THE PALESTINIAN INFORMATION TECHNOLOGY ASSOCIATION OF COMPANIES (PITA): MOVING FORWARD ON ICT AND INNOVATION

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Introduction: The economy of the Palestinian territories, hampered by years of conflict, occupation, and insecurity remains dependent on foreign aid and the public sector remains the largest employer. Jobs are too few and manufacturing, agriculture, services, including tourism are in decline. As a recent Bank report noted “While the Palestinian Authority (PA) has had considerable success in building the institutions of a future state, it has made less progress in developing a sustainable economic base...the recent growth has largely been driven by donor aid. This situation is unsustainable and aid levels have already begun to fall. For a future Palestinian state to be viable, it is necessary that a private sector led economy is able to generate the jobs needed by a rapidly growing population and the resources required by the government to provide services”.

In the midst of this bleak picture, however, there are some brighter spots. Though still relatively small as a sector, an increasing number of Palestinian firms are moving into information and communications technology (ICT) sector. With a few incubators and firms that would not be out of place in Silicon Valley, the sector is “building a reputation for inexpensive, high-quality tech expertise”.

The IT Sector in the Palestinian Territories: A white paper commissioned by the US multinational Cisco and published in July 2012, noted that the Palestinian IT sector grew from 0.8% of GDP in 2008 to 5% in 2010 and continues to grow. The Palestinian Information Technology Association of Companies (PITA) estimates that the sector has approximately 5000 employees with another additional 15,000 employed indirectly. The sector has also seen

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1 This Quick Note was redacted by Ali H. Abukumail, Private Sector Development Specialist, The Middle East and North Africa Region, the World Bank, with inputs from the Palestinian Information Technology Association of Companies (PITA) team which visited the World Bank on January 24, 2013. This Quick Note was cleared by Randa Akeel, Acting Sector Manager, Finance and Private Sector Development, Middle East and North Africa, The World Bank.


4 For more see http://csr.cisco.com/casestudy/commitment-for-palestine

5 For more see http://www.pita.ps/content/ict-sector-profile,
a 64% increase in foreign business since 2009. Cisco itself has invested $15 Million in the sector of which $5 million is for one of the first venture Capital firms in the territory. The total invested in the sector by outside parties is $78 million over the past four years.

As a study commissioned by the Palestinian Information Technology Association of Companies (PITA) noted: “The IT industry is capable of sustaining multiple concurrent IT development projects at levels of quality, timeline and customer satisfaction as buyers would expect from a global IT outsourcing services provider”6.

There are some 400 IT companies in the Palestinian territories and 50% of these companies have partnerships outside Palestine. Approximately 120 of them are exporting services and products. Some of the major joint R&D projects with global players include CISCO, IBM, Intel, HP & Microsoft, and Oracle. The sector exports globally, including to Canada, Europe, the Arab countries, including the GCC, and the United States. Also of note is that there are growing linkages with ICT firms in Israel.

The IT sector’s growth rate was estimated at 8% in 2009 and grew to 10% in 2010. That same year it was estimated to have a generated $530 million in economic value added. It is expected that the sector will account for 10% of GDP in the next few years, rising from the 5% of GDP in 2010.

ICT Education in the Palestinian Territories:
PITA estimates that there are some 8000 students studying in the ICT sector in the Palestinian territories. Thirteen universities annually graduate some 2500 students of which, on average, 40% are women. However, given the ongoing difficulties, only some 30-40% of these graduates are able to find a job in their field.

The Role of PITA in the ICT Sector and Innovation: Based in Ramallah, PITA was founded in 1999 by a group of Palestinian entrepreneurs with the vision of creating a non-profit organization to advance the interests and positive societal impact of Palestine’s Information and Communication Technology (ICT) sector.

The Palestinian Information Technology Association of Companies represents more than 100 major ICT companies in Palestine’s emerging technology and startup ecosystem. PITA is a driving force in advancing the ICT sector’s interests, and a leading information source about this sector in Palestine.

PITA Mission, Vision and Strategic Role:
PITA sees its mission as leading the ICT sector towards an innovation-based economy. Its vision is that of a Palestinian nation nurturing innovation and contributing to world knowledge. Its strategic goals is the "emergence of an open, secure cloud, the consumerization of IT, and ability to do business in a global, borderless environment, makes Palestine an ideal place to discover, innovate and disrupt traditional thinking”.

PITA’s Strategic Pillars: The strategic Pillars focus on Policy, sector branding, company and start-ups development, and Human capital and partnerships:

• Policy: PITA drives policy issues on the development and growth of the country’s ICT sector. Working in cooperation with the region’s technology ecosystems including academia, research institutions, startups, businesses and angel and VC investors, PITA’s policy initiatives aim at serving their membership and the growing Diaspora who are looking to connect and do business with the Palestinian hi-tech sector.

• Sector Branding: PITA is the voice of the ICT sector in the Palestinian territories and sees ICT is not just a sector but with the potential to be the driving force behind all parts of the economy, a movement for positive social change, a contributor to education, and a means of placing Palestine on the global economic stage.

6 For more see http://www.pita.ps/content/ict-sector-profile,
• **Company and start-ups development:** PITA is part of the growing global startup movement and sees this as a community that has no boundaries, or language and cultural barriers. To this end, PITA has programs in place to support the growth of the ICT economy and foster an open and participatory process to move the sector forward.

• **Human Capital and building on Business-Academic partnerships.** PITA sees Palestine's greatest asset as its people and strives to better align the country’s leading universities and technical schools with the growing ICT industry. It has programs in place aimed at aligning the world of academia with the current and future needs of regional employers who are scaling-up their businesses as new opportunities arise in our region.

**The Palestinian Global IT Network:** PITA has been working to create a global support network for the Palestinian IT industry. The network will provide linkages and opportunities for Palestinian companies, entrepreneurs, and IT professionals to develop and link with opportunities outside the boundaries of Palestine and the region. The Palestinian Global IT Network concept is built around engaging members of the Palestinian Diaspora and others and tapping into their resources, knowledge, and networks. The goal is to place Palestine on the global ICT map.

The network’s aim is to provide professional and technical inputs to the implementation of the 3-year strategic plan for the development of the IT Industry in Palestine. This will cover the following areas:

• Professional guidance and advice on programs drafted under the strategy.

• Act as ambassadors and representatives of the Palestinian IT industry

• Establish linkages between Palestinian IT businesses and professionals and the rest of the world.

• **Be part of Palestine’s IT industry branding initiative.**

• **Assisting entrepreneurs to build successful start-ups.**

• **Mentoring and coaching of Palestinian IT businesses and entrepreneurs**

**Conclusion:** Despite multiple challenges in the investment climate, the Palestinian ICT sector has managed to grow and integrate with regional and international businesses. It is a fast growing start-up sector, which heavily contributes to the development of a knowledge based economy in Palestine. The entrepreneurship cycle of the sector is maturing with the existence of excellence centers, incubators, VCs and equity funds. However, angel funding remains very scarce.

PITA has developed a well-focused strategy built on pillars of policy, branding, startups and human development. The association managed over its thirteen years of operation to build a successful portfolio of initiative as well as a solid network of public and private sector stakeholders. PITA is building a global network to help place Palestine on the global IT map.

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