Bridging the Gap

Identifying Barriers and Opportunities

for Youth Entrepreneurship

Funded by
the European Union

جامعة القدس
AL-QUDS UNIVERSITY

Enabel

1. Introduction

Youth entrepreneurship has emerged as a critical pathway for promoting economic empowerment, job creation, and resilience in fragile and conflict-affected settings. In Palestine, and more specifically in Jerusalem, young people face a distinct set of challenges that limit their full participation in economic life. Extended political instability, restricted access to resources, limited space for innovation, and fragmented institutional frameworks have deepened socioeconomic exclusion, particularly for youth from marginalized and vulnerable communities. These systemic barriers are exacerbated in East Jerusalem, where legal, social, and economic asymmetries further delay entrepreneurial development (UNDP/PAPP, 2017; Morrar, Amara, & Syed Zwick, 2022). Within this context, a targeted needs assessment focused on youth entrepreneurship in Jerusalem is urgently needed to understand existing gaps and guide effective, inclusive policy and programmatic responses.

With more than 60% of the its population being under the age of 30, Jerusalem is a city full of potential (West, 2018). Yet for many of these youth, especially those growing up in East Jerusalem, the road to economic independence is filled with obstacles. Despite their numbers and ambition, they face some of the highest unemployment rates in the region, with youth joblessness often surpassing 40%. Young women and recent graduates are among the hardest hit, struggling to find pathways that match their skills and aspirations (West, 2018).

For these young Jerusalemites, the dream of starting a career or building a small business is often weighed down by daily realities: high operation costs, outdated infrastructure, and limited access to funding or mentorship. Movement restrictions make it harder to connect with markets and networks beyond their neighborhoods, while Palestinian-owned businesses often operate in a legal grey zone, facing regulatory challenges and limited formal recognition (Jafari, Abdullah, Safadi, & Salah, n.d.). Indeed, with increased restrictions imposed on the movement of goods between Jerusalem and the West Bank, a primary market for Jerusalemites, the prospects of business growth and long-term viability are becoming increasingly bleak. The barriers are even greater for those from already marginalized groups, refugees, young women, and people with disabilities, who must navigate additional layers of exclusion and discrimination. For many, the challenge isn't a lack of motivation or ideas; it's a lack of support, resources, and trust in the systems critical to the success of any startup.

The entrepreneurship ecosystem in Jerusalem is underdeveloped and unevenly distributed. While there have been efforts to support Palestinian startups and small businesses, most programs are concentrated in Ramallah and other urban centers in the West Bank, leaving a significant gap in services and support in Jerusalem (Fraiberg, 2021; FAO, 2010). Local initiatives in East Jerusalem often operate within a highly constrained ecosystem, shaped by a lack of sustainable funding, regulatory and infrastructural obstacles, fragmented markets, and limited awareness or understanding of these barriers. Moreover, the private sector in Jerusalem remains limited in its capacity to absorb new entrants or serve as a reliable partner in entrepreneurial development (Fraiberg, 2021; Hinn, Gharabeh, & Alayasa, 2015). This calls for a better understanding of the systemic and intersectional barriers that youth face, not only from the perspective of youth themselves but also from the key sectors that shape their immediate markets and the environment they operate in.

In this context, the Al-Quds Business Center for Technology Innovation and Entrepreneurship (BCITE), as part of the Youth Economic Empowerment in Palestine (YEP) project supported by Enabel, the Belgian development agency, seeks to enhance economic opportunities for Palestinian youth through a multidimensional and strategically aligned approach. The YEP initiative operates within a broader European Union framework on youth empowerment, which aims to foster the socio-economic inclusion of young people by equipping them with the necessary skills, resources, and institutional support to enable meaningful participation in the economy. Within this framework, youth entrepreneurship is positioned not only as a mechanism for employment generation but also as a catalyst for individual agency, innovation, and localized economic development.

As a core component of the YEP project, this needs assessment focuses specifically on youth in Jerusalem, with an emphasis on the structural and contextual challenges they face, as well as the opportunities available to them. It pays particular attention to the institutional landscape that either facilitates or hinders their entrepreneurial endeavors. The primary objective of the assessment is to identify existing gaps, systemic barriers, and untapped potential within the youth entrepreneurship ecosystem in Jerusalem. This is achieved by gathering insights from two central stakeholder groups: (1) employers across the private, public, and nonprofit sectors, and (2) young women and men from vulnerable and marginalized communities in East Jerusalem.

Through a series of focus group discussions (FGDs), the assessment will explore the challenges these groups face from both sides of the entrepreneurial ecosystem. Employers will provide insight into the demand for entrepreneurial skills, existing gaps in the local economy, and the role institutions can play in supporting youth-led ventures. At the same time, youth participants will share their personal experiences, highlighting the barriers they encounter, such as limited access to finance, mentorship, legal support, or digital tools, and the kinds of support they believe are necessary to succeed.

This needs assessment aims to develop a nuanced and evidence-based understanding of the socioeconomic conditions shaping the lives of young people in Jerusalem, with particular attention to the structural barriers and opportunities influencing their economic participation and entrepreneurship. The findings are intended to inform the design of future programs that are not only theoretically sound but also grounded in the lived realities of youth, thereby enhancing their relevance, responsiveness, and impact. By systematically capturing the perspectives of both young individuals and key economic actors, this study seeks to generate actionable insights that can guide strategic interventions. Ultimately, the assessment seeks to foster inclusive dialogue among stakeholders, including community leaders, institutional actors, and development partners, with the aim of creating a more enabling environment in which youth are empowered to pursue entrepreneurship, employment, and innovation as viable and sustainable pathways for economic engagement and resilience. Building on this context, Section 2 outlines the scope of the assessment in Jerusalem, while Section 3 specifies the study's objectives.

2. Scope of the Study

This needs assessment seeks to develop a clearer and more grounded understanding of the current realities surrounding youth entrepreneurship in Jerusalem, with a particular focus on East Jerusalem and marginalized youth groups. The assessment is a key component of the Youth Economic Empowerment in Palestine (YEP) project, implemented by Enabel as part of the broader European Union Youth Empowerment Program. The overarching goal is to identify practical, evidence-based strategies that can help unlock the economic potential of Palestinian youth by creating inclusive, relevant, and sustainable support systems for youth-led entrepreneurship.

The study acknowledges the complexity and sensitivity of the Jerusalem context, where socio-political constraints, legal fragmentation, and unequal access to infrastructure and services significantly hinder young people's ability to engage in business and self-employment. These challenges are even more severe for youth who already experience forms of marginalization whether due to their refugee status, specific area/neighborhood of residence, gender, disability, or economic background.

To reflect this complexity, the assessment is designed to capture both the demand-side (youth perspective) and supply-side (institutional and employer perspective) of the entrepreneurship ecosystem:

- **Demand-Side (Youth Perspective):** The study investigates the personal experiences, motivations, and frustrations of young men and women who aspire to be entrepreneurs. It examines the barriers they encounter, such as limited access to funding, digital tools, mentorship, training, markets, and safe spaces to innovate. Special attention is given to the voices of youth from vulnerable and underrepresented groups, including refugees, young women, and youth with disabilities, who often face compounded obstacles in pursuing economic independence.
- **Supply-Side (Institutional and Employer Perspective):** On the institutional side, the assessment explores how employers, government agencies, civil society organizations, and other stakeholders view youth entrepreneurship in East Jerusalem. It investigates

what support systems are currently in place for Jerusalemites, how effective they are, and where the gaps exist. It also assesses the extent to which institutions are investing in youth as future business leaders, and what barriers, be they legal, financial, regulatory, or organizational, prevent these institutions from offering meaningful support or collaboration opportunities.

Geographically, the assessment focuses on Jerusalem, including both urban neighborhoods and outlying areas where Palestinian youth live and seek livelihoods. This localized focus is essential, given that East Jerusalem is often overlooked in national youth development programs and faces unique legal and administrative challenges that do not apply elsewhere in the West Bank or Gaza.

3. Objectives of the Study

1. **Identify Key Barriers to Youth Entrepreneurship:** The study aims to identify the wide range of challenges, economic, legal, social, and infrastructural, that prevent Palestinian youth, especially those from marginalized backgrounds, from turning their business ideas into viable enterprises. It will explore issues such as limited access to capital, digital exclusion, regulatory obstacles, and social or cultural constraints that disproportionately affect youth in East Jerusalem.

2. **Assess Institutional Gaps and Opportunities:** A key objective is to examine how public, private, and nonprofit actors are currently engaging with youth entrepreneurship. The study will identify where institutional support mechanisms exist, where they fall short, and what opportunities there may be to strengthen or expand them. This includes analyzing how inclusive current programs are, and whether they are accessible and responsive to the needs of the most vulnerable youth.

3. **Map Youth Perceptions, Aspirations, and Needs:** Through direct engagement with young people, this study seeks to examine how youth in Jerusalem perceive entrepreneurship—whether as a pathway to empowerment, a viable career choice, or a coping mechanism in response to socioeconomic constraints. The objective is to gain insight into their attitudes, motivations, and behavioral dispositions toward

entrepreneurship. In addition, the assessment explores youth confidence levels, entrepreneurial awareness, technical and soft skillsets, access to networks and mentorship, and their capacity to navigate the broader business environment.

4. **Provide Actionable Information to Support Future Interventions:** One of the primaries aims of this assessment is to produce high-quality, locally relevant evidence that can directly inform the design and implementation of YEP interventions in Jerusalem. The findings will be used to tailor future program components such as training, mentorship, financial inclusion, and policy advocacy to meet the real needs and aspirations of youth. The assessment will ensure that both youth voices and institutional feedback are central to shaping new, inclusive approaches.
5. **Promote Cross-Sector Dialogue and Collaboration:** The assessment will facilitate dialogue among stakeholders through the dissemination of findings in a collaborative workshop setting. By bringing together youth, employers, community leaders, institutional actors, and development partners, the workshop aims to foster a shared understanding of the challenges and opportunities within the youth entrepreneurship ecosystem, and to co-create actionable solutions that are responsive to local realities.

4. Methodology

This needs assessment was developed to understand the complex, deeply contextualized landscape of youth entrepreneurship in Jerusalem, particularly in East Jerusalem, where youth face multiple layers of exclusion, from legal restrictions and economic instability to social marginalization and political insecurity. Conducted as part of the YEP project, the assessment adopts a qualitative research design to ensure a comprehensive and detailed understanding of the reality of entrepreneurship in the occupied Palestinian territories (oPt) overall, with a specific focus on East Jerusalem.

Recognizing the political sensitivity and structural fragmentation of Jerusalem, where Israeli, Palestinian, and donor frameworks overlap unevenly, the methodology was shaped to center youth voices, reflect local realities, and generate information that are meaningful for both community stakeholders and institutional actors.

4.1 Desk Review: Contextualizing the Assessment

The assessment began with a comprehensive desk review to establish a foundation for examining youth entrepreneurship in the oPt, particularly the startup ecosystem in East Jerusalem. Before collecting primary data from young entrepreneurs and ecosystem stakeholders, existing materials (policy papers, studies, and NGO reports) on youth livelihoods, entrepreneurship, and the unique challenges in East Jerusalem were systematically examined. This step was essential for identifying knowledge gaps and shaping the themes for data collection. The desk review offered an overview of the Palestinian startup ecosystem, its key stakeholders, and prevailing legal and regulatory barriers. It also ensured that subsequent data collection would accurately reflect the real-world complexities of youth experiences and the frameworks defining entrepreneurship in Jerusalem today.

