

# The Role of Government Development Planning in Supporting and Financing Micro, Small and Medium Enterprises (MSMEs) in Palestine

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Received: 15<sup>th</sup> August 2021

Revised: 15<sup>th</sup> September 2021

Accepted: 06<sup>th</sup> October 2021

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**Abstract:** Objectives: The study aimed to identify the extent to which government development planning contributes to supporting and financing the micro, small and medium enterprises sector. Method: The study relied on a mixed research approach, where the qualitative and quantitative methods were used simultaneously, a total of (7) interviews were conducted in (5) official and unofficial institutions in the Ramallah and Al-Bireh Governorate. In addition, a total of (375) questionnaires were distributed to owners of micro, small and medium enterprises. Results: The findings of the study showed that the level of effectiveness of government planning to support and finance the projects sector is low (59%), which means that there is a need for more attention in this aspect. It was found that government planning is insufficient, as the competency of planning was at a medium degree (62%), and the level of coordination between the concerned authorities was at a medium degree (70%), and this percentage was the highest among the independent variables, which reinforces the need for greater networking to develop this important sector. Conclusion: The results showed that the project owners' satisfaction with government planning in terms of support and financing is very low (46%). Recommendations: Therefore, the most prominent recommendations were the necessity of activating government development planning, enhancing coordination between the competent authorities, and reducing the challenges that can be reduced, such as enabling micro, small and medium enterprises to access markets, whether internal or external, through the introduction of different and diverse mechanisms and initiatives that in turn overcome the difficulties that hinders the projects sector in marketing their products.

Keywords: government planning, development, traditional finance, Islamic finance, micro, small and medium projects sector, efficiency sufficiency, coordination, challenges

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## 1. Introduction

Micro, small and medium enterprises (MSMEs) are considered among the basic features of the modern era as they play an important role in development through their contribution to the GDP on the one hand and their contribution to improving innovative capabilities on the other hand (Lounisi, 2020). In addition to the significant and purposeful role of projects in developing the economy of developing countries in terms of their contribution to providing and creating new job opportunities, addressing the problem of unemployment and reducing the problem of poverty and its negative effects, by raising the level of individual and national income, improving the standard of living and reaching partial self-sufficiency for some goods and services that It is required by society (Al-Mashharawi & Al-Ramlawi, 2015). Thus, it has become smart and wise for government development plans to direct towards the development of the small and medium enterprise sector because of their effective and important role in developing the local economy, enhancing people's aspirations and empowering them economically and socially (Emirates Center for Strategic Studies and Research, 2017). Governments and the private sector work together; To facilitate an increase in the rate of economic growth, at a time when governments set rules and draw plans that define and clarify property rights and policies related to trade and investment to keep the inequality between competitors within reasonable limits, the private sector is the one who works actively in trade and investment most of the time (Jeddah Chamber, 2015).

The Palestinian National Authority has been interested in supporting and financing micro, small and medium enterprises since they arrived in 1994, as it supported the opportunity to establish and organize them in line with Palestinian law, but the law regulating them, which limits the challenges they face, has not been completed. Therefore, Palestine, like other countries, faces many obstacles that impede the steadfastness of small and medium-sized enterprises that push them to enter into a cycle of conflict while remaining in the face of the surrounding political conditions, which negatively affect various economic activities (Studies and Research Center, 2014). In addition to the obstacles related to mismanagement, planning and dependence on the (Israeli) economy, as well as the long and complex procedures, the steady growth in the size of the labour force, and the low level of basic social services in Palestine. However, despite the great challenges and difficulties facing small and medium enterprises, there are large numbers of small and medium enterprises that are still steadfast in light of these obstacles (Abu Jamea, 2015). The government in Palestine plans to develop small and medium enterprises, especially in light of the difficult circumstances it is going through and due to its positive impact on the structure of the Palestinian economy as a whole, as it represents 90% or more of the total projects for the local economy, in addition to the need for the Palestinian economy to advance and progress calls for serious interest from all official bodies in Palestine (Studies and Research Center, 2014).

In this regard, the Palestinian national policy agenda supported emerging projects and stipulated the development of micro, small and medium enterprises, and this came under the provision of providing an appropriate investment environment (Council of Ministers, 2016). As the Council of Ministers approved the financial inclusion strategy from 2018, various working groups were formed in 2019, which included small, medium and micro enterprises, the aim of which was to contribute to the implementation of its

strategic plan and also to address challenges related to the financial aspect (the Palestinian Monetary Authority, 2017).

### **1.1 Research Problem**

The Palestinian Monetary Authority stressed the importance of small and medium enterprises and their pivotal role in production, employment and income generation, in addition to their role in achieving economic development. The Palestinian economy depends entirely on the activity of micro, small and medium enterprises, as they constitute 95% of the Palestinian economy. The small and medium enterprises sector through a loan program for micro, small and medium enterprises with a total value of 300 million dollars, to help them face the economic consequences of the COVID-19 pandemic (PMA, 2020). This support has been provided by both conventional and Islamic finance.

However, despite this, the Palestinian government puts many obstacles in the way of these projects, through its laws that only stimulate and encourage large projects (Mansour and Abdel Jawad, 2018). The Palestine Economic Policy Research Institute (MAS) added that the Palestinian legal environment does not grant incentives to micro, small and medium entrepreneurship, as the exemptions and incentives in the investment promotion law do not apply to them, as well as there is no significant advantage for them in tax legislation, and thus emphasized the weak government role in promoting micro, small and medium entrepreneurship (Abdullah et al., 2014). Based on the foregoing, the problem of the study lies in answering the following question: To what extent does government development planning contribute to supporting micro, small and medium enterprises?

