



ENHANCEMENT OF THE BUSINESS ENVIRONMENT IN THE SOUTHERN MEDITERRANEAN





Innovation: Institutional & Legal Framework, Policies

Hasan Omar

Ramallah, Oct. 29, 2014





Content



- **Overview**
- **SBA Assessment (Innovation)**
- What Exists
- **Current Situation**
- **Innovation eco-system**
- **Supporters – Examples**
- **What Next**
- **Education and Innovation**



Overview



- Palestine Context, socio-economic, geo-political...
- Donor dependent and connected weak economy
- Uncertainty: Political instability and external factors
- Knowledge-Based-Economy - Pillars:
 - Knowledge / Education,
 - Research
 - **Innovation**
- Innovation ↔ Value ↔ Internationalization
- Innovation Pillars: Culture, **Policies**, Infrastructure...



Overview



“Innovation is the specific instrument of entrepreneurship. The act that endows resources with a new capacity to create wealth”. *Peter Drucker*

Innovation is:

- more than science and technology
- no longer restricted to R&D, published scientific papers, and patents
- the value added and includes (social, business model, processes, creative sectors...)

NIS Workshop, EIB, Amman, 2013



SBA Assessment (Innovation)



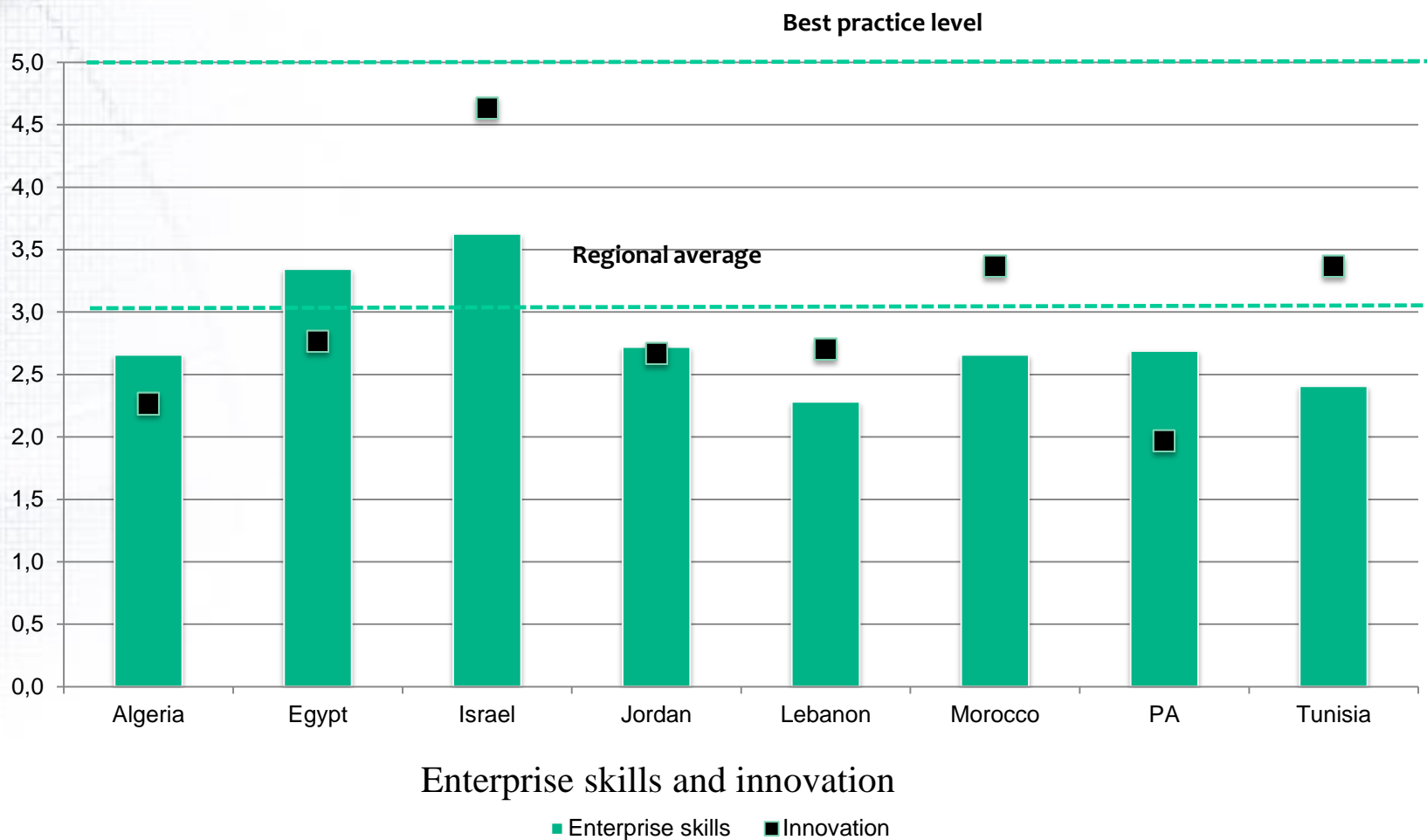
- 2008: innovation was identified as a relatively weak area among all the MED economies but “Israel”
- 2008-2013:
 - Noticeable progress in SME specific policies and measures, but not Palestine and Algeria
 - **Institutional Framework:** A private sector coordination council to improve policy coordination among government agencies, NGOs and private sector organisations.