The desk review examined existing literature and reports on youth entrepreneurship in Palestine, with particular emphasis on studies addressing East Jerusalem. It covered publications by international development agencies, Palestinian research institutions, UN bodies, and local NGOs. The review aimed to map the ecosystem surrounding young Palestinian entrepreneurs, especially in East Jerusalem, and to assess how it facilitates or impedes equitable access to opportunities. Through this analysis, key gaps in the ecosystem and potential intervention areas were identified. The broader socio-political context was also explored, focusing on the impact of prolonged occupation, mobility restrictions, and cycles of violence on economic development and youth engagement. Reports on the overall socioeconomic situation in East Jerusalem were included to provide a holistic understanding of the structural conditions under which youth pursue entrepreneurship. Special attention was paid to how legal ambiguity and fragmented governance in East Jerusalem affect young people’s ability to register businesses, secure financing, and participate in formal economic networks.

Triangulated with primary data collected from focus group discussions (FGDs) and survey, the desk review ensures that this assessment captures not only the perspectives of youth and institutional actors today but also the historical and systemic forces shaping the youth entrepreneurship landscape in Jerusalem.

4.2 Qualitative Component: Focus Group Discussions (FGDs)

As part of the study's mixed-methods design, a qualitative component was implemented via in-depth FGDs to explore perceptions, challenges, and aspirations related to entrepreneurship in Jerusalem. This approach was chosen to generate rich, contextualized insights that go beyond surface-level trends and provide a deeper understanding of the lived experiences underpinning quantitative findings.

The FGDs involved two main target groups. The first comprised 22 participants (12 Female and 10 Male) (ages 18–30) from marginalized and vulnerable communities in East Jerusalem; participants were purposively selected to ensure diversity in gender, socioeconomic background, refugee status, and disability. The second group included 33 institutional actors representing a cross-section of the entrepreneurial ecosystem, including the private sector, public institutions, local non-governmental organizations (NGOs), and civil society organizations engaged in youth employment and entrepreneurship initiatives.

Using a semi-structured discussion guide, trained moderators facilitated youth focus groups in Arabic, creating an inclusive environment for participants to share experiences, reflect on systemic barriers, and voice aspirations openly. Discussions explored how youth in Jerusalem conceptualize entrepreneurship in their local context, what motivates them to pursue it, and the types of support they need to succeed. In addition, the focus group discussions examined how political instability, occupation-related constraints, and recurrent conflict influence young people's ability to initiate or sustain income-generating activities.

To steer these conversations, the study introduced a set of thematic prompts. Participants were asked to define entrepreneurship in their own terms and to consider whether they view it primarily as a means of empowerment, survival, or independence. They reflected on how entrepreneurship manifests in their communities, including informal or home-based business activities. A particular emphasis was placed on how elements of the broader political environment (including checkpoints, security threats, legal ambiguities, and restricted mobility) shape business decisions and economic engagement.

The discussions also addressed access to information and resources. Participants described where they typically seek guidance on starting a business, whether they have received training or mentorship, and what forms of institutional support they are aware of or have experienced. Questions explored the accessibility of funding, including grants and micro-loans, and youth awareness of financial tools and procedures. Special attention was given to the influence of gender and social norms, especially the barriers encountered by young women and youth with disabilities. Moderators encouraged discussion about the availability of safe workspaces, community expectations, and the acceptability of entrepreneurship within participants' households and peer groups.

Other themes encompassed infrastructure and digital access. Participants described the availability of internet, electricity, and shared workspaces in their neighborhoods, and discussed whether digital platforms (e.g., WhatsApp, Instagram, TikTok) were used for business activities, particularly marketing. The FGDs also addressed the psychological and emotional dimensions of entrepreneurship under adversity, including fears, risk perceptions, mental health challenges, and motivation levels. Finally, participants reflected on their sense of inclusion in national or donor-driven youth development efforts, indicating whether they felt represented in entrepreneurship programs and whether East Jerusalem's youth had an active voice in shaping policies or initiatives affecting their economic futures. All sessions were conducted in person in familiar community settings, lasted approximately 120 minutes, and were audio-recorded (with participant consent), transcribed, and analyzed using thematic coding.

5. Results

5.1 Desk Review

Palestinian Entrepreneurial Ecosystem: An Overview

There is extensive literature on the importance of 'entrepreneurial infrastructure', emphasizing the influence of regional economic and social factors on the entrepreneurial process (Pennings (1982); Dubini (1989); Gnyawali & Fogel (1994); Van de Ven (1993); Bahrami & Evans (1995); Shwetzer, Maritz, and Nguyen (2019)). Zahra (2007) and Zahra et al. (2014)) argue for situating the entrepreneurial phenomenon within a broader context that encompasses temporal-spatial, social, organizational, and market dimensions - moving beyond the individual entrepreneur as the sole source of value creation. There is a growing interest in entrepreneurial ecosystems as a framework for understanding entrepreneurship at both the macro and organizational levels (Stam & Van de Ven, 2021). While scholars and practitioners adopt this perspective to enhance the quantity and quality of entrepreneurial activity, policymakers are increasingly concerned with economic development and identifying effective “levers” to stimulate entrepreneurship that drives economic growth and job creation (Audretsch & Link, 2012). An entrepreneurial ecosystem, in essence, consists of a set of interdependent actors and factors that are governed and structured in ways that enable and promote productive entrepreneurship in its various forms (Stam & Van de Ven, 2021; Stam, 2015).

Over the past decade, a growing entrepreneurial ecosystem has emerged in the oPt, consisting of regulatory bodies and support organizations aimed at cultivating a dynamic startup environment. A diverse array of public, private, and independent institutions and programs has been established, with a particular emphasis on supporting tech-driven startups and social enterprises. In 2021, the Palestinian Monetary Authority (PMA) acknowledged the critical role these actors play in reducing barriers to entry and enhancing the prospects for entrepreneurial success. These institutions and programs provide essential services and resources, including lowering the costs of business establishment, developing both technical and soft skills, and facilitating access to knowledge and professional networks (PMA, 2023). Additionally, with the rise of microfinance institutions and a growing culture of entrepreneurship among Palestinians, the ecosystem now includes various lending and financing entities, such as the Bank of Palestine, that offer funding for early-stage ventures.

Despite ongoing efforts to strengthen the entrepreneurial landscape, the Palestinian ecosystem continues to face persistent structural challenges. The most significant of these are limited interconnectivity among key actors and an overreliance on donor-driven, often fragmented, support models (Morrar et al., 2024). Local and international NGOs play a central role in the ecosystem, channeling financial assistance, capacity-building programs, incubation and acceleration services, and linkages to stakeholders. However, the proliferation of NGO-led initiatives and the volatility of donor funding have fostered a “program hopping” culture, where entrepreneurs pursue successive grants rather than develop self-sustaining revenue streams. As a result, conventional financing mechanisms, such as bootstrapping, angel investment, and venture capital, remain relatively unfamiliar or underutilized by Palestinian entrepreneurs. This further constrains the emergence of resilient business models and innovative financing approaches suited to the local context. The dependency on grant funding not only exposes startups to sudden resource disruptions but also perpetuates a cycle that hinders long-term sustainability and scalable growth.

A comprehensive assessment by the World Bank (2021) characterizes the tech startup ecosystem in the West Bank and Gaza as early-stage yet steadily evolving. One of the ecosystem's most notable strengths is its human capital, as evidenced by the high educational attainment and technical proficiency of startup founders. Nonetheless, structural limitations continue to impede the ecosystem's growth trajectory. While the availability of angel investors was found to be relatively sufficient given the ecosystem's current size, institutional venture capital funds have struggled to meet their investment targets, largely due to a limited pool of high-quality, investment-ready startups. To address these systemic gaps, the World Bank (2021) proposes a set of priority interventions aimed at strengthening foundational infrastructure and promoting more inclusive, resilient growth. These include:

- Enhancing cluster connectivity through better coordination among ecosystem stakeholders;
- Establishing stronger links with regional and international talent networks, leveraging communities and clusters as intermediaries;
- Improving practical education in business and technical skills, particularly through partnerships with accelerators and innovation hubs;
- Expanding mentor capacity and developing angel investor networks to improve access to early-stage, non-donor-dependent capital;
- Creating stronger market linkages between tech startups and traditional domestic sectors to facilitate cross-sector innovation and commercialization; and

- Catalyzing early-stage finance to support startup scaling and improve the quality and volume of the investment pipeline.

In a mapping and critical analysis study, Karaki (2021) also finds the Palestinian Entrepreneurial Ecosystem is still under development and in the infancy stage. It highlights that the two main factors behind this characterization are 1) the limited efforts by the Palestinian National Authority to draft strategies, policies, and legal structures to support MSMEs operationally and financially and 2) the poor business market environment particularly in terms of low investment, average productivity rates, limited competition, and weak innovation. Additionally, the study reveals that while entrepreneurial training and education are offered by various actors in the ecosystem, they often do not meet the local needs of the market and/or do not address the challenges and complexities that Palestinian entrepreneurial face.

Morrar et al. (2024) examine the challenges and opportunities that impact the youth's successful engagement in entrepreneurship, particularly profit-generating ventures with possible social and environmental benefits. Notably, the study finds that majority of entrepreneurs who were able to launch their enterprises in the market used bootstrapping while those who initially relied on external financial resources without any internal contribution were to not able to take their projects to the market. Moreover, interviewed entrepreneurs emphasized that business development services, particularly as it relates to ideation, validation, and growth, enable them to overcome obstacles in establishing and positioning their products in the local markets, maintain their businesses, and mitigating risks. Additionally, support programs, particularly those tailored to the Palestinian context, provided them with connections to key players across sectors that enabled their growth. This is true for entrepreneurs who went on to purse and act on these connections.

The study highlights a few critical weaknesses in the ecosystem. Primarily, sampled entrepreneurs mentioned that technology-related support was lacking especially as it relates to disruptive technological advancements and resources that would enable scaling and further innovation. Additionally, support programs were deemed weak in executing effective matchmaking between their specific startups' needs and experienced mentors. Importantly, support services were highly contingent on the availability of funding and often not accessible beyond the life of the donor-funded projects.

Notably, a key success factor identified through the assessment of entrepreneurship is the entrepreneur themselves possessing a combination of sector-specific experience and core business skills to enable them to pivot and grow in the market.

While institutional and formal support constitute critical elements of entrepreneurial success, social capital also plays a role in creating growth pathways for entrepreneurs, particularly in conflict-driven regions. Examining factors affecting the development and sustainability of entrepreneurial ventures in Palestine, Jordan, and Egypt, Morrar et al. (2025) find that social capital is critical enabler of entrepreneurial growth, particularly in fragile context in which institutional support if often weak. Indeed, entrepreneurs tend to rely on informal networks to navigate systematic barriers.

The Status and Significance of Entrepreneurship in East Jerusalem

The construction of the Separation Wall, which started in 2002, resulted in a split between East Jerusalem (EJ) and other annexed towns and villages into two areas and made access between the two parts extremely challenging for EJ residents by enforcing electronic gates and "security" checks. Importantly, the intensified exclusion of EJ from surrounding areas resulted in the exclusion of clientele from the West Bank, accelerating the decline in the economic situation in the city.

In 2019, a study conducted by Palestinian Economic Policy Research Institute (MAS) and the Palestinian Liberation Organization Negotiations Affairs Department (NAD) found that the role of the Jerusalem governorate in the Palestinian economy, measured by GDP contribution, remarkably declined in the aftermath of the Wall constructions. This is mainly due to the deterioration in economic activity, employment capacity, and the number of active establishments in the city. The Wall resulted in a sharp deterioration of the economic situation and business climate in EJ as many companies and businesses from J1, the area inside of the Wall, moved to J2, the area outside of the Wall; the majority moved to Shufuat Camp, Kufr Aqab, Ras Khamis, and cities adjacent to Jerusalem. While many of the businesses in textile, leather, food, furniture, and others did retain their permits to operate inside the Wall, a significant percentage either moved or opened branches in J2 to enhance access to their clientele in the West Bank area, no longer able to access the markets in the J1 area.

In 2013, the United Nations Commission for Trade and Development (UNCTAD) provided data showcasing the deterioration of socioeconomic conditions in EJ as a result of its severance from the rest of the Palestinian economy. With the systematic separation and isolation of EJ from the rest of the occupied Palestinian territory (oPt), the absence of functional political representation of EJ across critical fields such as health, education, and the economy further pronounced the socioeconomic deterioration in the city.