### **1.2 Research Questions**

1. How effective is government development planning in supporting and financing micro, small and medium enterprises?
2. What is the adequacy of government development planning in supporting and financing micro, small and medium enterprises?
3. What is the extent of coordination between the competent authorities to support and finance micro, small and medium enterprises?
4. What are the challenges facing government development planning to support and finance micro, small and medium enterprises?
5. To what extent are project owners satisfied with government development planning to support and finance micro, small and medium enterprises?

### **1.3 Research hypotheses**

1. The effectiveness of government development planning in supporting and financing micro, small and medium enterprises has a low impact.
2. Government development planning to support and finance micro, small and medium enterprises are considered sufficient to a moderate degree.
3. There is coordination between the competent authorities to support and finance micro, small and medium enterprises to a moderate degree.

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4. The level of project owners' satisfaction with the government's development planning to support and finance micro, small and medium enterprises is very low.
5. The most important challenge facing the development and financing of micro, small and medium enterprises is the financial challenge.

### 1.4 Research Significance

The significance of the study stems from the significance of the micro, small and medium enterprises sector in bringing about economic development and employment of the workforce where Palestine lives under occupation. The importance of micro, small and medium enterprises increases, as this sector absorbs 81% of the workforce, in addition to forming 98.6% of the Palestinian economy (Palestinian News and Information Agency (WAFA), 2021). Accordingly, this sector limits many problems, including unemployment and poverty, which is why it is worth paying attention to, and the projects sector in Palestine is characterized by being predominantly family-oriented in management and decision-making, and it lacks planning, marketing, financing and the ability to develop strategies. Hence, it is necessary to highlight the importance of the role of government planning in bringing about development for this sector by providing support, guidance, financing and training for this category to support it in completing its path. The results of the study will serve as feedback to decision-makers to assess the government's role and what it needs to reform, and the recommendations of the study will be rich in ideas and solutions aimed at supporting projects in a country living under occupation.

### 1.5 Previous Studies

A study (Lounisi, 2020) entitled "The impact of the national strategy on the promotion of small and medium enterprises". The researcher sought, through his study, to clarify the aspects related to small and medium enterprises in Algeria and the national strategy to support this sector. The study concluded that the efforts made to adopt qualification programs (affiliated with the government) to raise the capacity and competitiveness of small and medium enterprises, their outcome remains modest, as about 90% of them did not benefit from the programs because they did not meet the necessary conditions to benefit from the features of the program.

Al-Janabi (2019) study, entitled "Small and Medium Enterprises between Reality and Ambition". Through his study, the researcher sought to identify the problems and challenges facing small and medium enterprises in Iraq. The study found a weakness in legislation and laws that support the activities of small and medium enterprises, and the lack of civil organizations and unions that defend small and medium enterprises and demand their rights, in addition to the decrease in government support and financial institutions in providing the necessary funding for projects.

Mansour and Abdel-Jawad (2018) study entitled "Entrepreneurship Challenges in Palestine". In this study, the researchers sought to explore the entrepreneurial challenges that exist in Palestine. The study reached many results, the most important of which are: The role of the government is considered important to encourage small entrepreneurial projects, especially that the economy of Palestine is based on small

projects. The role of financial institutions is also considered important to encourage entrepreneurship, but their role in Palestine is incomplete.

Jaraiseh (2011) study entitled "The Role of the Government Sector in Stimulating Small and Very Small Industrial Enterprises and Its Repercussions on Economic Development". The researcher sought in this study to identify the role of the Palestinian government sector in stimulating small and micro-projects, and its reflection on economic development. The most important outcome indicated by the results of the study is that there is a tendency by the public sector to stimulate micro and small projects, but it is not at the required level that contributes to achieving economic development.

The study of the Department of Economic and Social Affairs (2020), entitled Practices of Registration of micro, small and medium Enterprises in an Asian Region: Case Studies from Singapore, Malaysia, Thailand, and Myanmar, 2020. The study found to benefit from Singapore's experience by creating a single online platform as it is the most effective way to reduce time and costs.

Rankhumise & Masilo (2018) study, entitled "The impact of government support on the success of small and medium enterprises: a comparative study between South Africa and China". The study sought to investigate the steps of government agencies in supporting small and medium enterprises and concluded that government agencies made clear efforts to support small and medium enterprises. The results showed the need for coordination between multiple agencies to support projects.

The study of Vazifehdovst & Miridozeini (2018), entitled "The Role of Government Dimensions in Supporting Entrepreneurs in Small and Medium Enterprises". The study sought to explain and identify government indicators that support small and medium enterprises. The study concluded that five dimensions of government support (institutional, social, cultural, political, economic, and educational) have a meaningful impact on entrepreneurship activities in the small and medium sectors.

Sudibyo & Anwar (2017), entitled "The role of local government in the development of small and medium enterprises". The study sought to determine the local government support necessary to increase and improve the performance of small and medium enterprises. The study concluded that the government support process and support policy have a positive impact on the performance of small and medium enterprises by increasing financing and facilitating commercial activities that can help small and medium enterprises keep their businesses running.

The study of Jresat (2015), entitled "The Jordanian Government's Role in Supporting the Competitiveness of Small and Medium Enterprises". The study found that the government funds that it usually grants to entrepreneurs improve their competitiveness.

Marri (2011) conducted a study entitled "The Government Support System in Small and Medium Enterprises". The study sought to find out the importance of small and medium enterprises in developing countries. It concluded that government assistance to small and medium enterprises is very necessary, as it was noted that there is no government support in this aspect.

