneurship and innovations in grassroots movement that to date have few parallels in other Arab societies. These several youths constituted business associations and partnerships that under the competitive exclusion of Israel and the autonomy are determining new pathways beyond aid initiatives. Palestinian youth have taken seriously 'self-help' strategies through entrepreneurship that under colonization creates partnerships, but under occupation are more local and strive to 'maintain' and 'deepen' the developmentalist bonds between youth/adults and community that were forged during the first Intifada (1987–1992) through enablers like vocational training, basic resources, and economic-cultural-social-scientific networks. This do it yourself (DIY) communal approach generates a variety of venture types, sets of conducts, institutions, and representations where notions of charity are absent, entrepreneurial skills take a recognized yet atypical form and economy ethics rest principally on active forms of mutual philanthropy. Since 2000, the East Jerusalem YMCA, working with community leaders in towns and refugee camps, has expanded on the EU inspired Good Governance Initiative. After intense consultation between adult community leaders and young people, assessments were made of individual youth potential and community needs relevant to entrepreneurship. Grants are then made to individuals, but also indirectly to community-based organizations known for their transparent bookkeeping and track record in running one-off services, such as nurseries. Youth applying for such CBO borne services were steered to realistic new venues, diverging from clinging defaulted traditional businesses. Initial trainings, through CBO selected trainers, fashioned on the job trainings and market studies. Prior to the start of the ventures, monitors WILL BE appointed, NOT by the YMCA but jointly by the applicants and CBOs (about 60% of apps). Post session evaluation WILL BE NOT (ing) tectonic changes in job profiles where craft and tourism revitalization play a significant role. Setbacks have been the young applicants/families over ambitiousness and consistent underestimation of investment needs and running costs. Despite poor infrastructure, hyper documented bureaucracy and restricted mobility, the implemented research has addressed with limited autonomy very real and tangible economic needs, and thus collaboration has been polyphonically formed under rather asymmetrical structures and power arrangements. The emerging scene showcases a great 'entrepreneur county' culture, where youth and community leaders innovate on-the-go in very creative ways, while passing on the fast-track new skills, capacities, and networks within their spheres of influence, not least due to the need driven practice of informality and personalized interventionism. A long-term impact will see a shift towards more informal but sustainable forms of assistance to unemployed young Palestinians, bypassing the well-trodden aid clientele and fostering unrecognized but effective partnerships. Ein Hodeta and 'Aabudiya CBO recently developed a creative willingness to coordinate the training programs according to the needs and requirements of applicants in Both Cities.

Youth-led Innovation Projects

Young people in Palestine face serious challenges with regards to skills development, employability, and the transition from school to work. Unemployment in Palestine is widespread and affects all stages of the life course. Nonetheless, youth unemployment

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has been particularly high in square areas, reaching up to 69 % in Gaza in the last quarter of 2017. It is very hard to be a youth in Palestine. Opportunities for employment often depend on not only educational level, but also on networks within a heavily regulated economy. With these difficulties at the background, young people try to step up and find creative ways to tackle unemployment (Mutongwizo, 2009). The projects presented below exemplify how young Palestinians—often in collaboration with others—are successfully challenging some of these circumstances to find ways how to make an enduring positive impact on their communities.

There is a couple of non-conventional initiatives that the youth of Palestine has pursued. Many of these interventions are led by youth and intended to benefit folks the same age. These youth-led innovation projects aim to provide sustainable and lasting solutions to life's problems. They might be aimed at helping others in the community get skills they need to find employment, such as vocational training as a blacksmith. They could also address a wide range of issues, from service provision like an application for online doctor's consultations and educational videos on health and current affairs, to community development, with a ham coming together to construct a road in Al-Bureij camp. Often, even if not aimed at benefitting one's immediate community, such ideas rely on a sense of togetherness and teamwork, as in the gaming platform that one local company developed. These stories share several commonalities. The projects each aim to offer long-term solutions. They also focus on ways to engage with current circumstances to navigate economic reality. Collaboration is a keyway in which these projects come to fruition, whether locally or through wider networks. And successful projects often involve an element of mentorship from supportive institutions or individuals. Be it through providing training and business advice or sharing contacts and resources to make the idea a reality, mentorship plays a crucial role in each case. On location in some of the projects provides already a look at the early results of these initiatives on the ground, as well as their potential to serve as models for future initiatives elsewhere.