In addition to a set of discrimination policies against Palestinians in EJ, the Israeli government has made Palestinians in EJ subject to the Israeli tax system. This is despite the large income gap between Palestinian and Israelis and the government neglect basic infrastructural needs. Additionally, Palestinian in EJ suffer from the lack of new jobs, stagnant market, deteriorating social services, house demolitions, settler violence, and arbitrary taxes (MAS & NAD, 2019).

In East Jerusalem, more than 77% of Palestinians live below the poverty line, according to an Israel National Institute report. In 2017, the labor force participation rate in the Jerusalem Governorate was 56.4% for males, i.e., 15.2 percentage points below the rate for males in the oPt. The female labor force participation rate was 6.7%, less than the national rate by 12.3 points in that same year.[1] In terms of living standards, the purchasing power of EJ per capital income is significantly lower than neighboring Palestinians cities. Moreover, poverty rates have constantly increased, reaching 75% of households (MAS & NAD, 2019).

As part of its comprehensive assessment of East Jerusalem's economic potential, structural challenges, and development needs, The MAS & NAD (2019) study identifies entrepreneurship as a critical pathway to revitalizing the local economy, creating sustainable livelihoods, and enabling youth participation in future-oriented sectors. The study highlights that investing in entrepreneurship for Palestinians in East Jerusalem is essential not only to overcome constraints

---

[1] PCBS (2018), Jerusalem Statistical Yearbook 2018, p. 53

in traditional sectors, but also to drive innovation, self-employment, and resilience in the face of mounting political and infrastructural limitations.

Youth training and education across vital sectors such as food production and artisanal industries are identified as urgent priorities. These sectors are deeply rooted in EJ's economic and cultural identity but remain under-leveraged due to a lack of modernization and innovation. The study emphasizes that equipping youth with entrepreneurial skills, digital competencies, and innovation capabilities is necessary to ensure they remain competitive in both local and global markets. Practical training, exposure to advanced technologies, and support for business creation are essential to enabling youth-led transformation of these sectors.

To this end, the study recommends the establishment of vocational training centers in East Jerusalem, supported by regional and international experts. These centers would serve as hubs for cultivating entrepreneurship and innovation, particularly by modernizing traditional craft sectors into high-value, competitive industries. Entrepreneurship programs tailored to East Jerusalem should also integrate applied training in innovation and digital tools in areas where culture and commerce intersect, i.e., handicraft and tourism sectors.

The ICT sector, while holding significant potential for entrepreneurship, is constrained by structural and political barriers. The MAS & NAD (2019) market assessment identifies limited local market size and movement restrictions due to the inability of West Bank Palestinians to access Jerusalem as key constraints. Mobility restrictions limit the main customer base and force many EJ-based entrepreneurs to relocate to Ramallah. Additionally, legal and regulatory ambiguity for East Jerusalem residents creates a hostile environment for business creation and investment.

Another key entrepreneurship barrier in ICT is the mismatch between academic training and market needs. ICT graduates often lack the practical, entrepreneurial, and innovation-oriented skills needed to compete. The absence of local business incubators further limits opportunities for early-stage startup development. As a result, a "brain drain" is evident, with multinational firms such as Cisco attracting top graduates abroad. Compounding these issues is the chronic underinvestment in ICT infrastructure and Israel's consistent refusal to grant permits for business incubators and technology upgrades in EJ, de-developing and undermining the foundations needed for a vibrant entrepreneurial ecosystem.

In response, MAS & NAD (2019) calls for targeted efforts to strengthen entrepreneurship infrastructure in EJ. This includes building the technical and business capacities of youth entrepreneurs, providing legal guidance for navigating the Israeli regulatory system, and ensuring access to startup support resources. The study prioritizes the creation of a dedicated business incubator capable of supporting at least 10 startups every six months, with an estimated budget of USD 5 million over five years. Such an incubator would serve as a critical platform for mobilizing youth talent, fostering innovation, and reversing the trend of talent displacement from the city.[2]

Finally, the study underscores the importance of integrating entrepreneurship and innovation into the tradable goods and agriculture sectors. Currently characterized by low investment and limited modernization, these sectors suffer from weak competitiveness and high operational costs. By embedding entrepreneurial thinking and technological solutions into production and marketing processes, the potential exists to reposition these sectors as engines of inclusive economic growth and youth employment in East Jerusalem.

Beyond Employment: Entrepreneurship as form of Resilience in EJ

In study exploring the entrepreneurship as an everyday form of resistance in fragile context, Sabella (2019) found that entrepreneur is an act of resistance and resilience in the face of economic adversity for Palestinian women in East Jerusalem. Confronted with an environment of deprivation and exclusion, marginalized women in city of Jerusalem and surrounding area are forced to generate coping mechanisms and apply “makeshift” creative in addition to the ‘imagination and the local small skills with which they are endowed” to sustain their lives and ensure their households’ subsistence and survival.

Key Ecosystem Elements and Actors Across Palestine

[2] The study was conducted prior to the establishment of Al Hamra Business Incubation and Innovation Center in Jerusalem.

Startup Genome (2022), a world-leading innovation ecosystem development organization, estimated the total value of the Palestinian startup ecosystem at approximately $66 million, with total investments amounting to $9.5 million. Despite persistent political and economic instability, the ecosystem was characterized as dynamic, bolstered by a variety of entrepreneurship support programs provided by local and international organizations. The report emphasized the high educational qualifications of Palestinian founders, noting that over 55% hold undergraduate degrees and more than 19% possess graduate-level degrees. It also identified a growing concentration of startups in sectors such as educational technology and healthcare, including innovations in telemedicine and chronic disease prevention, with companies like Wikaya and Dawsat serving as notable examples (Startup Genome, 2022).

In 2021, the Intersect Innovation Hub produced the following diagram outlining existing Palestinian startups in the ecosystem, disaggregated by sector.

(Intersect Innovation Hub & Hasan Qasem, 2021, p.7)

An estimated 300 startups were established in Palestine between 2010 and 2021, according to the Intersect Innovation Hub's ecosystem mapping exercise. Of these, 35% were founded in 2020 and 2021, signaling a cultural shift toward entrepreneurship and a possible reduction in entry barriers. As demonstrated in the diagram above, approximately 59% of the mapped startups operate in e-commerce, EdTech, HealthTech, and FinTech sectors. For the purposes of this assessment, startups were defined as tech-based or tech-enabled small businesses with a scalable business model, a minimum viable product (MVP), at least one year of documented activity, and established in the last six years in Palestine.

Financing Pathways

Access to funding remains one of the most formidable barriers for Palestinian startups. The lack of a centralized database of investment opportunities impedes matchmaking between startups and potential backers. In Gaza, startups face additional hurdles, with funding access nearly nonexistent due to the blockade and political fragmentation, even prior to the on-going aggression. Available equity investment mechanisms are often opaque and disproportionately demanding, with founders forced to give up significant equity for minimal capital. The absence of convertible notes, commonly used in other markets to delay valuation until growth is proven, further complicates early-stage deals. On top of this, startups face an unpredictable mix of taxes and licensing fees, creating financial and administrative pressure in their early stages. As a result, stakeholders are urging the government to offer multi-year tax exemptions and simplify bureaucratic procedures to support startup growth.

According to an Intersect Innovation Hub study of the ecosystem, 39% of ecosystem enablers in Palestine, defined as registered organizations operating for at least one year with at least one project focused on supporting startups, include INGOs, governmental and semi-governmental bodies, private sector actors, and other institutions. While these organization do generally provide seed-funding to startups in the form of a grant, the one-off and donor-driven nature of these grants limit their impact on startups and have creating a negative donor-hoping culture across entrepreneurs. In addition to local and international NGOs, several for-profit corporations actively provide funding to startups, including the Arab Palestinian Investment Company (APIC), Bank of Palestine Group, Faten (Palestine for Credit and Development), Paltel Group, Siraj Fund Management, and Vitas (Intersect Innovation Hub, 2021).

In August 2023, Peleset Angels became the first dedicated angel network for Palestinian founders. Ibtikar Fund remains the sole local venture-capital firm, managing roughly USD 25 million in assets (Startup Genome, 2024; Wamda, 2024).

Despite the financing enablers above, access to growth capital remains severely limited, as founders often depend on unpredictable grant cycles provided by local and international donors. These cycles can misalign incentives and discourage commercial rigor. Moreover, the ongoing war in Gaza, coupled with intensified military operations across the West Bank, has had a profoundly negative impact on the investment climate in Palestine. According to Wamda (2023), investment levels dropped by 80 percent in 2023 following the outbreak of the conflict, further exacerbating existing funding shortages and supply chain disruptions.

Supporting Infrastructure

In the West Bank and not including East Jerusalem, there is a relatively high and growing number of supporting infrastructures for startups and entrepreneurs in the Ecosystem. According to Intersect Innovation Hub (2021), there are 38 hubs and incubators and three accelerators in the Palestinian entrepreneurial ecosystem, offering support services, training programs, resources, and co-working spaces for entrepreneurs. This includes university-based hubs and incubators such as B-Hub in Birzeit University, NGate in Najah National University, and BCITE (Al-Quds Business Center for Innovation, Technology, and Entrepreneurship) with a hub in EJ. Nonetheless, incubators and accelerators often conclude their support after market entry, offering minimal assistance during the critical seed and venture stages necessary for scaling.

Despite the growing number of incubators and accelerators in Palestine (including university-affiliated centers and private sector initiatives) their impact remains limited. Most incubators and accelerators struggle to support startups beyond the early idea or market-entry stages, with very few programs providing financial assistance through the critical seed and venture funding phases needed for scale. Many institutions lack qualified mentors, which hampers effective project selection and guidance, contributing to a low transition rate from activation to later growth stages.

University Engines

Palestinian start-up culture has its roots in the mid-2000s, beginning with academic institutions. In 2006, Birzeit University launched its first ICT incubator, providing workshops and prototype grants. Two years later, the Palestine Information and Communications Technology Incubator (PICTI) formalized accelerator programming across the West Bank and Gaza (PICTI, 2010). More recently, universities like Al-Quds have created dedicated entrepreneurship centers to embed innovation within curricula and student life.

While universities have taken promising steps, they still fall short in preparing students for startup leadership. A significant skills gap persists among graduates, who often lack the technical, managerial, and leadership capabilities needed to thrive in startup environments. This is compounded by a tendency toward conventional thinking that doesn't always align with the specific needs or constraints of the Palestinian market. Although incubators attempt to bridge these gaps with short courses in areas like marketing, management, and fundraising, such efforts cannot replace hands-on experience. Furthermore, many universities face critical resource constraints, including technical, human, and financial challenges, which limit their ability to support high-impact research and innovation.

Stakeholders emphasize the need to introduce entrepreneurial thinking earlier in the educational journey, ideally starting in schools, and to shift university education toward experiential, research-driven models that more closely simulate real-world innovation processes. Achieving this will likely require greater public investment and strategic partnerships with the private sector.

Global Networks & Sector Momentum

Palestinian startups operate in a challenging global context with limited integration into international innovation networks. One foundational issue is the absence of reliable, comprehensive data on the number and composition of startups in Palestine, making it difficult for investors, partners, or even local stakeholders to grasp the ecosystem's scope. The informal nature of many startups and the lack of a clear local definition for what qualifies as a "startup" contribute to this gap. Compounding the problem is a weak connection to global networks. Palestinian founders rank below peers internationally in terms of global market access and mentorship opportunities. Furthermore, the occupation imposes severe and specific economic constraints, including trade barriers, movement restrictions, and a generally high-risk business environment that deters foreign investment and throttles export potential. For example, agricultural startups struggle to compete against subsidized Israeli imports entering the market tariff-free.