Policy instruments adopted to support innovative SMEs





SBA Assessment (Innovation)





What Exists



- The national framework to support MSMEs was developed with ILO support, 2010
- Technology Incubators Strategy (Gaza) – Draft, 2013/14
- National Development Plan (NDP 2011-13) focuses on private sector growth (agriculture, tourism and ICT)
- SMEs development strategy (MoNE supported by IFC)
- SMEs National Group
- Higher Council for Innovation & Excellence - 2012
- Women Entrepreneurship Strategy



Current Situation



- Promoting a culture of innovation, entrepreneurship and skills development: Huge efforts, fragmented, ad hoc...
- Not enough progress in developing public policies supporting private enterprises due to political instability and external factors
- A complete framework to support innovation in SMEs (Not Solid). The MED economies have taken steps to improve the innovation policy framework and to increase the non-financial and financial service provision for SMEs. Yet, with the exclusion of Israel, none of the MED economies has built up a solid framework supporting innovation, particularly in SMEs.

Innovation Policy & Framework (not only build but also **implement**)



Current Situation



- Palestine ranked 138th out of 189 economies in the ease of doing business. (World Bank Doing Business Report 2014)
- Innovation strategy does not exist, but some elements
- Innovation policy infrastructure is relatively under-dev
- Financing SMEs and access to finance (not enough progress), Business Angels... *challenges and gaps*
- Public R&D Grants and incentives to the private sector to contribute to R&D spending



Current Situation



- Access to information: OSS, Centralized / Interactive / Online / Virtual DB - Better inform SMEs about the financial and non-financial services provided by the government, NGOs, associations and private organisations to increase awareness of those services and participation.
 - Lack of provision of specialised services delivered (Standards)
 - Lack of M&E measures and follow up system to promote innovation impact (RoI & Impact): This is especially important for economies that have started to introduce public policy measures supporting innovation in SMEs, such as Egypt, Jordan, Morocco and Tunisia. **Improved data collection and regular follow-up are a precondition for this.**
- No measuring impact of National Innovation System