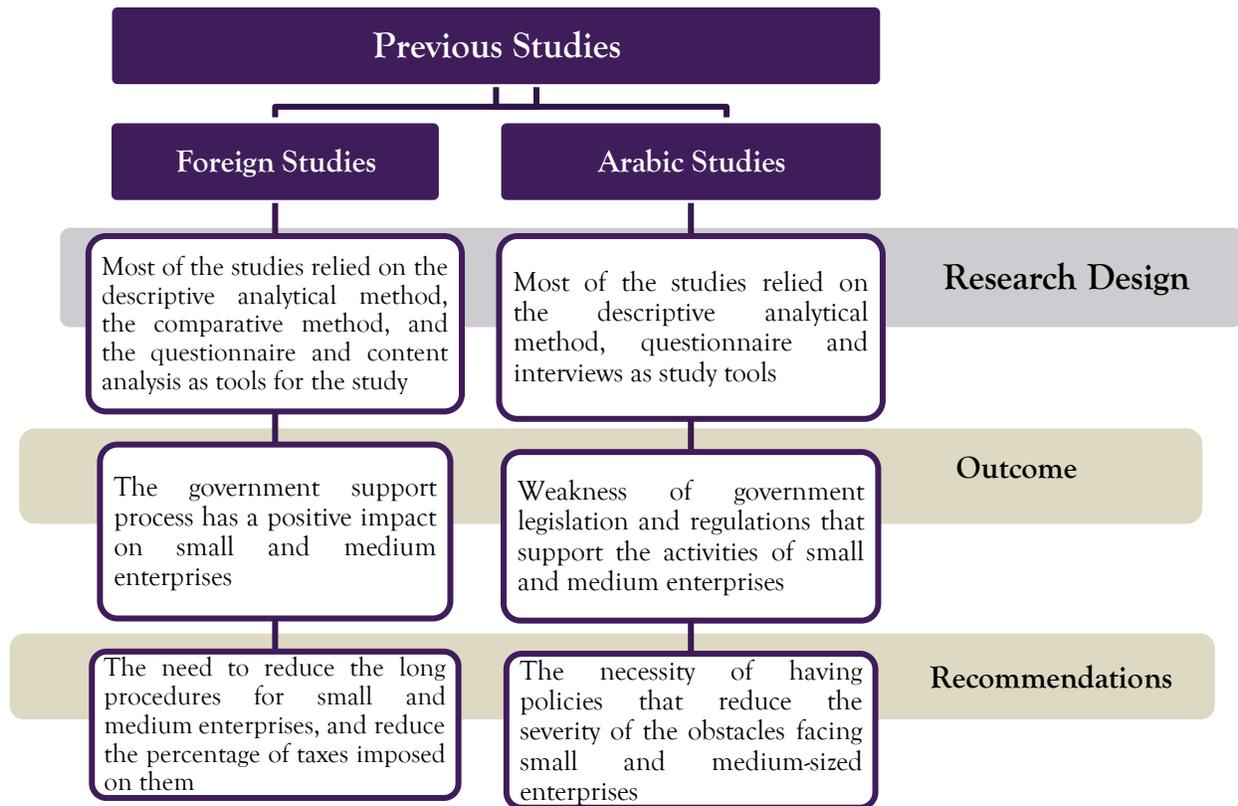
## 1.6 Scientific addition

Most Arab and foreign studies have concluded the significance of the role of government planning in supporting small and medium enterprises, as it plays a prominent role in enacting laws and formulating economic policies. It follows from the foregoing that there is a dearth of Palestinian studies that dealt with

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the subject except for the Jaraiseh study, which was conducted 10 years ago, and which was applied to the governorates of Bethlehem and Hebron, and was limited to industrial projects only, while this study included different types of projects and was applied to the Ramallah and Al-Bireh Governorate. Moreover, the rest of the studies, whether Arab or foreign, did not address government planning for the development of this sector in particular and in detail, as there was a review of many recommendations directed to the public sector, the study is considered complementary to the previous studies that preceded it and distinct from it, as it examined a country living under occupation where it controls all aspects of real development, which made it important to study the government's role in stimulating small and medium enterprises. All this made this study a reason to add a new science to this field.

Figure (1): A simplified presentation of comments on the previous studies



### 1.7 Theoretical Framework

In this context, the factors affecting the main problem of the study will be explained, which are small, micro and medium enterprises, by explaining the study variables and clarifying the network of relationships between them, in addition to the mechanism of the potential impact of the independent variables on the dependent variable. For this purpose, we will begin to explain the problem of the study and its main topic of the dependent variable.

## 1.8 Research variables

### First: the dependent variable (what micro, small and medium enterprises are):

Clarifying the concept of the small and medium enterprises sector is one of the most important elements for the development of appropriate legislation, plans and service programs to improve and develop small and medium enterprises as well as micro-enterprises. The definition is a basic requirement for establishing harmonious, coordinated and trusted databases to be analyzed and benefited from in development policies in general, and the development of small, medium and micro-enterprises in particular, so that the official and concerned authorities, as well as the civil authorities, can understand the practical reality of these projects, follow up on the changes and problems they face, and develop appropriate solutions for it (Jaraiseh, 2011). The table below shows the standard definition of the projects sector according to the decision of the Council of Ministers in the State of Palestine.

*Table 4. the standard definition of the projects sector according to the decision of the Council of Ministers in the State of Palestine*

<i>Classification</i>	<i>Number of employees</i>	<i>Annual Turnover</i>
Micro	1-4	provided that turnover does not exceed USD 100.000
Very Small	5-9	provided that turnover does not exceed USD 200.000
Small	10-19	provided that turnover does not exceed USD 500.000
Medium	20-49	provided that turnover does not exceed USD 2.000.000
Large	50+	More than USD 2.000.00

### The reality of small and medium enterprises in the State of Palestine:

When speaking about small and medium enterprises in Palestine, it is not possible to overlook the political circumstances surrounding them that affect diversified economic activity, as the political and social environment affects small and medium enterprises in their quantitative and qualitative performance. The need for the Palestinian economy to develop requires the official authorities to pay serious attention to the role of small and medium enterprises and their expansion to be able to advance development in the Palestinian economy, enable it to be self-reliant and reduce the size of dependence on the Israeli economy because small and medium enterprises create job opportunities and absorb the workforce and university graduates, which contribute to the development of the Palestinian economy (Center for Studies and Research, 2014). The number of economic establishments operating in Palestine in 2017, reached 15,850, distributed as follows.