Meanwhile, disparities in market access within Palestine itself, such as the relative ease of doing business in Ramallah versus the isolation of Gaza, highlight the need for political and regulatory measures that foster equitable, cross-border entrepreneurial development. In 2023, SPARK, in collaboration with the Ministry of Entrepreneurship and Empowerment in Palestine and the EU, initiated discussions to draft a Startup Act. This legislation aims to provide a supportive framework for Palestinian startups to thrive, drawing inspiration from similar initiatives in other countries.

Despite these obstacles, certain sectors are showing particular momentum. FinTech start-ups that digitize micro-lending and supply-chain finance have drawn attention for their potential to channel over USD 3 billion in annual remittances more efficiently (MAS, 2022). In response to COVID-19 lockdowns, telemedicine platforms and online tutoring portals gained traction: between 2020 and 2023, three new tele-clinics and five EdTech ventures launched to meet rising demand for remote health and education services (PCBS, 2021). In the agricultural domain, water-saving irrigation sensors and greenhouse-automation pilots have emerged around Hebron and Salfit, often in collaboration with cross-border research consortia. However, regulatory uncertainty adds another layer of difficulty, licensing processes often take eight weeks (twice the global average), and permit denials for imported equipment stall product development (OECD, 2020; PEP, 2022).

Current Status of the Palestinian Startup Ecosystem

The ongoing on Gaza and intensified military operations across the West Bank have profoundly undermined Palestine’s investment climate. Recent data on the ecosystem’s status remain limited. However, according to Wamda, investment levels dropped by 80 percent in 2023 following the outbreak of the conflict. This has further exacerbated existing funding shortages and supply chain disruptions. Startup Genome (2024) estimates suggest a decline in ecosystem value to $62 million as of 2024. With the worsening job market and overall investment climate, the value of the Palestinian startup ecosystem is likely continuously deteriorating with entrepreneurs having to deal with unprecedent challenges and a grim economic future.

Yet the ecosystem also demonstrates resilience and creativity. Hybrid accelerator models now blend virtual workshops with condensed in-person bootcamps, enabling founders to navigate movement restrictions. Policy dialogues and novel funding mechanisms are cautiously adapting to the region's unique constraints, seeking to bridge gaps in finance, infrastructure, and mentorship.

5.2 Youth Focus Group Discussion Findings

5.2.1 Youth Perspectives on Entrepreneurship in East Jerusalem

As part of the qualitative component of the youth entrepreneurship needs assessment, a series of focus group discussions (FGDs) were conducted with 18 young men and women from East Jerusalem and surrounding neighborhoods. Participants ranged in age from 18 to 30 and represented diverse backgrounds, including youth living in refugee camps, underserved urban communities, and areas affected by legal and political instability. The aim was to understand how young people define entrepreneurship, what it looks like in their communities, and how the political environment influences their ability to engage in economic activity.

This section presents a synthesized narrative of their responses, highlighting key themes and representative statements. Names have been removed to preserve participant anonymity.

1. Defining Entrepreneurship: A Means of Survival, Empowerment, and Independence

Many participants did not view entrepreneurship as a deliberate or structured career choice, but rather as a necessity driven by limited employment opportunities and systemic exclusion. For some, it was a means of financial survival; for others, it served as a source of empowerment and a way to reclaim personal agency within a context marked by uncertainty and marginalization. When asked about entrepreneurship and what it means, the vast majority of participants referred to non-tech small-scale businesses that are usually run by the individual themselves. When asked about innovation and startups, the majority indicated that there is little to no support provided to ‘think big’.

"Entrepreneurship for me is survival. I started selling homemade desserts from home during COVID, just to support my family. I didn’t plan to be a businesswoman, but there are no jobs, especially for someone like me from the camp." – *Entrepreneur*

"Being an entrepreneur is about dignity. If you can't find a job, you create one. I repair mobile phones from a small shop, but I can’t expand because I have no business license. I have fears from the registration and taxes issues” – *Entrepreneur*

"I see it as freedom. I don’t want to be told where I can or can’t go because of permits. If I work for myself, I have control. That’s more important to me than a steady paycheck."

2. The Landscape of Entrepreneurship in Local Communities

Participants described a highly informal, community-driven entrepreneurial landscape. Small-scale, home-based businesses are common, especially among young women. These activities often emerge from necessity and are supported by digital platforms like WhatsApp and Instagram.

"In our community, most businesses are informal. People sell clothes, accessories, food, all from home or through WhatsApp. It’s very entrepreneurial, but no one calls it that. We just call it ‘getting by’ " – *Entrepreneur*

"I sell jewelry I make at home. It started as a hobby, but now it helps with my university tuition. For me, entrepreneurship is empowerment, it gives me something that’s mine, even if it’s small " – *Entrepreneur*

"There’s a lot of creativity here, but people don’t have access to legal advice, banking, or grants. *The system pushes us to stay informal*. You can’t grow when you're invisible."

3. Impact of Conflict, Legal Ambiguity, and Restricted Mobility

One of the strongest and most consistent themes to emerge was the extent to which the broader political environment hinders economic activity. Participants spoke about the limitations imposed by checkpoints, legal barriers, settler violence, and fear of exclusion. These factors make even small-scale business activity risky and unsustainable, increasing youth hesitancy to take risks and expand into startups and innovative business ideas.

"I tried to open a delivery service app, but checkpoints destroyed the idea. How can I guarantee one-hour delivery when soldiers can stop you for two hours? It's not a normal business environment." – *FGD youth participant*

"I want to start a tutoring center, but my neighborhood is under constant threat of exclusion. How can you build anything when you might lose your home overnight?" – *FGD youth participant*

"Entrepreneurship is not just about effort, it's also about access to resources, and we don't have that." – *FGD youth participant*

"I run an online store for sneakers, importing from Turkey. But PayPal doesn't work in Palestine, and my business is always at risk because of delivery delays at the border." – *Entrepreneur*

4. Gendered Experiences and Social Constraints

Young women in the focus groups spoke about specific barriers related to social norms, family expectations, and lack of safe public space. Many had created work-from-home models to navigate these constraints, though this often came with limitations on growth, visibility, and recognition.

"I started doing makeup for brides from home. I love it…it's creative and empowering…but I can't advertise openly because my family still thinks it's risky due to the complicated taxes and legal issues in Jerusalem." – *Entrepreneur*

"I wanted to open a hair salon, but the municipal license process is a nightmare. Everything costs money we don't have, and we don't trust the system to treat us fairly." -*FGD youth participant*

"I run a business, but no one calls me a business owner." – *Entrepreneur*

5. Access to Information, Resources, and Support

When asked how they learn about starting a business, most participants said they rely on informal sources, family, friends, social media, or trial and error. Few had access to formal training or mentorship opportunities. Some participants were aware of NGO-led workshops but reported being unable to attend due to constraints related to timing and location, or because they perceived the training content as misaligned with the specific socioeconomic realities and needs of Jerusalemites.

"I usually ask my cousin or search on YouTube when I want to know how to sell online. I never got any official training." – *Entrepreneur*

"I once went to a training session by an NGO, but it was just one day and didn't really help me with what I needed, such as managing a business in Jerusalem and legal registration and licensing"– *Entrepreneur*

Access to funding was a major barrier across all groups. Most had never applied for a loan or grant and were unsure where to start. Some expressed fear of borrowing due to unstable income. Microfinance was either unavailable in their area or felt inaccessible due to lack of documentation or banking accounts.

"Loans scare me. What if I can't pay it back next month? No one teaches us how to plan for that." – *Entrepreneur*

"They say there are grants, but I don't know anyone who actually got one. I think you need connections." – *Entrepreneur*

Participants also discussed the lack of awareness around financial tools, such as budgeting apps, e-commerce platforms, and payment systems. Digital literacy levels varied significantly, with lower proficiency particularly evident among individuals who had not completed higher education.

"I use Instagram as selling/marketplace platform, but I don’t know how to make a business account or how to track my income."

Gender and social norms emerged as significant influencing factors, particularly for young women. While some reported receiving familial support for their entrepreneurial aspirations, others described needing to seek permission or conceal their activities to avoid social criticism.

Youth with disabilities also emphasized the lack of targeted support and adapted resources necessary to make entrepreneurship more inclusive and accessible.

Additionally, participants underscored the shortage of safe and affordable workspaces, an issue that disproportionately affects women. Although co-working spaces exist in certain areas of Jerusalem, they are often inaccessible to youth residing in peripheral or underserved neighborhoods.

"We don’t have a place to meet clients or work with others. Everything has to happen at home." – *Entrepreneur*

"Even if you want to collaborate with other young people, there’s no physical space where we can safely do that, especially as women" – *Entrepreneur*

6. Infrastructure, and Digital Access

While most participants reported having access to electricity and internet, the reliability and quality of these services were often inconsistent, particularly in refugee camps and peripheral neighborhoods. Such infrastructural limitations hindered their ability to operate digital businesses, maintain communication with clients, and access online learning platforms on a regular basis.

"Electricity blackouts happen a few times a week in Shu’fat." – *Entrepreneur*

"Most of my sales come from social media. But sometimes I can’t upload videos due to poor internet." – *Entrepreneur*

Participants also noted the lack of safe, youth-friendly spaces such as co-working hubs or business centers in East Jerusalem, further isolating them from entrepreneurial ecosystems. Many described working from crowded homes, lacking both privacy and quiet.

7. Representation in Programs and Policy Dialogues

A recurring concern among participants was the perceived exclusion of East Jerusalem youth from national, regional, and international entrepreneurship programs. Many felt that the needs and voices of youth in East Jerusalem were not considered in policy design or implementation.

"Most programs are in Ramallah. They say it's for 'Palestinian youth,' but we're not part of the conversation." – *Entrepreneur*

Several participants indicated that they had never been approached by institutions for consultations or assessments. They also highlighted bureaucratic and logistical barriers, such as ID restrictions, registration criteria, and limited outreach, that prevent East Jerusalem youth from engaging with available resources.

"We want to be treated as real partners. No one asks us what we actually need." – *Entrepreneur*

Youth emphasized that greater representation, not just in program participation but in shaping priorities and policy frameworks, was essential for meaningful inclusion and sustainable impact.

8. Access to Entrepreneurial Ecosystem, Technology Startups, and Incubation Services

Participants were asked about their awareness of and access to entrepreneurship support services, such as business incubators, mentorship programs, coaching, or co-working spaces. Most reported having very limited or no exposure to such services in East Jerusalem.

"I've heard of tech incubators in Ramallah and Hebron, but nothing close to us. We're totally left out of that scene." – *Entrepreneur*

"Even if there's a program, we don't hear about it until it's over. They never advertise in our communities or schools." – *Entrepreneur*

Some participants expressed frustration that services tend to be inaccessible due to language barriers, travel restrictions, lack of trust, or complicated application procedures. Many emphasized that the ecosystem is disconnected from their day-to-day realities.

"I went to a pitch competition once, but they expected you to already have a business plan and financial statements. No one taught us how to even begin." – *FGD youth participant*

Technology-based entrepreneurship and startups were viewed with interest, especially among digitally literate youth. However, very few had actual experience building tech startups, and most described the tech sector as something out of reach due to lack of training, resources, or mentorship.

"I wanted to build a delivery app for our area, but I had no idea how to start. There's no tech hub here, no courses." – *Entrepreneur*

"People talk about AI and coding, but we just need someone to show us how to build a basic website. Even that would make a huge difference."

Youth shared that many innovative ideas remain unrealized because there is no nurturing ecosystem to help translate ambition into action. They pointed to the lack of accessible mentors or coaches who can support youth in business ideation, prototype development, or early-stage funding.

"There are no mentors here who understand what it means to start small in East Jerusalem. You need someone who can relate." – *Entrepreneur*

"If you want a coach or advisor, you have to go through organizations that don't even recognize East Jerusalem as a priority area." – *Entrepreneur*

Even among those with digital skills or small-scale tech ventures (e.g., managing online shops or digital marketing services), the lack of legal clarity, banking tools, and scalable support frameworks discouraged further development.