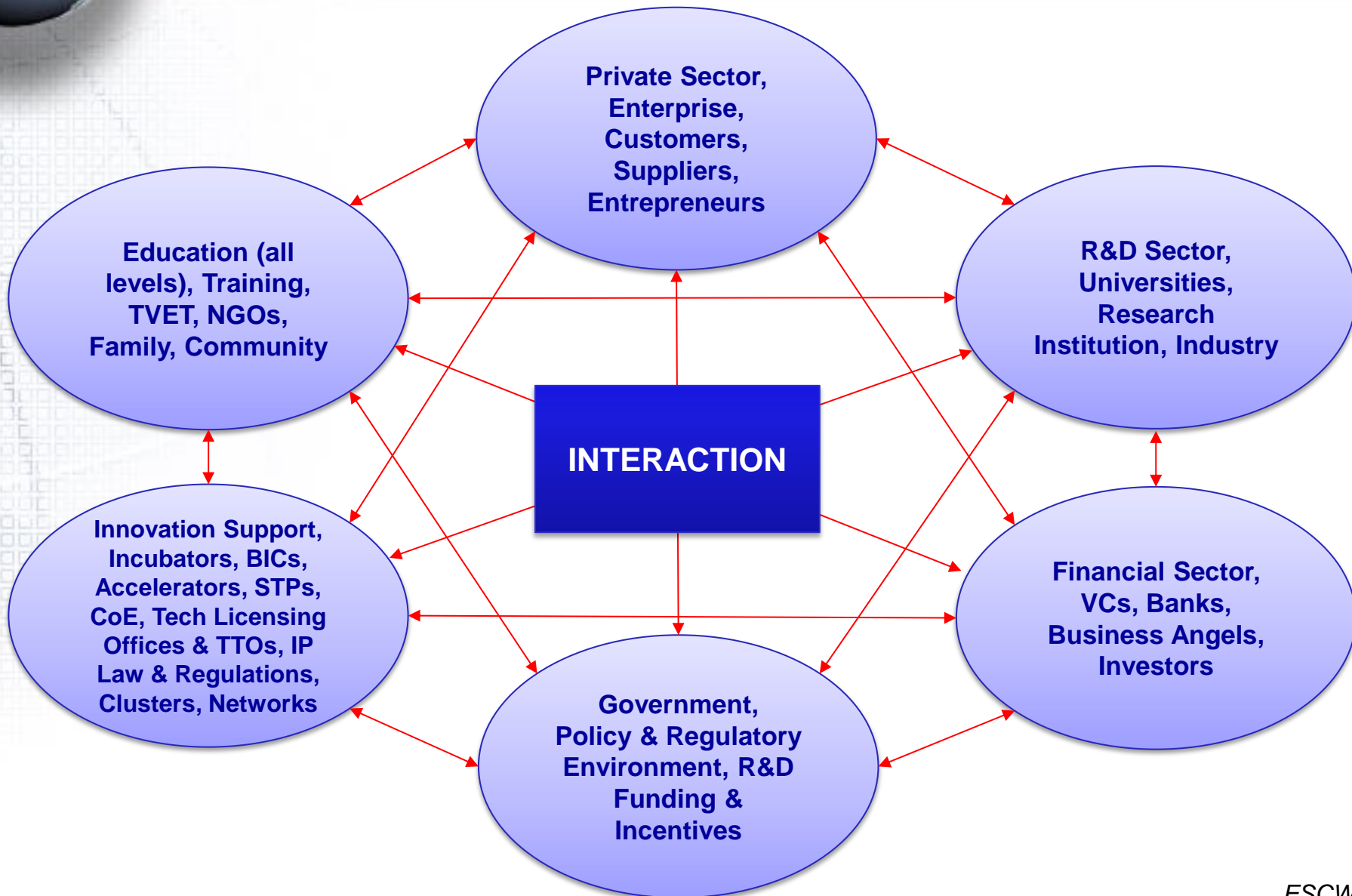
Current Situation



- Coordination, Cooperation, Integration - **Collaboration**: not enough and on ad hoc:
 - Academia and Private Sectors: co-operation between SMEs, research institutes / universities (GAP)
 - PPP and PPD (under development)
- Innovation coordination body, chaired by a high political authority and supported by a well-structured secretariat to ensure that widespread policy exchange, coordination and consultation with stakeholders and civil society are carried out effectively – Leader Team on the National Level
- Innovation Support System, Providers & Programs
- Private Sector Involvement (Education, Policies and Strategies...)
- Diasporas: untapped resources - Mentors, Investors, **Internationalization**



Innovation Eco-system



ESCWA, EIB



Supporters - Examples



Incubators & Accelerators:

- PICTI, Palestinian BIC
- Leaders & FastForward
- Arabreneur
- Energy (New)

VCs:

- Sadara
- Abraaj
- Siraj

Centers of Excellence @ Universities: AAUJ, BZU, Al-Quds and PPU

Incubation and pre-incubation programs @
universities (UBIs):
AnNajah, PTUK, IUGaza, and UCAS



What Next



- Support the creation and expansion of networks and **clusters** for the introduction of new technologies, products and processes, as well as access to advanced business and financial services and technical laboratories. National and international research and development networks, cluster co-operation and linkage programmes should be clearly targeted, in order to promote knowledge and technology spill-overs among SMEs.
- Benchmarking platforms and monitoring tools to assess countries innovation performance and policies:
 - Global Innovation Index (www.globalinnovationindex.org)
 - Regional Innovation Monitor (www.rim-europa.eu)
 - OECD STI scoreboard (www.oecd.org/sti/scoreboard.htm)