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*Table 2. The number and distribution of economic establishments in Palestine*

Number of economic establishments					=	15.850		
Wholesale and retail trade	Transformative industries activities	Accommodation and food services	Education, health, social work	transport and storage	Professional , scientific and technical activities	Administrative support services activities	others	
7,023	1,868	1,011	1,519	245	909	252	3,023	

*Source:* Investment Promotion Authority, 2017

**Government development planning and national initiatives to support and finance the enterprise sector:**

The environment of the small and medium enterprises sector in any country needs supportive plans for advancement and continuity, especially in difficult times, and there is no doubt that the government sector bears the responsibility to develop, stimulate and improve this environment through the enactment of laws and the introduction of empowerment and capacity building programs, in addition to facilitating access to finance and the reality of government planning in Palestine is still modest and cannot be considered sufficiently supportive, as legislation and laws lack any initiative aimed at promoting entrepreneurship in general, in addition to a lack of funding for most types of emerging projects. It is also noted that there are some items supporting leadership, whether in the strategy of the Ministry of Labor or the strategy of the Ministry of Education, but there is an absence of mechanisms that aim to implement these strategies on the ground (Abdullah et al., 2014).

The Palestinian experience of developing and sponsoring small and medium enterprises indicates that the concerned governmental, as well as non-governmental agencies, seek to provide the appropriate environment for the growth and development of this sector, based on the material and human capabilities that these entities possess. As a result, several financing and non-financing institutions appeared that would develop and develop this sector and provide opportunities for the creation of new projects and the expansion of existing projects so that small and medium-sized enterprises become large projects. It should be noted the importance of the role of government plans and the plans of the various authorities for the development of the micro, small and medium enterprises sector in the State of Palestine in terms of coordination, effectiveness, comprehensiveness and efficiency. Also, its importance lies in its role in evaluating the performance and efficiency of financing institutions and other institutions concerned with the development of this sector and knowing the views of project owners and their satisfaction with the services provided to them, to reach the best results (Maqableh, 2020).

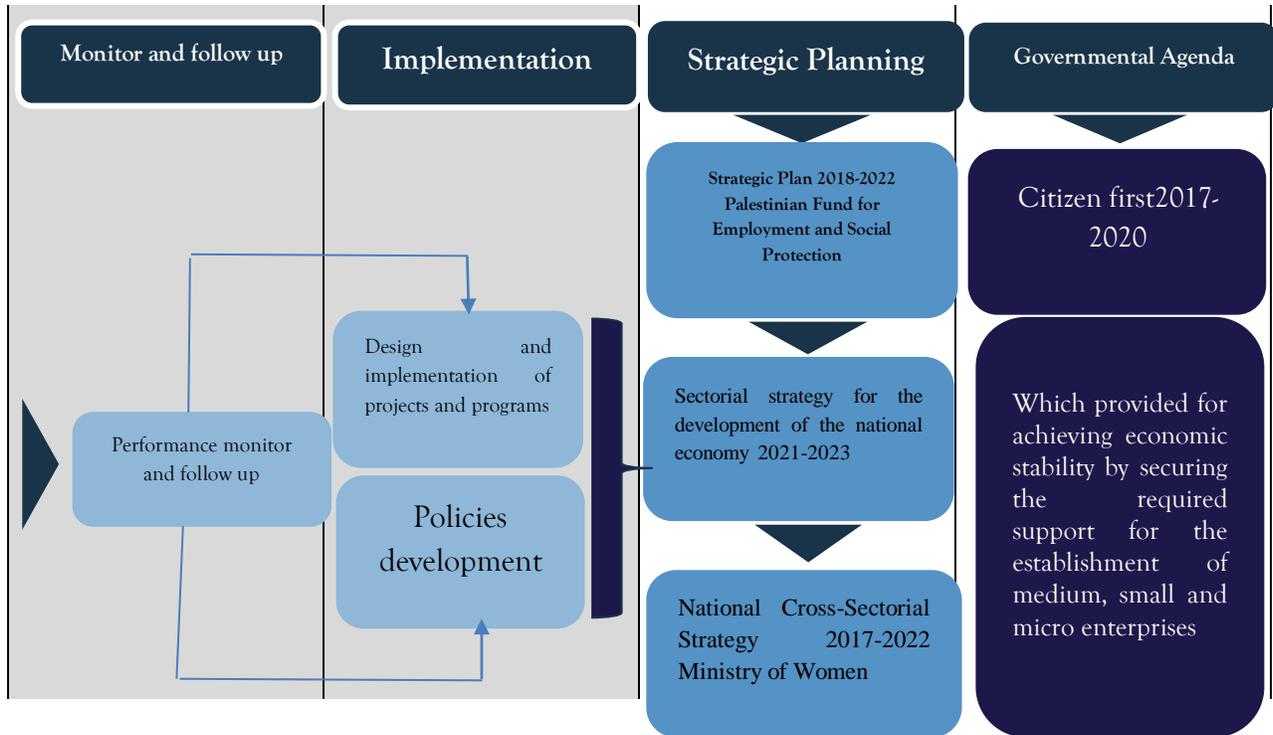


Figure (2): The general framework for the Palestinian government policies

● **Palestinian government plans and initiatives during the COVID-19 pandemic:**

The Palestinian government has provided many loans and programs that work to develop and support micro, small and medium enterprises. Some of them will be mentioned below:

- Esnad Program: This program aims to empower micro and small enterprises during the COVID-19 pandemic. To support it in overcoming this crisis and continuing to work, this program included two phases: the first was to provide loans amounting to \$15 million, while the second phase was to provide additional facilities for \$10 million, to be developed by Palestine Investment Fund in cooperation with financial institutions (Odeh, 2020).
- Sustainability Program (Estedama): launched by the Palestinian Monetary Authority to lend \$300 million to micro, small and medium enterprises, and these loans are characterized by being Islamic and traditional, as they were with symbolic profits/benefits not exceeding 3% and with a repayment period of 36 months, to overcome the COVID-19 crisis, and preserve survival and continuity of projects (Anatolia, 2020).

