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US$16 million for New Projects to Support the Private Sector and Create Opportunities for Palestinians in the Digital Economy

Washington, June 1, 2018 - In the face of a struggling economy, repeated conflicts and ongoing fragility, the World Bank has launched two new projects in the Palestinian territories aimed at boosting the digital economy and mobilizing domestic resources for development as sources of much needed opportunities, especially for young men and women. A US$13 million grant will fund the *Innovative Private Sector Development Project* to support start-ups with access to training and credit, and a US$3 million grant will fund the *Public Financial Management Improvement Project* to encourage private sector participation in the delivery of public services.

"*The private sector is central to the socio-economic future of the West Bank and Gaza, a region currently suffering from limited job opportunities, particularly among youth and women,"* said **Marina Wes, World Bank Country Director for West Bank and Gaza.** *"Developing the digital business culture will allow Palestinians to overcome persistent challenges such as restrictions on movement, and alleviate the high unemployment rate. Also, encouraging the private sector to participate in the supply of public goods and services will allow crowding in private solutions for development and optimize the use of scarce public resources."*

To promote the digital economy, the *Innovative Private Sector Development Project* will support entrepreneurship development as an important catalyzer for the creation of new jobs. It will support the development of the right policies to build a regulatory environment in which businesses can thrive. This will include platform technologies that allow for the automation of business registration. Reducing the number of human interactions will make the registration process more predictable and transparent, while saving entrepreneurs time and money.

The project will provide technical assistance for 'Angel Investors' so that they can play a critical role in bridging the equity gap for Palestinian start-ups and early-stage enterprises. Along with connecting entrepreneurs to sources of funding, the goal will be to create market linkages with Arab communities in neighboring countries, to open up access to regional and foreign markets.

The project will also develop a business model for an outsourcing hub in Gaza. The pilot exercise will be done through GGateway, an existing nonprofit organization, that will train students, software engineers, and provide them with up to two-year of professional experience through its outsourcing and consultancy platforms. The organization substantially targets female IT graduates, now representing more than 40 percent of its trainees.

The *Public Financial Management Improvement Project* will be co-financed by the European Union and Denmark (US$0,5 million) and will support better services and more opportunities for the private sector through improved financial management and accountability of the Palestinian Authority. Improved procurement policies will give new and smaller firms the chance to bid for government business, while better financial management will mean more timely payments that are critical for the private sector. Along with creating private sector opportunities, Palestinians will benefit from improved public services.

"*The project will mobilize domestic resources for development by enhancing private sector confidence in the public sector's payment and procurement procedures, necessary for a greater private sector investment, especially in sectors where the Palestinian Authority remains a dominant purchaser – such as energy generation,"* added **Wes.**

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