Innovation: not only ICT and not only Ramallah

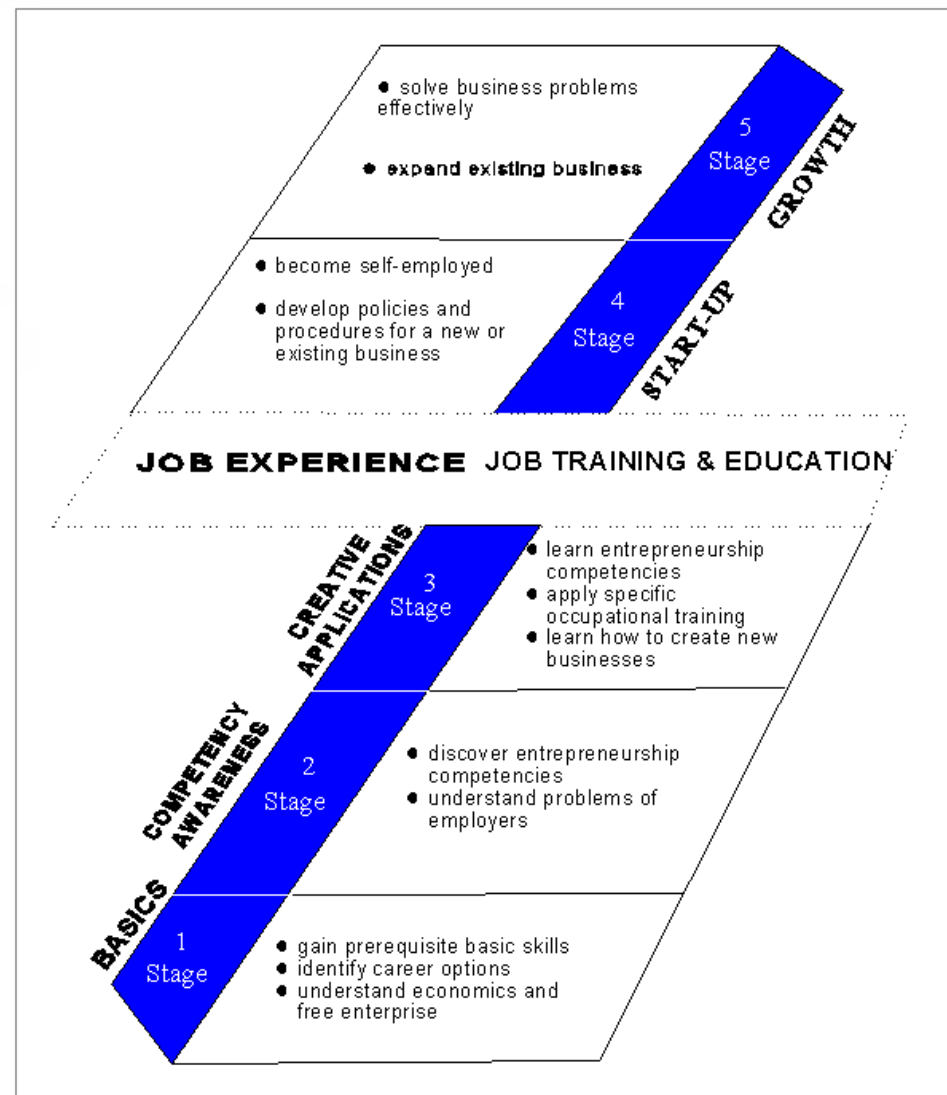


Education and Innovation



- 12 Universities, 30 Colleges (University and Community)
- Education System supporting Innovation? Weak - *(All Levels: Schools & Universities)*
- Innovation and Entrepreneurship Culture and Lifelong Entrepreneurship Learning (LLEL) – No
- Training, Capacity Building Programs on Innovation & Entrepreneurial Learning incl Women – Non-governmental and outside formal education
 - Soft-skills: Communications, leadership, teamwork...
 - Business skills: Build your Business, Presentation, Marketing ...
PICTI, EFE, Sharek, PSD, Universities, Leaders, Johoud...

Lifelong Entrepreneurship Education Model (LLEL)



LIFELONG ENTREPRENEURSHIP EDUCATION MODEL
Developed by The Consortium for Entrepreneurship Education



- Motivation: schools and students (tools, contests...) - Weak
- Research and information (Access & Dissemination)
- Applied Research & Commercialization of R&D / Graduation Projects (translates findings into commercial products, processes and services) – No
- IPR, Licensing and Patents Culture - No
- TTOs: BZU/ETC & IbdAA - New



Education & Innovation



- Co-operation across the various levels of education, among higher education institutions and links with businesses (the world of enterprise) to foster entrepreneurship.
- Academia-Private Partnership: pull, internships, joint projects, co-funding...
- University Curriculum & Market Needs
- Entrepreneurial Skills & Curriculums
- Teachers and entrepreneurship / innovation
- Education & Innovation Policies
- Sustainable Funding Model, Guarantee Fund...



Thank you for your attention

Contact:

Name: Hasan Omar

Phone: +970 599 225 092

Email: Hasanict@yahoo.com