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- “My facility” program: This program emerged as a response to the government’s strategies and plans to develop the micro, small and medium enterprise sector. This program aims to motivate the enterprise sector to continue and adapt to the crisis, to return to a state of recovery and resilience. This program provides various services (such as advisory services, and marketing) specific to the projects sector and also provides financing opportunities, in addition to providing a virtual platform that works to network stakeholders and experts in the field of projects (Palestinian News and Information Agency (WAFA), 2021).

### 1.9 Second: Independent variables

#### **The first independent variable (the effectiveness of government development planning in supporting and financing projects).**

The government is interested in supporting small and medium enterprises, as they are the main engine for economic development, as these projects contribute to achieving sustainable growth, in addition to the effectiveness of these projects, as they provide job opportunities and growth in the gross domestic product. To show the effectiveness of government plans more, basic steps must be taken, the most important of which is providing information on regulations, standards, customs fees, taxes and how to market projects, in addition to the need for institutions to provide advice on business planning, how to conduct a feasibility study, quality control, marketing and accounting, in addition to establishing incubator units to provide infrastructure and space to help entrepreneurs to solve the problems they face (Al-Janabi, 2019), the establishment of a specialized government agency to deal with small and medium enterprises to reduce the waste of capabilities and efforts through several institutions, and the establishment of a loan guarantee system to support small and medium enterprises, spreading the culture of entrepreneurship in the Palestinian society, to encourage and create pioneering ideas that can be implemented (Nasrallah and Al-Sourani, 2005). In order to make the general plans more efficient, several things must be done, the most important of which are: supervising and following up on setting and evaluating investment policies in accordance with strategic plans, approving incentive contracts, supervising the implementation of the provisions of the Investment Promotion Law, raising suggestions and recommendations related to its amendment, and supervising the launch of a guide on investment opportunities in Palestine and updating it annually, approving programs and plans that help provide an appropriate investment climate, supervising investment care programs, solving all problems and difficulties encountering the practice and production of its activities, and submitting recommendations and proposals to the Council of Ministers regarding amending procedures and laws necessary for registration and licensing projects to ensure the reduction of red tape and bureaucracy, as well as granting incentives and tax exemptions to projects to assist and develop them, and providing technical and economic advice to small and medium-sized projects (Palestinian Investment Promotion Agency, 2014).

Moreover, the inefficiency of the small and medium enterprise sector is due to several reasons, the most important of which are: the difficulty of women and young entrepreneurs accessing financing to establish or develop their small and medium enterprises, in addition to the difficulty of accessing markets and promoting their products, due to their lack of skills in the field of marketing, which makes It is difficult for owners of small and medium enterprises to compete with large enterprises and the lack of experience in registration, planning and development mechanisms, in addition to the lack of communication and

negotiation skills, the ability to coordinate and network (Palestinian Fund for Employment and Protection, 2016).

**The second independent variable: (the adequacy of government development planning to support and finance projects).**

Legislation and legal plans are considered insufficient, especially for the category of small and medium enterprises, as the law permeates many weaknesses and loopholes, including the lack of coverage for some groups, in addition, that it does not stimulate leadership and the development and development of emerging small and medium enterprises. Although the Investment Promotion Law provides the owners of investment projects with many granted exemptions, benefits and incentives, this is limited to large projects whose capital exceeds one hundred thousand dollars, while pioneering projects, most of which are in the category of very small and small projects, do not apply to these exemptions and do not have them Any advantages and the legislation lacks ways to promote and develop entrepreneurial projects in general, in addition to the long and complex procedures that are required to establish a company, in addition to the high cost of starting projects, and other current laws do not protect local products, especially women's products, as this leads to placing these products in the field of unfair competition with imported goods, and the control over violations of these laws is still limited (Palestinian Fund for Employment and Protection, 2016).

Existing tax laws do not benefit small and medium enterprises in particular in terms of deductions and exemptions stipulated in the Income Tax Law. The law does not differentiate between large and small companies in the tax rate it imposes, which amounts to 15% on all types of companies. As for the value-added tax legislation, it is old legislation and is not valid for the work of establishments (value-added tax) and does not concern them with any special treatment or special exemptions, as the value-added tax is imposed at a rate of 14.5% on various economic activities regardless of the size of the product and its financial status, as well as the matter In the trademark laws, there is nothing related to small and medium enterprises, and they were not singled out with any different provisions, and this led to the existence of abuse and unfairness regarding these projects in the registration of the trademark and its proprietary rights, In addition to the Labor Law, which forced an additional burden on project owners that would affect their competitiveness, so that the law did not differentiate between economic institutions according to their size or their ability to bear the additional burdens, and in addition to the Palestinian Standards and Measurements Law, which did not give any unique treatment to small and medium enterprises and was not followed Gradual system in application (Khalifa & Abu Hantash, 2009).

**The third independent variable: (coordination between the competent authorities to support and finance the projects sector).**

Institutions lack mechanisms and coordination plans among them, especially those operating in the scope of employment, leadership, and business development and worker protection. It is worth noting that this is due to limited funding opportunities, and poor coordination. This led to the repetition of the same projects in the same areas and sometimes with the same concerned groups, thus all Attempts and plans to provide for coordination are only formal attempts. Therefore, the Palestinian Fund will activate coordination and networking mechanisms for the development of the enterprise sector through the following: Activating coordination mechanisms with ministries and official institutions related to the SME sector, and

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coordinating with all international and official institutions, civil society institutions, universities, private sector companies, youth clubs, unions and community centres. To ensure compatibility and complementarity in activities and programs and to ensure implementation of operational priorities, coordination and cooperation with employment institutions, technical and vocational training and feasibility and market studies (Palestinian Fund for Employment and Protection, 2018).