"I manage social media for a few clients, but I can't open a business bank account. So, I just use cash and hope no one asks questions." – *Entrepreneur*

Some youth proposed locally grounded solutions, such as neighborhood-based innovation hubs or pop-up co-working spaces in East Jerusalem that would be both culturally appropriate and physically accessible. They also asked for more practical, hands-on training tailored to their current capabilities and social context.

"Not everyone wants to be a tech founder. Some just want to learn how to sell better online or manage a digital store. That should be part of entrepreneurship too." – *Entrepreneur*

The desire for inclusive, technology-friendly entrepreneurship support was clear, but so was the recognition that it must be grounded in trust, local context, and sustained mentorship. Without this, participants warned, even the most promising ideas would remain locked in informal, low-growth channels.

5.2.2 Discussion and Thematic Analysis

The focus group discussions revealed a nuanced understanding of what entrepreneurship represents for young people in East Jerusalem. For many, it extends beyond the notion of a business venture; it serves as a means of survival, a pathway to self-worth, and a vehicle for asserting agency in an environment marked by instability and constraint. However, the broader ecosystem in which these youth seek opportunities is far from supportive. Legal ambiguity, inadequate infrastructure, restricted freedoms, and systemic marginalization collectively shape their experiences and limit their ability to pursue entrepreneurship effectively.

1. Entrepreneurship as Survival and Self-Definition

Youth often described entrepreneurship not as a choice, but as a response to a lack of alternatives. With few formal job opportunities available, especially for those in disadvantages areas or facing restrictions, starting a small business was a way to survive in the city. Yet it was also more than that: it gave young people a sense of dignity and self-worth. Entrepreneurship became a way to define who they are and what they stand for, especially in a context where identity is frequently politicized and constrained.

2. Informal, Community-Driven Enterprise

Most youth-run businesses in East Jerusalem operate under the radar due to authority concerns. Whether it's a home bakery, digital marketing on Instagram, or a second-hand clothing shop run via social media, these microenterprises flourish in spaces where traditional structures fail. But while these businesses are vital to household income and community life, they're rarely recognized as "real" businesses. This lack of formal acknowledgment keeps young entrepreneurs disconnected from wider support systems and perpetuates cycles of informality and precarity.

3. The Weight of Conflict and Insecurity

Discussions around entrepreneurship could not be separated from the broader context of military occupation and its pervasive impact on daily life. Participants highlighted concrete barriers such as checkpoints that delay the movement of goods, a heavy military presence that discourages foot traffic and customer engagement, and the persistent threat of home demolitions or displacement. Mobility restrictions imposed on Palestinians in the West Bank, a critical customer base, also significantly limits the market.

This environment of chronic uncertainty severely undermines the ability to plan or invest in long-term ventures. Even highly motivated youth with promising ideas often find themselves forced to scale back or abandon their ambitions, not due to a lack of initiative or vision, but because the structural conditions render sustainable entrepreneurship nearly unattainable.

4. Gender and Access Are Not Equal

Young women highlighted specific struggles in navigating entrepreneurship. Many had found ways to work from home, but often under the radar due to authority concerns. The lack of female-friendly workspaces, combined with conservative gender expectations, meant that even when women succeeded, they weren't always acknowledged. Youth with disabilities shared a similar feeling of invisibility, pointing to the complete lack of resources designed to meet their needs.

5. Information Gaps and Limited Support

Most participants reported acquiring entrepreneurial skills informally, primarily through trial and error or by accessing online tutorials and videos. Formal training opportunities were often either unavailable in their immediate surroundings or perceived as insufficiently practical to address the complex, real-world challenges they faced. Access to funding was similarly limited; many participants were unfamiliar with microfinance mechanisms or expressed a deep mistrust of such systems. Fear of indebtedness was particularly pronounced among those from households with unstable or irregular income. Mentorship, when discussed, was regarded as a “hard to attain” resource, valued in principle but largely absent from their lived experience.

6. Infrastructure Challenges Compound the Problem

Access to the most basic utilities was reported as a challenge. In some neighborhoods, electricity, weak internet signals, or lack of access to digital hardware and software tools (laptops, cameras, ...etc.) interrupted online sales or prevented video uploads. And while digital platforms gave youth new venue to do business, a lack of co-working spaces or tech support meant they were often operating alone, from crowded homes, with few resources. The absence of reliable infrastructure magnified the difficulty of sustaining any kind of long-term business activity.

7. Feeling Left Out of National Conversations

Many participants felt invisible to institutions, whether local authorities, international donors, or Palestinian leadership. Most programs and initiatives were described as "Ramallah-focused," with little effort made to understand or include East Jerusalem youth. Some had never been invited to participate in consultations or policy discussions. There was a clear call for inclusion, not just in program delivery, but in shaping the ideas and systems that support youth economic participation.

8. No Pathways to Tech or Innovation

While interest in technology and innovation was high, the pathways to participate were virtually non-existent. There were no tech incubators nearby, and most youth had never met a mentor or coach. Some had promising ideas, apps, digital platforms, small e-commerce ventures, but lacked the knowledge or tools to bring them to life. Even “non-tech” based small businesses pointed out that they need tech resources and guidance as well as innovative and digital tools to sell their products more effectively online and set up online payments systems, keeping up with the general shift to online marketplaces. This is critical to ensure competition and viability on the long-run. Instead of accessing formal training, entrepreneurs in East Jerusalem found themselves stuck, watching innovation happen elsewhere while their own communities were left behind.

5.2.3 **Final Reflections**

The discussions underscore that youth in East Jerusalem possess no shortage of ideas, ambition, or determination. They are navigating systemic adversity with creativity and perseverance. Yet, while individual grit and entrepreneurial behavior are important, they are not sufficient on their own. Sustainable entrepreneurial success requires a supportive and enabling ecosystem including a network of institutions, policies, infrastructure, and cultural norms that nurture innovation and reduce risk. Without such an ecosystem, even the most driven young people face significant limitations in scaling their ideas into viable, sustainable ventures.

Thus, the path forward must involve more than cultivating entrepreneurial mindsets; it must include deliberate investments in ecosystem development. This includes improving access to finance, legal and regulatory clarity, mentorship opportunities, digital infrastructure, and inclusive physical spaces. It also requires ensuring that youth are treated not as passive recipients of programs but as active co-creators of solutions, engaged meaningfully in the shaping of their economic futures. This is especially the case for youth in Jerusalem who face a unique and ever-changing set of challenges.

Moreover, to shift from necessity-driven to opportunity-driven entrepreneurship, youth must be exposed early on to innovation ecosystems and integrated into the networks, hubs, and communities that foster startup thinking. Youth in Jerusalem are frequently excluded from critical mindset-shifting and entrepreneurial upskilling activities, such as hackathons, summits, and workshops, which are essential for building confidence and developing business skills.

With the right ecosystem in place, alongside skills, confidence, and behavior, young entrepreneurs can access the knowledge, capital, and support they need to pursue high-growth ventures. Legal and financial coaching, in particular, can help alleviate the widespread fear associated with formalizing businesses and navigating Jerusalem's complex regulatory terrain.

In sum, entrepreneurial behavior is only one part of the equation; without a functioning and inclusive ecosystem, its impact remains limited. Empowering East Jerusalem's youth requires a long-term commitment to building that ecosystem around them.

5.3.1 Employer Perspectives on Youth Entrepreneurship in East Jerusalem

This report presents an analysis of information from focus group discussions with 22 entities representing the private, non-profit, and public sectors in East Jerusalem. The discussions aimed to uncover specific needs, gaps, and challenges faced by youth entrepreneurs from the employers' perspective.

1. Perceptions of Youth Entrepreneurship

Employers broadly described the current state of youth entrepreneurship in East Jerusalem as vibrant, driven, yet precarious. Many acknowledged a noticeable flow in youth-led initiatives over the past few years, often sparked by economic necessity and a desire for autonomy. "Youth are not waiting for jobs that may never come. They're finding ways to make things happen," one participant remarked. Still, the sector remains largely informal and unsupported. "There's energy and creativity, but no ecosystem to sustain it," another added.

Interestingly, several employers argued that Palestine, despite all its constraints, is a fertile ground for entrepreneurship because it presents so many unresolved challenges.

"If you look at it from a problem-solving angle, Palestine is the ultimate entrepreneurial lab. Every gap in infrastructure, services, or access is a business opportunity," said a manager from the tech sector.

Another added, "Our youth don't need to be told how hard it is, they live it. That's why they're so driven to find solutions."

Motivations among youth, as observed by employers, include a mix of necessity and aspiration. The lack of employment opportunities, paired with the influence of peers on digital platforms, drives many to launch their own ventures. "Most of these young people are doing it because they have no other option. It's survival, but it's also about pride," said a representative from a local NGO. Others emphasized youth ambition: "Some are genuinely passionate about innovation, they want to build apps, open creative spaces, or run cafes, but there's no bridge between their dreams and reality."

Participants identified common youth-led businesses as home-based food production, online clothing stores, cosmetics and self-care product lines, mobile phone repair, private tutoring, social media marketing, and graphic design services. "You see a lot of social media-based stores, Instagram shops selling handmade goods or clothes. It's very creative, but also very fragile," a private sector employer noted. Another shared, "A few interns from our training went on to offer online Arabic tutoring to diaspora communities, completely self-started."

There was also recognition that tech startups and digital entrepreneurship are increasingly inspiring youth. "There's a buzz around technology, even if it's just selling through social media or running a Shopify page. Youth want in," said one respondent. However, another cautioned,

"We've seen youth chasing seed funding without really understanding what entrepreneurship means, it's become more about grants than growth."

2. Barriers and Challenges

The most prominent challenge cited was the restrictive legal and political environment. Business registration was seen as a bureaucratic maze.

"Young entrepreneurs are stuck in a grey zone. They want to do things right, but they don't even know what 'right' means in this legal chaos," said one business consultant.

Israeli licensing systems are confusing, while PA support structures are often not applicable to East Jerusalem.

"There's a dual system of rules, and youth fall between the cracks," one employer said.

Movement restrictions due to checkpoints, ID issues, and general instability were flagged as major barriers. "One of our youth clients had to stop his food delivery business because his neighborhood was under lockdown for a week. That killed the momentum," said a nonprofit manager. "Even logistics can fail, how can a graphic designer meet deadline when checkpoints delay printing or delivery of materials?" asked another.

Some noted the psychological and emotional impact of this instability. "You can't plan when you don't know if your area will be accessible tomorrow. That stress crushes creativity," shared a representative from a youth-focused NGO.

Employers also discussed gender-specific barriers. "Young women are under intense pressure to stay home, and even when they start home businesses, they're rarely supported to expand," said one female entrepreneur. Youth with disabilities were seen as completely excluded.

"We've never seen any initiative that considers accessible entrepreneurship," one public sector participant said.

A significant challenge repeatedly emphasized was the lack of business expertise, mentorship, and coaching support for youth.

"There's so much potential out there, but without someone to guide them on pricing, scaling, or even registering a brand, they stay stuck in survival mode," said a marketing executive.

Another participant added, "A young guy we worked with had great products but no understanding of basic finance. Imagine what he could do with a proper mentor."

Additionally, the limited accessibility to regional or global markets was viewed as a serious bottleneck.

"The local market is saturated and fragile. For these young businesses to grow, they need to reach buyers outside Jerusalem, but that requires infrastructure and support they don't have," said an e-commerce specialist.

Another remarked**, "If a youth-led startup wants to scale or sell internationally, they're blocked by payment system limitations, customs issues, and delivery failures."**

3. Access to Support Services and Information

Most employers said that youth in East Jerusalem have limited or no access to formal entrepreneurship support like incubators, accelerators, or mentorship. "I've heard of one training that happened in Beit Hanina, but most youth didn't even know about it," said a local business owner. A few participants mentioned occasional donor-funded workshops, but described them as fragmented and inconsistent. "Even if there's a program, they don't advertise it in the neighborhoods that actually need it," one participant commented.