Policy Recommendations and Interventions

Youth worldwide face many employment challenges and labour market mismatches usually lead to a great deal of frustration and inactivity. These challenges are particularly prevalent in developing countries where most students leave schools without the skills necessary to successfully transition to good jobs. Many of these countries have large informal markets with earnings volatility and little job progression. Public sector jobs that previously served as an outlet for the skills mismatch have since become constrained thus worsening an already difficult labor market transition. Research regarding the employment challenges faced by youth in Palestine and recommendations for policy interventions is documented. These recommendations include the need to establish targeted youth programmes to enhance employability as well as entrepreneurship, while supporting Private Sector Development in ways that generate employment opportunities for youth. Moreover, the need for durable Public-Private partnerships to take advantage of economies of scale and increase the number of jobs available to young workers is stressed. The training programs on offer should go beyond purely technical skills training and incorporate training in non-cognitive skills. Moreover, these programs need to be aligned with the existing labor market demands, sectors with good potential for enhancing employment and income opportunities. Lastly, to target the broader regulatory environment hampering business setups and economic growth, so entrepreneurs can start and establish businesses more quickly. Regulatory burden affecting especially SMEs often make it extremely difficult for young entrepreneurs to start a business which means they lay caught in the informal sector. Different policy recommendations to alleviate the specific problem are stated. However, an additional recommendation evolves around the need for broader reform of the educational system: young people should meet the demands of the jobs available in the market and as such, education that equips students with the skills required for employability in the desired sectors becomes a critical issue. This recommendation is seen as the potential impact higher than any other in the longer run. Lastly, civil conflicts and occupation have resulted in destroyed infrastructure and thus put in place a highly unfavorable environment for active economic life. Therefore, it is important for the international community to play more fundamental role in creating an institutional environment to make Palestine a conducive place for its youth to actively take care of their future. Informal Committee and inter-ministerial initiatives at the national level should be established for developing a more coherent and comprehensive solution on Youth Employment and Entrepreneurship issues. It is important that these initiatives finally aim at enhancing an enabling environment where children and especially youth can blossom, realize their potential, and contribute more actively to their personal to their societies. This could mean pursuing reforms in relation to educational opportunities, supporting Private Sector Development, labor rights, and decent job creation as well as expanding the circle of successful implementation of related programs (Bhorat et al., 2015).

Youth Employment Programs

Youth unemployment has been a long-standing problem in Palestine and the situation has worsened over the years. The official rate of youth unemployment in Palestine in 2018 was 28%. Graduates, with a rate of 44.6%, were disproportionately more affected than non-graduates. Despite the high expenditure on vocational training in the same year, the vocational training programs do not match the skills needed in the market and are not serving women. Low job creation rate, weak economic activities, and the

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Israeli occupation contribute to making matters worse. Since the primary need is a job, implementing youth employment programs appears as the best form of intervention to tackle the challenge. Programs could be designed to serve graduates with stressed targeting on women in its delivery, as it was found that however important the results look, there is still need for more effort and to address the gender gap. Programs may come in the form of job training; on-the-job training; and a mix of the two. Closer attention should be paid to collaboration with the business community to introduce programs that are like the needs of the labor market. The initial cost can be shared between businesses, NGOs, and the government. There are several examples of success stories in the literature which can be a reference. Making Godiva as a model of a good initiative. Here, it is not a one-size-fits-all situation, as to maximize the impact of this intervention it is necessary to tailor it further according to the community needs including experiences, assessing readiness, and judging the possibility of demand between other interventions. It is wise to involve the beneficiaries in the initiative design itself to assure a good match with their preferences and to maximize the chances of future success. Finally, this is a policy intervention, and it will have to be systematically monitored and evaluated. Before implementation starts, benchmarks and a monitoring framework should be set. It is also advised to continuously adjust the program based on evidence from field research (Setlhodi, 2019).

Entrepreneurship Education

With economies around the world increasingly hard pressed to create enough formal sector job opportunities for youth, entrepreneurship offers a viable alternative for youth to earn funds. It is therefore logical to argue that entrepreneurship education should be made a critical component of formal education curricula and used as an informal learning opportunity. Entrepreneurship education is defined as the mechanism used to impart mental, social, and emotional skill sets necessary for successful self-employment and start-up innovation. The above definition emphasizes that the learners can recognize social, workforce, and business opportunities, analyze those possibilities, and develop innovative acts on possible options. Put differently, entrepreneurship can enable young graduates to be job creators and entrepreneurs able to spot niches for business opportunities in a challenging, uncertain, and changing business environment (B. Ojo et al., 2014).

While a small body of literature on entrepreneurship education exists, much of the available evidence shows relatively small and insignificant results in encouraging youth to own and manage business ventures. Despite the growing attention of policymakers and development agencies, entrepreneurship education in many countries is in the early stages of development. A growing number of initiatives, programs, and projects seek to build the country's human capital among young graduates. While some examples of best practices help enterprises for start-ups, the results are not yet promising.

There is a need for an enabling environment and special projects to promote self-employment in which a continuous and sustainable long-term opportunity would be available for aspiring youth. Entrepreneurship education would not be accessed by all youth or even all students once included in formal education curricula. It is therefore suggested that the same opportunity should be available to all young people and to all schools, colleges, and universities. This requires providing a variety of different formats and making it possible for all to access. It can take different forms such as summertime, entrepreneurial activities, projects, workshops, summer camps, mentorship, entrepreneur talks, networking, practical experience, and so on.