### **The fourth independent variable: (challenges facing small and medium enterprises in Palestine).**

Many challenges are facing small and medium enterprises, and they can be summarized as follows:

1. Legal and Legislative Difficulties: The lack of legal and legislative oversight led to creating problems in drawing up plans for economic development and enhancement (Antari & Mashati, 2017).
2. Infrastructure-related problems: The low level of infrastructure services in the State of Palestine, especially in the water, electricity, paved roads, and telecommunications sectors, due to the limited state resources and high costs (Studies and Research Center, 2014).
3. Marketing problems: which are manifested in the weakness of the market and the presence of unfair competition (Abu Jamea, 2015).
4. The absence of comprehensive plans and strategies to support and develop small and micro enterprises, in addition to the absence of a comprehensive policy, to supervise imports and exports and to develop the capacities of local producers, as well as the absence of factories committed to the application of good manufacturing and adherence to Palestinian standards, weak public supervision, and lack of principles of research and development support (Jaraiseh, 2011).
5. Financing problems: Small and medium-sized companies face difficulties in financing due to their size (lack of guarantees) and modernization (lack of credit history), so financial institutions face multiple risks when financing small and medium companies during their growth stages. (Establishment - initialization - initial growth - actual growth - integration). Given these risks, commercial banks have avoided providing the necessary financing for these projects due to concerns about depositors' money (Abdel-Fattah, 2012).
6. Economic dependence on the Israeli economy: through Israel's domination of export and marketing outlets, where industry in Palestine is based on importing raw materials from Israel (Jaraiseh, 2011).

*Table 3. Challenges facing the project sector and governmental initiatives to overcome them*

Challenges facing projects sector	Governmental initiatives
<b>To obtain financing</b>	The government has put forward several financing programs and plans for the development of micro, small and medium enterprises, including the Al-Quds Program for Project Finance and the "My Facility" program for project development and financing during the COVID-19 pandemic, in addition to the government's cooperation with leading institutions such as the Faten Foundation to facilitate loans for this category of projects.
<b>Lack of financial support throughout the life of small and medium enterprises</b>	Banks, in cooperation with various institutions, have enhanced the permanent financial support allocated to these projects. For example, the Bank of Palestine provides many facilities to the small and medium enterprises sector.
<b>Low support and guidance</b>	There are many initiatives to develop and direct the enterprise sector, whether through the various training and workshops provided (such as those launched by the Chamber of Commerce and Industry, and the Family Revival Association) or through the offerings of institutions such as the Palestine Investment Fund, which launched the "Start" program to encourage entrepreneurship and awareness among young people. Among the workshops it carried out were "Start Your Own Project" and "Generate Your Business Idea."
<b>Lack of awareness of support programs</b>	Government institutions market and publish all programs and initiatives for these projects on social media and news channels. Banks are also encouraged to do the same to reach small and medium enterprises.
<b>Lack of adequate Information Technology (IT) infrastructure</b>	The National Policy Agenda - Citizen First aimed at providing an appropriate investment environment for owners of small and medium enterprises.

**The fifth independent variable: (satisfaction of project owners with government development plans).**

There is a clear shortcoming on the part of the government agencies responsible for planning for the development of the micro, small and medium enterprise sector, whether in terms of coordination or planning to conclude workshops and training courses for them, or in terms of developing a plan to combat products that do not comply with safety standards and their suitability for use, in addition to the problem of lack of planning for infrastructure development, and to slow down the implementation of plans related to it, which resulted in the suspension of the development of the project sector due to the linkage of many

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tasks related to the project sector to the quality of infrastructure, in addition to the lack of tolerance of government agencies planning to develop projects in matters related to taxes, fees and dues. Any support, exemption or assistance is provided for the development and recovery of the sector, especially when their financial situation declines. It can be concluded from the foregoing that all these factors affect, in one way or another, the level of satisfaction of project owners (Zandiq, 2017). Accordingly, the satisfaction of project owners is an influential factor in evaluating government development planning in supporting project owners, and perhaps this variable was the most important indicator that they are recipients of the service provided by the Palestinian government.

## 2. Method

### 2.1 Research design

Based on the nature of the study and the goals it seeks, the researchers used the descriptive analytical approach by relying on the qualitative method in the process of data collection and analysis to identify the challenges facing government policies, and the extent of coordination, adequacy and effectiveness of government planning in supporting and financing small and medium enterprises in the State of Palestine. This was done by conducting in-depth interviews with specialists in this field. The quantitative method of data collection was also relied upon by distributing and analyzing questionnaires to determine the extent of project owners' satisfaction with government planning.

### 2.2 Research population

The study population consists of the official institutions represented in the Ministry of National Economy, the Ministry of Finance, the Ministry of Social Development, the Ministry of Labor, the Palestinian Standards Institution, the Palestinian Monetary Authority, the Chamber of Commerce and Industry in Ramallah and Al-Bireh Governorate. The informal institutions are represented in the Palestinian Investment Fund, the Palestinian Businesswomen's Association, and the General Federation of Palestinian Industries. While the study population related to the quantitative question, which is the satisfaction of entrepreneurs from all owners of micro, small and medium enterprises in the Ramallah and Al-Bireh governorate, numbering 15,850 individuals, according to the latest information in the official records approved by the Palestinian Ministry of National Economy in 2017.

