



מרכז פירס
للسلام والابتكار

Peres Center
for Peace & Innovation

מרכז פרס
לשלום ולחדשנות

An Overview: The Business Case for Israeli-Palestinian Tech Sector Partnerships

June 10, 2020

Agenda

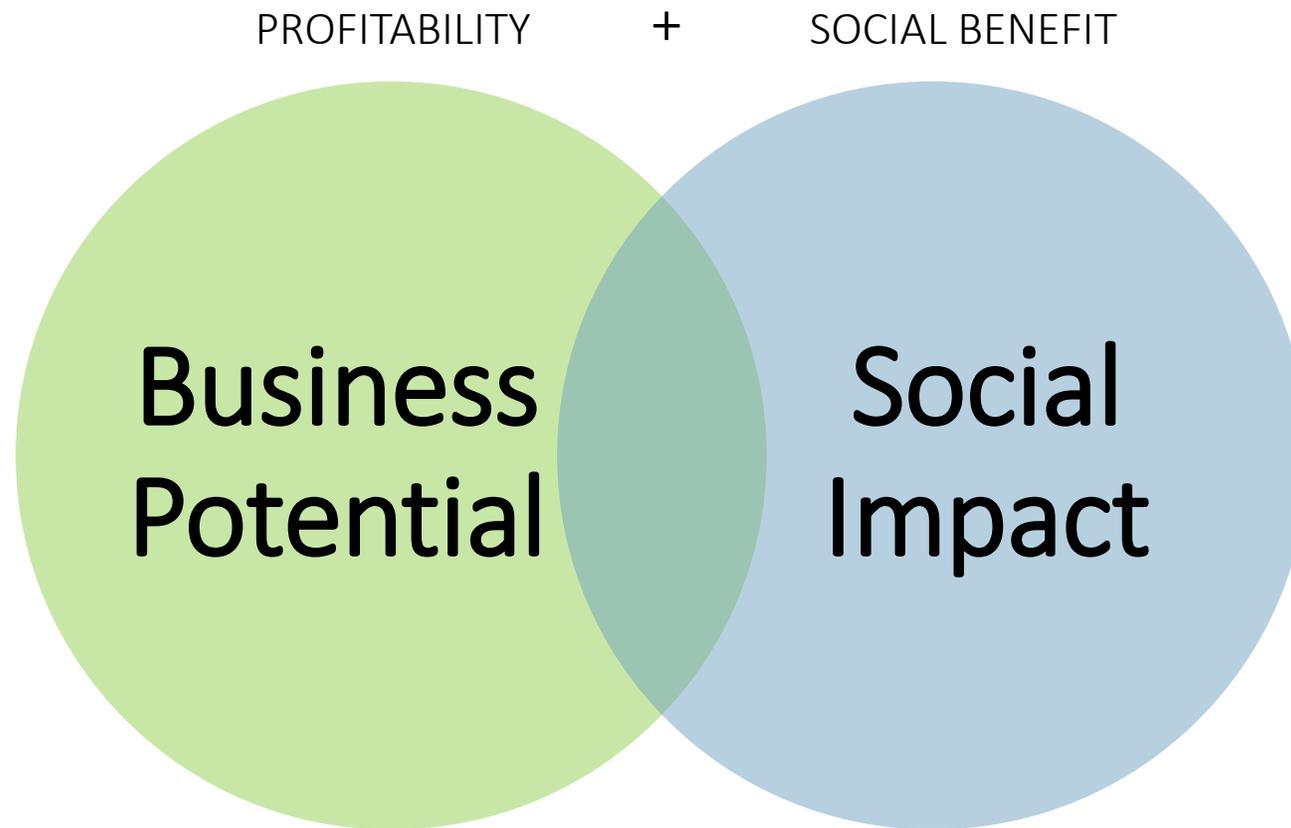
- Background on the Palestinian ICT sector
- The Palestinian tech sector's value proposition
- Israeli-Palestinian business linkages
- Models for cooperation
- The road ahead
- Conclusion
- Additional resources

**Please refer to the notes below the slides for more information*

Background: The Palestinian ICT Sector

- More than 350 ICT-related companies in the West Bank and Gaza are providing a full spectrum of IT and business process services.
- The Palestinian ICT sector employs 3% of the workforce and contributes 8% of Palestinian GDP, or \$637 million.
- The sector is supported by venture capital funds, business incubators, international partners, and accelerators.
- 50% of these companies have partnerships outside the West Bank and Gaza and 40% export to international markets.