The biggest ecosystem gaps were described as a lack of tailored mentorship, accessible finance tools, and follow-up coaching.

"Most programs are designed elsewhere, for a different reality. They don't speak the language of East Jerusalem," a tech business owner explained.

Another added, "You can't expect youth to write a business plan if no one ever taught them what revenue is."

When it comes to information and guidance, participants said youth rely on informal networks. "They Google everything. Some succeed by sheer persistence, not because anyone actually helped them," said an HR officer. Another participant shared, "We once held a free info session on e-commerce. The youth showed up hungry to learn, but no one had heard about payment gateways or taxes. That shows how far behind the system is."

Several employers expressed frustration that East Jerusalem is treated as an afterthought in entrepreneurship discourse. "We get connected with Ramallah system, but the rules, risks, and reality are different here. That needs to change," said a participant from the private sector.

4. Skills and Capacity Building

Across the board, employers emphasized that youth in East Jerusalem often lack essential entrepreneurial and business management skills.

"They're passionate, but passion alone isn't enough. Many don't know how to cost their products, manage inventory, or calculate profit margins," said a local manufacturing firm.

Others noted that financial literacy, communication skills, time management, and customer service are all areas in need of attention.

Several employers had experience participating in training or mentorship programs but found that short-term efforts lacked impact. "We ran a one-week bootcamp once, it was too short. There was no follow-up, and we lost touch with most participants," said a nonprofit training provider.

In contrast, those who engaged in longer-term mentorship relationships reported better outcomes.

"When we mentor youth over several months, you start to see real growth. They gain confidence, they ask better questions, they take smarter risks," shared an advisor from a creative industry hub.

When asked what kind of training would be most useful, employers highlighted the need for practical, hands-on learning experiences. "Forget theory, youth need to learn by doing. Let them pitch real ideas, test them in the market, and receive guided feedback," said a retail business owner. Other recommendations included tailored programs on marketing, digital sales, pricing strategies, legal basics, and personal finance. "Workshops are good, but pairing youth with mentors who understand the East Jerusalem context is better," said a logistics manager.

5. Infrastructure and Digital Access

Employers were consistent in their assessment that infrastructure in East Jerusalem is unreliable and inadequate to support a thriving entrepreneurship ecosystem. "Internet speeds vary wildly from neighborhood to neighborhood, and blackouts are still common in the camps," reported a telecom expert. Co-working spaces, while available in central Jerusalem, are either too expensive or inaccessible due to location or social barriers. "You can’t expect young women from Shu’fat to travel to the city center for a workspace," said a women’s organization leader.

Despite the challenges, youth are leveraging digital platforms. "Instagram and WhatsApp are the lifeblood of many small businesses here. That’s how they promote, communicate, and sell," said a marketing consultant. However, obstacles remain.

"The lack of access to proper online payment systems like PayPal or Stripe is a massive problem. Youth have to rely on cash or risky informal channels," added a tech entrepreneur.

Others noted that youth often lack basic digital skills. "We had to teach one of our trainees how to set up a Gmail account before we could even talk about online marketing," shared a trainer. There was also concern about unequal digital access. "In some families, there’s only one laptop or no private space to work online. These things matter," said a social worker.

The consensus was that targeted investment in digital infrastructure and localized training could unlock significant potential. "We don’t need fancy tech labs—we need stable internet, accessible co-working areas, and people willing to guide young entrepreneurs' step by step," concluded a senior business strategist.

6. Gender, Disability, and Inclusion

Employers highlighted the multiple barriers that young women and youth with disabilities face. **"Young women may have very good ideas, but family obligations and safety concerns limit how far they can go,"** said a Tech company employer.

"Even when they succeed, they often aren't recognized as 'real' businesspeople."

As for youth with disabilities, participants reported an almost complete absence of targeted entrepreneurship support. "Nothing is designed with inclusion in mind. Training venues aren't accessible. Materials aren't adapted. It's a systemic blind spot," said a representative from a disability rights NGO.

Some initiatives aimed at inclusion were mentioned, but they were seen as too limited in scale. **"There are good intentions, but not enough reach. We need programs that start from the ground up, co-designed with the people they aim to serve,"** suggested one employer.

Inclusion, participants concluded, must be a core design principle, not an afterthought. This includes creating culturally appropriate workspaces, ensuring accessibility in programming, and actively involving marginalized groups in decision-making.

7. Institutional Roles and Cross-Sector Coordination

Discussions with employers revealed a complex and often fragmented picture of how institutions in East Jerusalem perceive their role in enabling youth entrepreneurship. While many participants expressed a strong sense of responsibility to engage and support young entrepreneurs, there was widespread acknowledgment that current institutional efforts remain scattered, under-resourced, and uncoordinated.

Most employers from the private sector described their involvement in youth entrepreneurship as ad hoc and primarily driven by individual interest rather than structured institutional policy.

"We occasionally offer internships or invite youth to company visits, but there's no strategic framework behind it," said a business owner in the retail sector.

Others admitted they had the willingness but lacked the tools or partnerships to engage meaningfully. "We want to support youth, but we don’t know where to start or who to coordinate with," said a construction firm manager.

Public sector participants noted that while some employment and skills programs exist, they rarely focus on entrepreneurship. "Most of our programs target job placement, not business development. And the ones that exist don’t fit the East Jerusalem reality," said a ministry official. A few cited legal and jurisdictional constraints, especially around funding or recognizing unregistered youth-led businesses. "Without a clear legal framework, we’re limited in how we can support them, even when we want to."

Non-profit sector representatives described themselves as filling the gap left by the public sector, but emphasized that they often work in isolation. "We’re all doing our own thing, running training, mentorship, or small grants, but there's no coordination, no shared vision," said a program manager from a local NGO.

Another added, **"It feels like we’re putting out fires, not building a system. Donors come and go, but there’s no infrastructure that connects our work."**

The absence of a coordinated support system was a recurring theme. Employers described the entrepreneurship ecosystem in East Jerusalem as fragmented, with few bridges between sectors. "Private sector doesn’t talk to NGOs. NGOs don’t talk to the municipality. And youth are left to navigate the gaps alone," said a senior HR executive. Others highlighted the lack of data sharing or joint planning. "We don’t even know what others are doing. Imagine what we could achieve if we pooled resources or coordinated programs," said a media startup founder.

Participants called for the creation of a centralized platform or coalition to improve coordination, communication, and alignment of entrepreneurship efforts.

"We need a local entrepreneurship task force that includes public, private, and non-profit actors, plus youth themselves," suggested one technology firm.

Another participant emphasized, "If institutions don't work together, we'll keep duplicating efforts, missing real needs, and wasting opportunities."

Although the Ministry of Entrepreneurship was initially established to coordinate entrepreneurship support, its recent dissolution risks creating a gap in the regulation, coordination, and oversight of the sector.

There was also a strong belief that institutions should do more to recognize and adapt to the specific context of East Jerusalem.

"Too many programs are imported from the West Bank or abroad. They don't understand our challenges, our legal ambiguity, our mobility restrictions, our social dynamics," said an education NGO director.

Employers urged institutions to design interventions that are hyper-local, participatory, and sustained. "One-off trainings or online webinars won't cut it. We need long-term investment and programs grounded in our communities," said a youth advocate.

Finally, participants stressed that institutions must actively include youth in the design, implementation, and evaluation of entrepreneurship policies. "Young people have to be at the table, not just as beneficiaries but as partners," said a non-profit leader. "Only then can we build a system that actually works."

8. Participation and Representation

Employers were nearly agreed in stating that youth in East Jerusalem lack a meaningful voice in shaping entrepreneurship policy and programs. Many felt that the exclusion was structural, pointing to the top-down nature of most donor and government-led initiatives.

"Youth are treated like beneficiaries, not decision-makers. No one asks them what they need or what works," said one non-profit leader.

Several participants expressed concern that existing programs are rarely co-designed with youth.

"Too many initiatives are planned in Ramallah or abroad and then 'parachuted in' to East Jerusalem. That doesn't work," said a government relations officer.

Others noted that when youth are included, it's often symbolic. "They're invited to events or panels, but their input doesn't shape policy or budget decisions," remarked a private sector manager.

There was strong consensus that better engagement requires systemic change. Employers suggested involving youth at the planning stages of any entrepreneurship program. "Form youth advisory boards, create focus groups like this one, and actually integrate their feedback into program design," said a vocational training director. One tech incubator manager added, "Youth should be co-designers of solutions, not passive recipients of handouts."

On how employers and institutions could better engage youth, participants offered several suggestions:

- "Start with listening. Hold regular consultations, not just one-offs."
- "Hire youth as peer mentors and program coordinators. Give them real responsibility."
- "Build flexible programs that adjust based on what youth say they need."
- "Create opportunities for East Jerusalem youth to participate in national entrepreneurship councils or innovation committees."

Many emphasized that trust-building is essential. "There's a lot of skepticism. Youth have seen too many projects come and go with no follow-up. Institutions need to show they're serious, by staying present, being transparent, and delivering on promises," said an NGO director.

Eventually, participants agreed that enabling youth participation and representation is not just about better programs, it's about equity and justice. "This is their city, their future. If they're not leading the conversation, we're just wasting time," concluded a policy advisor.

9. Understanding the Ecosystem and Local Entrepreneurship Landscape

Employers considered this is as an important assessment of East Jerusalem's entrepreneurial ecosystem, particularly its gaps and structural deficiencies when it comes to youth. Most described the landscape as fragmented, under-resourced, and disconnected from broader national or regional support systems.

"There's no real ecosystem, it's a collection of individuals trying to make things work on their own," said a public sector official.

While there are occasional efforts to support youth, such as donor-funded workshops or limited entrepreneurship competitions, employers agreed that these are sporadic and lack long-term planning. "We hear about pop-up training hubs or one-time events, but there's no continuity," said a private sector executive. Some noted that small coworking spaces or informal mentorship circles exist, but they are often inaccessible or unknown to the majority of youth. "If you don't already know someone on the inside, you won't hear about these opportunities," added a nonprofit manager.

The accessibility of support services is further hampered by social divides and geographic barriers.

"Even when services exist, they tend to favor central areas, places like Beit Hanina or Sheikh Jarrah. Youth from Silwan or Shu'fat are left out," noted an employer working in youth services.

When discussing coordination among institutions, responses were generally critical. "Each sector is doing its own thing, there's no shared platform, no ecosystem-wide strategy," said a representative from a business association. Another added, "You'll see an NGO doing something great, but the municipality has no idea, and vice versa. There's no communication."

In terms of integration with national or regional entrepreneurship efforts, employers pointed to a glaring disconnect.

“Ramallah has its startup scene, and Hebron has its industrial base, but East Jerusalem is an unclear zone on the entrepreneurship map,” said a technology advisor.

Youth here are often excluded from Palestine-wide initiatives, due both to administrative constraints and the complex political situation.

“We’re invisible in the national narrative. Youth here don’t just face market exclusion, they face institutional exclusion,” emphasized a civil society participant.

Others stressed that integration is not just a policy issue but a logistical one. “Even something as simple as attending a conference in Ramallah is a challenge due to movement restrictions. So, youth here miss out on networking, funding opportunities, and mentorship,” said a training coordinator.

Eventually, participants called for a new localized ecosystem model, one that recognizes the uniqueness of East Jerusalem, includes youth voices, builds real institutional linkages, and is sustained beyond project cycles.

“If we want to build a real entrepreneurship ecosystem here, we can’t just copy-paste models from elsewhere. It needs to be grown from the ground up, with local realities at the center,” concluded one employer

10. Policy, Legal, and Political Constraints

Political conditions were generally cited by participants as fundamental barriers to youth entrepreneurship in East Jerusalem. Employers noted that movement restrictions, checkpoints, and the complex residency system deeply affect both the establishment and operation of youth-led businesses. “You can’t plan delivery routes or client meetings when you don’t know if the checkpoint will be open tomorrow,” said one logistics company owner. Another added, “Some youth can’t even register a business in their name because their residency status is under review.”