### 2.3 Research sample

Due to the difficulty of conducting a survey, it relied on the convenient sample and the purposive sample to conduct the study, where the method of purposive sampling was used to conduct interviews with a group of relevant institutions, which were 7 interviews that were conducted in the Ministry of Economy, the Ministry of Labor, the Chamber of Commerce and Industry, the Ministry of Social Development, the Palestinian Monetary Authority. The convenient sample was used to distribute the questionnaire to project owners, as (375) questionnaires were distributed according to the following equation:

$$n = \frac{z^2 \cdot N \cdot p \cdot q}{N \cdot E^2 + z^2 \cdot p \cdot q}$$

Calculation of the sample size (n) for finite populations ( $f < 0.05$ ), taking into account a 95% confidence level (z), the population size (N), maximum population variability ( $p = q = 0.5$ ), and assuming a 3% sampling error (E).

Minimum sample size =

$$3.841 \times 0.5 \times 0.5 \times 15850 \times \frac{0.03}{0.03} = 375$$

$$\frac{0.5 \times 0.5 \times 3.841 + (1 - 15850) \times (0.50)}{0.03}$$

From the previous equation, we find that the minimum sample size is 375 individuals, which represents approximately 2.4% of the size of the population, and accordingly, the required number, which was chosen and distributed to the study sample, is 375.

<b>Purposive sample: Interviews were conducted with 7 respondents, in the following institutions</b>	
<b>Institution</b>	<b>Job Title</b>
Ministry of National Economy	Director of Policy, Analysis and Statistics
Ministry of Labor	Assistant Director of the Operations Department
Chamber of Commerce and Industry	Director of the Center for Entrepreneurship and Business Development
Palestinian Monetary Authority (PMA)	Head of Financial Inclusion Department
Ministry of Social Development	General Manager of Planning and Development
Ministry of Social Development	Director of the Economic Empowerment Department
Ministry of Social Development	Women Empowerment Project Coordinator

## 2.4 Research Instrument

### First: The Interviews

The primary data was collected through in-depth interviews, and the initial interview protocol was formulated based on previous research and studies, and the questions were chosen in a combined manner between closed and open questions. This method was chosen to explore the views of government agencies, and expand their views on the adequacy and effectiveness of government plans and the extent of coordination between the competent authorities, and the challenges facing government planning, each interview lasted for an average of 90 minutes. Notes were taken during the interview in writing, to support the research with their views.

### Second: The Questionnaire

The questionnaire consisted of two parts

The first section: It is preliminary general data related to the demographic characteristics of the respondents, and the characteristics of micro, very small, small and medium enterprises in the Ramallah and Al-Bireh Governorate. This section included four variables related to the respondents: gender, age, educational qualification, number of years of experience, and five variables. Related to projects, namely project type, project capital, project ownership, number of employees, and project classification.

The second section included the questionnaire's main domain, which is satisfaction, as it consisted of (10) statements to assess the extent of the project owners' satisfaction with the Palestinian government planning for the development of the enterprise sector.

### Questionnaire reliability

Reliability is one of the parameters that a good measuring instrument must-have, and it indicates how consistent a test score is and not different from time to time.

### Instrument scoring

The following distribution of weights was adopted in the process of scoring the statements of the research instrument (interviews) as follows:

Table (5). The weight distribution adopted in scoring the interview statements

Very high degree	High degree	Moderate degree	Low degree	Very low degree
5	4	3	2	1

Table (5) shows the weight distribution adopted in scoring the interview statements. In addition, table (6) shows the explanation of the percentages of confidence intervals in scoring the interview statements

Table (6). The explanation of the percentages of confidence intervals in scoring the interview statements

Percentage	Degree
Less than 50%	Very low
50%-59%	Low
60%-75%	Moderate
76%-89%	High
90% or higher	Very high

### 3. Findings and Discussion

#### 3.1 Results related to the first research question

To answer the first research question, "How effective is government development planning in supporting micro, small and medium enterprises?" From the point of view of the relevant institutions and departments that were mentioned in the sample. The researchers developed 6 statements for assessment by each institution and department, giving notes and reasons, in addition to examples to support the answer. Two open questions were set to open the way for more expression and to cover the topic from all sides. Accordingly, the answers to six statements showed that the effectiveness of government planning for the development of the enterprise sector is low, as its percentage was (59%), which means that the hypothesis is accepted.

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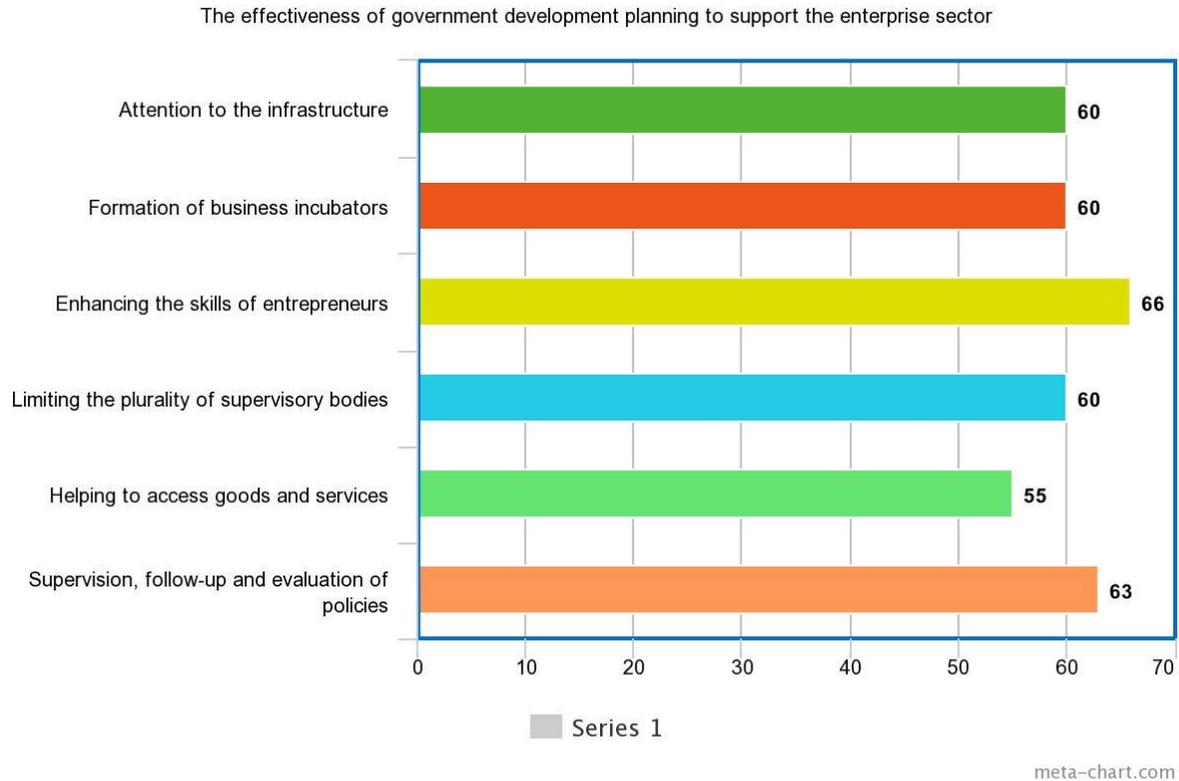