Tech Cooperation: The Double Bottom Line



Cross-border tech cooperation can address a pain point in Israel's tech sector while reducing Palestinian unemployment rates and building mutually beneficial business partnerships.

Value Proposition: The Palestinian Comparative Advantage

Tech & Infrastructure

- High-speed internet; technology parks; 100% private digital communications infrastructure

Human Capital

- 3,000+ new ICT-related graduates per year; 20,000 direct and indirect workers employed by the sector; surplus of young talent; one of the highest literacy rates in the region

Cost & Financials

- Low commercial real estate costs; labor costs similar to China and 75% lower than Western Europe, 25% lower than India, and almost 70% lower than Israel

Value Proposition: The Palestinian Comparative Advantage (Cont'd)

Location & Time Zone

- Close to Tel Aviv; English, Arabic and Hebrew language proficiency; cultural similarities; conducive to in-person team building, training, and meetings

Regulatory Environment

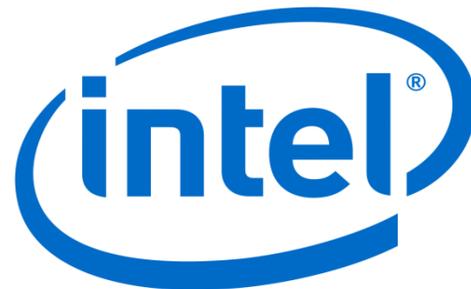
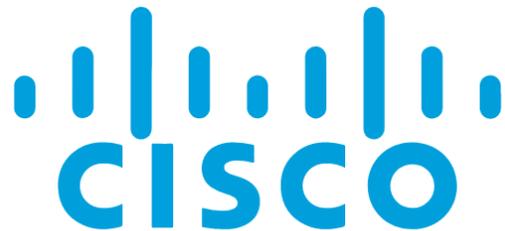
- Commitment to knowledge-based economy; concrete steps to liberalize telecommunications market; incentives and tax exemptions for ICT firms

Track Record

- Clients have included Cisco, IBM, Intel, Microsoft, and Intel, among others

Israeli-Palestinian Business Linkages

- 500 Palestinian engineers across the West Bank and Gaza are working on projects for tech companies based in Israel.
- Companies including Cisco, Intel, Oracle, Mellanox, Microsoft, Nokia, Western Digital, Wix, HP and others have already capitalized on the opportunity.



Models for Cross-Border Cooperation

1. **Outsourcing** – Hundreds of Palestinian engineers in the West Bank and Gaza are already engaging and working with tech companies in Israel.
2. **Direct hiring** – Several Israeli companies are currently hiring Palestinian tech workers directly. However, some Palestinian firms oppose this type of arrangement and prefer to keep the talent pool in the West Bank and Gaza to work for Palestinian companies.
1. **Internships** – Programs such as the Palestinian Internship Program (PIP) place talented Palestinian professionals from the West Bank and East Jerusalem with tech companies in Israel.

The Road Ahead: Scaling-Up

- Augmenting the supply and readiness of Palestinian talent
- Scaling existing Palestinian tech firms
- Continuing to expose Israeli and international companies to the value proposition that exists in the Palestinian tech sector

Conclusion

When contrasted with other outsourcing destinations, the Palestinian tech sector often brings a comparative advantage

The deficit of Israeli tech workers can be partially addressed with Palestinian talent

The Palestinian ICT ecosystem is promising and growing

In the future, newly qualified Palestinian tech workers will create additional cross-border business opportunities

Additional Information on the Palestinian Tech Sector

- World Bank report on the Tech Startup Ecosystem in the West Bank and Gaza:
<http://documents.worldbank.org/curated/en/715581526049753145/pdf/126144-replacement-WBG-ecosystem-mapping-digital.pdf>
- Video on Palestinian technology services:
<https://www.facebook.com/PitaPalestine/videos/1366513463514268>
- The Palestinian Information Technology Association of Companies (PITA):
<http://home.pita.ps/wp/>
- Gaza Sky Geeks: <https://gazaskygeeks.com/>
- Rawabi Tech Hub: <https://www.rawabi.ps/en/qcenter>