The fragmentation of legal frameworks was also a major concern. East Jerusalem businesses must often navigate overlapping Israeli laws, Palestinian Authority policies that don't apply, and a lack of clarity on which institutions have jurisdiction.

"There's no single point of reference for business registration. Youth don't know which registration is better for them," explained a legal expert.

Others pointed out that inconsistent taxation practices discourage formalization: "Sometimes youth avoid registering a business because they fear unexpected taxes or legal exposure."

Several employers recounted instances where businesses had to shut down due to security-related disruptions. "We had a youth-led café that had just opened when clashes broke out in the neighborhood. It never reopened after a month-long closure," shared one nonprofit program officer. Others described how youth-led delivery and retail services were severely affected during lockdowns, raids, or temporary curfews. "Even fear of instability is enough to kill investment. No one wants to build when tomorrow is so uncertain," a public sector representative noted.

In terms of reforms, employers called for a unified legal channel tailored for East Jerusalem entrepreneurs. "There needs to be a hybrid legal and tax framework that reflects our unique situation, one that's predictable and transparent," said a local business association leader. Participants also emphasized the need for policy recognition and inclusion: "East Jerusalem should be recognized as a distinct economic zone with youth-targeted business support." Others suggested small-scale policy shifts, such as local tax incentives, startup licenses, and mobile registration units, as practical ways to ease entry into entrepreneurship for youth.

The cumulative message from employers was clear: without systemic legal and political reform, youth entrepreneurship in East Jerusalem will remain confined to informal spaces, vulnerable to both political shocks and institutional neglect.

11. Sectoral and Market Integration

Employers widely agreed that youth-led startups in East Jerusalem remain largely disconnected from formal market networks and supply chains. This disconnect was attributed to several interrelated factors, including the informal nature of many youth businesses, limited access to institutional support, and political and economic fragmentation.

"Most youth businesses operate in independently, selling products online to their immediate community. There's no bridge to link them to wholesalers, retailers, or export markets," shared a representative of a regional trade association.

Several participants observed that even when youth had innovative ideas or quality products, they struggled to scale due to market access issues. A lack of physical mobility, regulatory clarity, and poor logistics infrastructure made it difficult for youth to expand operations beyond neighborhood-level sales.

"A girl running a home bakery can't get her products into West Jerusalem stores because she doesn't have the license or transportation access," explained a nonprofit program coordinator.

In addition, employers noted that many youth businesses are excluded from procurement opportunities and supply contracts due to their unregistered status or lack of experience.

As one private sector supplier stated, **"You can't subcontract to someone who doesn't have a VAT number or can't invoice you legally."**

A recurring theme was the absence of scalable financial and operational tools. The lack of access to digital payment systems, e-commerce logistics, and legal support services stifles market integration.

"We wanted to bring some youth products into our local chain, but they couldn't provide e-invoices or ship reliably. The system just isn't set up to help them plug in," a retail executive explained.

12. Digital Transformation and Innovation Capacity

Despite infrastructure challenges, employers observed growing adoption of digital tools among youth, particularly social media platforms like Instagram, WhatsApp Business, and TikTok. These tools allow for grassroots marketing and sales, especially for low-capital businesses.

"Most youth are digital natives. They sell makeup, clothes, food, everything, on Instagram. It's where entrepreneurship is happening," said the manager of a co-working space. However, the use of digital tools is often shallow or limited to the sales level. Few youths possess the technical skills or business knowledge to use platforms for financial tracking, customer relationship management, or scaling into formal e-commerce.

"They can post a product, but they don't know how to run a campaign, analyze customer data, or set up online payments. That's a huge gap," noted a digital marketing consultant.

Political and logistical restrictions compound the digital divide. Weak internet infrastructure, limited access to formal digital banking, and restrictions on international platforms create additional barriers.

"Youth want to grow online, but many can't link a PayPal account or access e-payment tools because of restrictions tied to their legal status," said a fintech entrepreneur.

Employers emphasized the transformative potential of digital platforms in circumventing some of the traditional obstacles faced by youth in East Jerusalem. Technology was seen as a vital tool not only for visibility but also for reducing dependency on physical infrastructure and bypassing movement restrictions.

"Technology is the only space where youth can move freely, it's their market, their voice, their platform. But without investment in their digital skills, we're not unlocking that potential," a startup incubator manager concluded.

While youth are increasingly turning to digital entrepreneurship, a lack of systemic support, digital literacy, and integration with formal markets significantly limits the impact of these efforts. Employers called for targeted investments in digital capacity building, improved access to digital financial services, and localized e-commerce platforms that are legally and politically accessible to East Jerusalem youth.

13. Recommendations and Forward Planning

During the final segment of the focus group discussions, employers offered a range of information and practical ideas to strengthen youth entrepreneurship in East Jerusalem. A consistent message emerged: youth in the city have the drive, creativity, and ambition to build businesses, but they lack the supportive structures needed to navigate an exceptionally complex environment. Employers across sectors expressed a strong belief that meaningful change is possible, if interventions are timely, contextually grounded, and co-designed with youth.

One of the most urgent recommendations centered on establishing locally embedded support mechanisms. Participants suggested that in the next twelve months, significant progress could be made by setting up neighborhood-level resource centers that provide legal advice, internet access, digital literacy support, and business coaching. Several highlighted the need for mobile outreach programs, especially for young people who cannot access centralized services. They emphasized that these services should not only be physically accessible but also culturally relevant and youth-friendly. The creation of safe, gender-sensitive co-working spaces was described as essential, particularly for young women and youth with disabilities who often operate in isolation.

Employers repeatedly pointed to the need for greater attention to mentorship. Many stressed that while seed funding is often the focus of donor programs, it is the lack of ongoing guidance that leads many youths to fail. Financial support alone, they argued, is insufficient. Without someone to help navigate market entry, legal procedures, and operational hurdles, youth are often set up to struggle. Long-term mentorship was framed as a crucial missing link. One business advisor described it as “the difference between a spark that fades and a business that grows.”

When asked what a donor or public institution should prioritize if it could support only one initiative, most agreed that investments in mentorship and coaching networks would be the most impactful. Others argued that legal and regulatory reform was equally important, calling for the creation of hybrid frameworks that reflect East Jerusalem’s unique legal and political status.

These reforms would need to address business registration, taxation, and licensing to remove the ambiguity and fear that currently discourage youth from formalizing their enterprises.

Many employers expressed frustration with current entrepreneurship programs, which they saw as top-down, donor-driven, and often disconnected from the daily realities of East Jerusalem. To address this, disconnect, they proposed co-designing programs with youth themselves. They recommended engaging young people early in the process through advisory councils, participatory needs assessments, and pilot projects that test locally adapted solutions. There was a call for training and support that speak to the realities of home-based businesses, informal markets, and digital-first ventures, rather than generic programming designed for urban centers like Ramallah.

In addition to recommending structural reforms and capacity building, participants shared their views on the top three actions needed to meaningfully support youth entrepreneurship. These included creating a stable and legally enabling environment, investing in long-term mentorship, and bridging access to digital infrastructure and market networks. Employers also emphasized that these interventions must be inclusive and designed for long-term impact, rather than short-term pilot projects that fail to gain traction or sustainability.

When asked to imagine one ideal intervention to boost youth entrepreneurship, many described a youth innovation hub that would combine legal support, digital access, business registration services, co-working space, mentorship, and seed funding under one roof. This hub would act as a one-stop center for aspiring entrepreneurs, a safe and empowering space where young people could turn ideas into action with consistent support. Others envisioned neighborhood-based incubators, traveling business fares to promote youth-led products, and localized startup competitions that focus not just on pitching but on building viable, sustainable ventures over time.

Throughout this discussion, it was clear that employers are not only aware of the structural barriers that youth face, they are eager to be part of the solution. Their recommendations highlight the urgent need for relational support, policy reform, local engagement, and investment in human capital. What is most needed, they agreed, is a system that believes in youth potential and backs that belief with accessible, meaningful, and sustained support.

5.3.2 Discussion and Thematic Analysis

This report presents an in-depth thematic analysis of insights derived from focus group discussions conducted with 22 companies representing private, non-profit, and public sectors in East Jerusalem. The conversations aimed to uncover how institutions perceive the entrepreneurial environment, their role in supporting youth-led enterprises, and the systemic challenges young entrepreneurs face. Several key themes emerged from the data analysis: structural fragmentation of support systems, lack of legal and market integration, underinvestment in digital and infrastructure capacities, and exclusion from decision-making processes.

Participants described youth entrepreneurship in East Jerusalem as a vibrant yet precarious phenomenon. Youth are increasingly engaging in entrepreneurial activity out of both necessity and ambition, but their efforts are vulnerable by the lack of a cohesive support ecosystem. Employers acknowledged the energy, creativity, and resilience of local youth, citing a growing interest in digital platforms and informal businesses such as social media commerce, food production, and private tutoring. Yet, they emphasized that most of these ventures operate in disconnected from institutional networks, scalable tools, and long-term mentorship.

A usual concern was the impact of political and legal fragmentation on youth entrepreneurship. Movement restrictions, inconsistent business registration frameworks, and ambiguous legal jurisdictions were seen as critical deterrents. Many young people, participants noted, fall through the cracks of dual administrative systems, unable to register formally under Israeli law and unrecognized by Palestinian Authority structures. These legal ambiguities discourage formalization, complicate access to financing, and create fears of unexpected taxation or regulatory penalties. Political instability, including lockdowns and security-related disruptions, was cited as another major challenge. Several participants shared stories of youth-led businesses that were derailed by sudden closures or curfews, illustrating how fragile and contingent entrepreneurial activity can be under such conditions.

Another major theme was the significant skills and capacity gap among youth. While young people demonstrate entrepreneurial initiative, employers emphasized a lack of core competencies in areas like financial literacy, inventory management, pricing, customer engagement, and digital marketing. Employers who had participated in mentorship initiatives found that short-term trainings often yielded limited results, while longer-term coaching had more sustainable impact. Many stressed the need for hands-on, practical training tailored to the local context, particularly around digital business models and informal market engagement. There was strong consensus that one-off trainings are insufficient—what's needed are mentoring relationships that provide continuity, trust, and technical guidance.

Employers also raised concerns about infrastructure and digital access. Internet connectivity was described as unreliable, especially in peripheral neighborhoods and refugee camps. Co-working spaces were seen as either too expensive or inaccessible for many youths, particularly women and people with disabilities. Despite these constraints, youth are leveraging digital platforms like Instagram, WhatsApp, and TikTok to sell products and services. However, their digital engagement is largely informal and lacks depth; few possess the technical skills to utilize advanced digital tools or platforms for scaling, analytics, or payment processing. Legal and logistical barriers, such as difficulties in accessing PayPal or digital banking, further limit their ability to integrate into regional or global digital markets.

An additional theme that emerged was the complete or partial exclusion of youth from institutional support systems and policymaking. Most employers agreed that there is no coherent or inclusive entrepreneurship policy for East Jerusalem youth. Existing initiatives, they argued, are often top-down, externally designed, and disconnected from on-the-ground realities. Youth are rarely involved in the design or evaluation of programs, and their participation is often symbolic rather than substantive. Participants stressed the need for participatory approaches, including youth advisory councils, localized needs assessments, and co-created solutions that reflect East Jerusalem's unique socio-political context.

Participants also reflected critically on their own institutional roles. While many expressed a desire to support youth entrepreneurship, they acknowledged that their efforts are often fragmented and ad hoc. There is little coordination between public, private, and non-profit actors, and no shared strategy for ecosystem development. Some employers noted that they offer internships or training sessions, but in the absence of structured partnerships or policy support, these efforts remain isolated. Non-profit actors often fill the gaps left by public institutions, but they too lack the resources and infrastructure for long-term impact.