CONCLUSION

Youth unemployment in Palestine represents a critical barrier to the country's socio-economic development, particularly given the large proportion of young people in the population and their increasing educational attainment. This paper has highlighted the significant challenges Palestinian youth face in entering the labor market, including underemployment, educational mismatches, and the socio-political constraints imposed by the ongoing occupation. Despite these hurdles, entrepreneurship presents a promising solution for alleviating youth unemployment, yet it is hindered by limited access to finance, regulatory barriers, and a lack of supportive ecosystems.

Through a mixed-methods approach, the study has revealed the substantial role that education and access to financial resources play in improving youth employment outcomes. The OLS regression analysis confirmed that higher education and access to finance are strong predictors of reduced unemployment, while regional differences, particularly between Gaza and the West Bank, further exacerbate employment disparities.

The findings underscore the need for comprehensive policy interventions aimed at improving the alignment of education with market demands, simplifying business regulations, and increasing financial support for youth-led initiatives. In addition, fostering an entrepreneurial ecosystem through digital innovation and mentorship programs could open new pathways for young Palestinians to engage in creative industries and global markets.

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Ultimately, a holistic approach that combines education reform, financial access, regulatory simplification, and the cultivation of an entrepreneurial culture is essential to unlocking the full potential of Palestinian youth. Only through these coordinated efforts can Palestine begin to overcome its youth unemployment crisis and pave the way for sustainable economic growth and prosperity. This paper provides an image on the Palestinian youth employment context in the labor market and the potential of supporting entrepreneurship as a youth-driven initiative. After examining a unique example of young social entrepreneurs, active in community-based initiatives, some recommendations have been proposed for linking youth entrepreneurship to employment policy and fostering entrepreneurship as a solution to the big unemployment problems. In sum, youth entrepreneurship should be treated as an innovative avenue of becoming self-employed among the youth labor initially bound by a conjunction of unfavorable contextual conditions of widespread occupation and economic closure in their community. Besides, youth entrepreneurship might be boosted among those who have perceived risks in wage employment or those socially excluded in the labor force and in the education or training system.

With Palestinian youth the demographic bulge, with a youth dependency rate at 55.1% and an average household size at 5.7, the Palestinian territories face enormous challenges in employment generation (Bhorat et al., 2015). However, labor market exclusion of large parts of the youth is not just the result of demographic pressures. Rather it has been caused by occupation, closed borders, and long periods of curfew for the territories, which led to increased costs of doing business, accelerated de-industrialization, inflationary spiral, in addition to economic and social decline for the society (Elisa Pride Majola, 2017). Against the background of continuously high unemployment in the Palestinian territories, the paper tried to explore the potential of youth entrepreneurship as an avenue of labor market insertion among the unemployed Palestinian youth. This paper has particular emphasis on the youth entrepreneurship in the occupied Palestinian territories, especially in the West Bank and has been motivated by high levels of unemployment among the population during the last four years after four decades of labor market integration with the Israeli economy. However, the paper also sheds light on questions of rural-urban differentials, gender specifics and with a specific focus on accompanying policies, including education and extension work.

Key Findings and Implications for Future Research

As youth employment and entrepreneurship are critical issues, identifying key priorities is essential for the stakeholders aiming to support efforts. The paper has identified the top seven research priorities reflecting the findings from Palestinian youth, the literature and strategic dialogue with the development partners. Palestinian youth in the focus groups and the quantitative survey both highlighted the major issues they face to find employment and launch own startup. Following closely, the reviewed literature and the discussion with the partners confirmed these findings. From this, the most common and most critical issues are highlighted. The prioritization of the challenges does not suggest a clear ranking: highest youth unemployment in the world, in particular in Gaza; the significant gap between the higher education graduates and the requirements in the labor market; massive Israeli occupation and settlement Enterprise; restrictions and lack of mobility; unfavorable conditions for the business and lack of entrepreneurship culture; insufficient governmental support mechanisms for young entrepreneurs, in particular in East Jerusalem. High youth unemployment rate was the challenge most frequently mentioned by the different stakeholders. It is one of the most visible signs of the situation Palestine is. According to the World Development Indicators, the State of Palestine is the first in the World list of the countries with the highest youth unemployment. No other country has higher rates, and the latest figure is 43.1%. Meanwhile, the literature study provided by the different stakeholders confirmed this observation. The goal is to reduce the problem of unemployment by developing a development agenda that can identify the efficient labor-intensive industrial sectors and advocate the targeted policies and the promotional activities. On another document, the technical approach and some statistical exercises related to this issue will be provided (Leta and & Kebede, 2019).

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