When asked to envision practical steps forward, employers consistently called for localized and inclusive ecosystem-building. They recommended setting up community-based resource hubs that offer legal aid, digital tools, mentorship, and gender-sensitive co-working spaces. Others emphasized the creation of regulatory frameworks that acknowledge East Jerusalem's unique conditions and reduce barriers to formalization. Long-term mentorship and tailored training were also widely endorsed as priorities for donor funding and institutional investment. Several participants suggested the establishment of a unified entrepreneurship platform—a coalition that brings together stakeholders across sectors and includes youth as core actors in design and decision-making.

6. Conclusion

The focus group discussions with 22 employers across private, public, and non-profit sectors revealed a complex and layered picture of youth entrepreneurship in East Jerusalem. While there was a shared optimism about the creativity and resilience of young entrepreneurs, the conversations were stressed by deep concerns about structural, political, legal, and institutional challenges. Several major themes emerged from these conversations, each reflecting a critical dimension of the entrepreneurial ecosystem as perceived by local employers:

1. Informal Resilience Amid Institutional Fragmentation

One of the most dominant themes was the informal yet vibrant nature of youth entrepreneurship. Participants consistently noted that young people in East Jerusalem are not waiting for traditional employment opportunities, instead, they are creating home-based businesses, online services, and microenterprises to navigate a difficult labor market. However, this resilience is taking place in a fragmented environment, with no cohesive support system to sustain or scale these efforts. Employers described a “do-it-yourself” culture of entrepreneurship, where youth rely on informal networks, peer learning, and social media platforms in the absence of structured programs or mentorship.

2. Legal Ambiguity and Political Instability as Structural Barriers

The legal and political conditions in East Jerusalem emerged as a profound constraint to youth entrepreneurship. Movement restrictions, unclear business registration laws, overlapping jurisdiction between Israeli and Palestinian authorities, and fear of legal repercussions were frequently cited. Employers described how many youth entrepreneurs operate informally because formalization is either impossible or too risky. Political instability, such as clashes, curfews, and sudden lockdowns, was also described as directly disrupting business operations and discouraging long-term planning. The uncertainty of daily life creates a business climate that is reactive rather than strategic.

3. Exclusion from Ecosystems and National Narratives

A recurring concern was that youth in East Jerusalem are largely excluded from national and regional entrepreneurship ecosystems. Employers pointed out that most donor-funded programs and government-led initiatives are based in Ramallah or the West Bank and rarely consider the unique socio-political context of East Jerusalem. Many felt that East Jerusalem youth are "invisible" in broader development plans and are often left to adapt programs not tailored for their needs. This exclusion is both practical, due to mobility restrictions and legal status, and symbolic, as youth feel they are not recognized as part of the national entrepreneurial conversation.

4. Gaps in Skills, Mentorship, and Long-Term Capacity Building

Employers across sectors highlighted a significant gap in entrepreneurial and managerial skills among youth. Many young entrepreneurs were said to lack financial literacy, digital proficiency, marketing strategies, and legal knowledge. Short-term trainings were deemed ineffective unless followed by long-term mentoring. A common reflection was that youth are motivated and resourceful, but without guided support, their ventures remain fragile and limited in scope. Employers emphasized the importance of relationship-based mentorship, where youth are supported through real-life business cycles, not just classroom theory.

5. Digital Access as Both an Enabler and a Limitation

Digital tools, particularly social media platforms like Instagram, WhatsApp Business, and TikTok, have become the lifeline for youth-led businesses. Many participants praised the ingenuity of young people who leverage these platforms for marketing, networking, and direct sales. However, the lack of digital infrastructure, such as reliable internet, access to e-payment systems, and digital skills training, was viewed as a major bottleneck. Employers expressed concern that while digital entrepreneurship is growing, youth are often unable to fully capitalize on these tools due to technical gaps, regulatory restrictions, and financial exclusion from global platforms.

6. The Disconnect Between Funding and Entrepreneurial Readiness

An important theme was the disconnect between youth seeking seed funding and their actual readiness to run sustainable businesses. Employers described a trend where many young people are chasing grants or startup competitions without having a solid business model or understanding of entrepreneurship. This was linked to the proliferation of donor-led programs that focus on early-stage financing without ensuring that youth receive adequate support in product development, market analysis, and operational planning. The result is a cycle where businesses are started with funding but often collapse due to lack of preparation.

7. Inadequate Infrastructure and Spatial Inequality

Another major concern was the disparity in access to co-working spaces, training facilities, and even basic utilities such as stable electricity and internet connectivity. Employers noted that while some parts of East Jerusalem have relatively better infrastructure, others, especially refugee camps and marginalized neighborhoods, suffer from chronic underinvestment. Young women and youth with disabilities face additional barriers due to mobility challenges, lack of safe spaces, and social restrictions. The spatial distribution of infrastructure directly impacts which youth can realistically access entrepreneurial opportunities.

8. Institutional Disconnection and Lack of Cross-Sector Coordination

The role of institutions, whether public, private, or non-profit, was frequently discussed, with most employers acknowledging a lack of coordination. Support programs, if they exist, operate in silos, with little information sharing or collaborative planning. Employers called for a more integrated approach, where different actors, businesses, NGOs, government agencies, and youth themselves, work together under a common strategy. There was a clear sense that institutions want to help, but often don't know how or lack the mechanisms to do so effectively. Several participants advocated for a centralized entrepreneurship platform tailored to East Jerusalem's unique context.

9. Youth Exclusion from Decision-Making Processes

Finally, the lack of youth representation in policymaking and program design was a powerful and repeated theme. Employers lamented that youth are often treated as passive beneficiaries rather than active co-creators of entrepreneurship initiatives. There was strong consensus that for any program to succeed, youth must be involved from the outset—as advisors, designers, facilitators, and evaluators. Without this inclusion, even well-funded interventions risk being out of touch with the ground realities they aim to address.

7. References

Audretsch, D., & Link, A. (2012). Entrepreneurship and innovation: Public policy frameworks. *The Journal of Technology Transfer, 37*(1), 1–17. https://doi.org/10.1007/s10961-010-9181-3

Bahrami, H., & Evans, S. (1995). Flexible re-cycling and high-technology entrepreneurship. *California Management Review, 37*(3), 62–89. https://doi.org/10.2307/41165804

Dubini, P. (1989). The influence of motivations and environment on business start-ups: Some hints for public policies. *Journal of Business Venturing, 4*(1), 11–26. https://doi.org/10.1016/0883-9026(89)90031-1

Fraiberg, S. (2021). Unsettling start-up ecosystems: Geographies, mobilities, and transnational literacies in the Palestinian start-up ecosystem. *Journal of Business and Technical Communication, 35*, 219–253. https://doi.org/10.1177/1050651920979997

Gnyawali, D. R., & Fogel, D. S. (1994). Environments for entrepreneurship development: Key dimensions and research implications. *Entrepreneurship Theory and Practice, 18*(4), 43–62. https://doi.org/10.1177/104225879401800403

Gaza Sky Geeks. (2023). *Annual impact report*. Gaza City, Palestine: Gaza Sky Geeks.

Hinn, H., Gharabeh, B., & Alayasa, N. (2015). Training provision and employment in Palestine: Gaza, East Jerusalem, refugee camps, Area C. [Report].

Jafari, M., Abdullah, S., Safadi, A., & Salah, S. (n.d.). *East Jerusalem's Economic Cluster Report*. Palestine Economic Policy Research Institute; Palestinian Negotiations Support Project.

Karaki, F. J. (2021). Mapping the entrepreneurial ecosystem (EE) of Palestine. *Journal of Entrepreneurship, Business and Economics, 9*(2), 174–217.

MAS (Palestinian Economic Policy Research Institute). (2022). *Youth employment and entrepreneurship survey*. Ramallah, Palestine: MAS.

MAS & NAD. (2019). *East Jerusalem's economic cluster report*. Ramallah, Palestine: MAS & NAD.

Morrar, R., Amara, M., & Syed Zwick, H. (2022). The determinants of self-employment entry of Palestinian youth. *Journal of Entrepreneurship in Emerging Economies, 14*, 23–44. https://doi.org/10.1108/JEEE-06-2020-0184

Morrar, R., Yerousis, G., Iwidat, Q., & Shahwan, R. (2024). Realities and possibilities of Palestinian entrepreneurial ventures: A comprehensive study on youth entrepreneurship in the State of Palestine. In *Artificial Intelligence and Economic Sustainability in the Era of Industrial Revolution 5.0* (pp. 925–938). Cham, Switzerland: Springer Nature.

Morrar, R., Yerousis, G., & O'Carroll, C. (2025). Navigating pathways in entrepreneurship: A comparative study of the challenges and opportunities in Palestine, Jordan, and Egypt. *An-Najah University Journal for Research - B (Humanities), 39*(12).

OECD. (2020). *SME and entrepreneurship outlook: Palestine*. Paris, France: OECD Publishing.

Palestine Economic Policy Research Institute (PEP). (2022). *Cost of doing business in Palestine*. Ramallah, Palestine: PEP.

Palestinian Central Bureau of Statistics (PCBS). (2021–2024). *Labour force survey; COVID-19 socio-economic impact report*. Ramallah, Palestine: PCBS.

Palestinian Monetary Authority (PMA). (2013). *Annual report for 2021*. Ramallah, Palestine: PMA.

PICTI (Palestine Information and Communications Technology Incubator). (2010). *First five years: Building Palestine's ICT ecosystem*. Ramallah, Palestine: PICTI.

Pennings, J. M. (1982). The urban quality of life and entrepreneurship. *Academy of Management Journal, 25*(1), 63–79. https://doi.org/10.5465/255975

Promoting employment and entrepreneurship for vulnerable youths in West Bank and Gaza Strip. (2010). Food and Agriculture Organization (FAO).

Sabella, A. R., & El-Far, M. T. (2019). Entrepreneuring as an everyday form of resistance: An exploration of the experiences of Palestinian women street vendors in the occupied Old City of Jerusalem. *International Journal of Entrepreneurial Behavior & Research, 25*(6), 1212–1235. https://doi.org/10.1108/IJEBR-05-2018-0374

Shwetzer, C., Maritz, A., & Nguyen, Q. (2019). Entrepreneurial ecosystems: a holistic and dynamic approach. *Journal of Industry-University Collaboration, 1(*2), 79-95.

Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. *European Planning Studies, 23*(9), 1759–1769. https://doi.org/10.1080/09654313.2015.1061484

Stam, E., & Van de Ven, A. H. (2021). Entrepreneurial ecosystem elements. *Small Business Economics, 56*, 809–832. https://doi.org/10.1007/s11187-019-00270-6

Startup Genome. (2025). *The global startup ecosystem report: Palestine country profile*. https://startupgenome.com/ecosystems/palestine

United Nations Development Programme – Programme of Assistance to the Palestinian People (UNDP/PAPP). (2017, March). *Youth employment in Palestine*. Resilience Series. https://www.undp.org/sites/g/files/zskgke326/files/2022-11/17_05_18_resilience_series_-_youth_employment.pdf

Van de Ven, A. H. (1993). The development of an infrastructure for entrepreneurship. *Journal of Business Venturing, 8*(3), 211–230. https://doi.org/10.1016/0883-9026(93)90028-4

West, L. J. S. (2018). *Palestinian Central Bureau of Statistics (PCBS)*. [Dataset/report].

Wamda Insights. (2023). *Palestine VC landscape*. Dubai, UAE: Wamda.

Wamda Insights. (2024). *2023 year in review: Investments in MENA*. Dubai, UAE: Wamda.

Zahra, S. A. (2007). Contextualizing theory building in entrepreneurship research. *Journal of Business Venturing, 22*(3), 443–453. https://doi.org/10.1016/j.jbusvent.2006.04.007

Zahra, S. A., Wright, M., & Abdelgawad, S. G. (2014). Contextualization and the advancement of entrepreneurship research. *International Small Business Journal, 32*(5), 479–500. https://doi.org/10.1177/0266242613519807