Figure (3). Results of the first research question

- Figure (3) shows that the statement "Government planning has enhanced the skills of project owners (MESMs) by offering training courses for them to increase the chances of their effective contribution" reached the highest degree at a percentage of 66%, and this is due to the Ministry of Economy statement that there are training programs directed to these groups, especially the subject of technical training, as it is diverse, whether in the financial, administrative, marketing and other fields. The Ministry of Labor added that there are multiple pieces of training carried out by the executive arm of the Ministry of Labor, i.e. the Palestinian Employment Fund. Therefore, there was agreement by all respondents at a moderate to a high degree, which means that there is coordination to organize workshops and training to a moderate degree and not very high.
- Figure (3) shows that the statement stating that "Government planning has strengthened the projects (MSMEs) with the appropriate expertise and raw materials needed to produce and provide good quality and efficient goods and services." got the lowest degree, with a percentage of 55%. This is due, according to the Ministry of Economy, to the fact that training enhances expertise, but concerning raw materials, the COVID-19 pandemic had an impact on this aspect, as a large part of the raw materials arrive from abroad. The other respondents agreed by saying that the existence of this in a very small percentage is due to the meagre government capabilities that limit the existence of such policies.

- Regarding the interest in the effectiveness of the following aspects (infrastructure, forming business incubators, limiting the plurality of supervisory bodies, and following up and supervising the development and evaluation of plans), they are effective to a moderate degree, i.e., at a rate of (60-63%), according to the respondents' opinion.
- Concerning the seventh open-ended interview question, which relates to the domain of effectiveness of government planning, stating that "How does the Palestinian government work to increase the effectiveness of its policy planning towards the projects sector (MSMEs)"?

The Ministry of Economy responded that this lies in the unification of efforts in the field of all project-oriented activities (MSMEs) as well as unifying efforts in the field of training and investment promotion. The Ministry of Labor added that the government adopts the policy of encouraging investment and supporting projects as one of the tools that lead to development, and therefore it provides training and guidance. The Department of Planning and Development in the Ministry of Social Development commented that this was reinforced by the presence of the Ministry of Empowerment and Entrepreneurship. The Department of Economic Empowerment in the Ministry of Social Development indicated that the government is working to increase the effectiveness of its policies by preparing budgets for economic empowerment, and also adopts the recommendations of ministries in this regard, and is working on preparing a comprehensive national plan for the empowerment program.

The Monetary Authority added that it had contributed to the existence of a unified definition of projects (MSMEs), as there was no unified definition, which found inconsistencies in definitions between institutions, and the PMA is also actively promoting lending to enterprises (MSMEs) through directives. The Monetary Authority has provided lending institutions to support them, and the Monetary Authority has also launched a sustainability program worth 420 million dollars, as this program targets the projects sector to grant them facilities from traditional financing at very low interest rates, or from Islamic financing through the Tawarruq product with a decreasing profit rate of a maximum of 3%, and that With the aim of helping this sector, especially after the COVID-19 pandemic, and also within the national strategy for financial inclusion, it focused on an important aspect, which is strengthening the enterprise sector and enabling them to access traditional and Islamic financing by several means. The rest of the respondents agreed on those answers above.

- Concerning the eighth open-ended interview question stating that: "What are the proposals or recommendations that enhance the level of effectiveness of government planning for the development of the enterprise sector (MSMEs)?"

The respondents' suggestions were as follows: the need for more coordination between government institutions and others to develop supportive policies, and to establish an institution to guarantee loans because a large part of project owners find it difficult to access loans and to increase coordination between the government and external parties, especially institutions that are

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concerned in this sector and donors because sometimes There will be a repetition of efforts and conflict due to poor coordination, unifying national efforts in the economic empowerment program, providing special budgets for this purpose, and highlighting the issue of empowerment in media terms, in addition to creating measurement tools to evaluate the mechanisms and procedures that are implemented to improve and develop them.

### 3.2 Results related to the second research question

To answer the second question of the study, "What is the adequacy of government planning for the development of micro, small and medium enterprises (MSMEs)?" From the point of view of the concerned institutions and departments represented in (the Ministry of Economy, the Ministry of Labor, the Palestinian Monetary Authority and the Ministry of Social Development, represented by the following departments: "Economic Empowerment Department", "Planning and Development Department", "Women's Empowerment Department"). The researchers developed 6 statements to be assessed by each institution and department, giving notes and reasons, in addition to examples to support the answer. Two open questions were set to open the way for more expression and to cover the topic from all sides. Accordingly, the answers to the six statements show that the adequacy of government plans for the development of the enterprise sector is moderate, with a percentage of (62%), which means that the hypothesis is accepted.

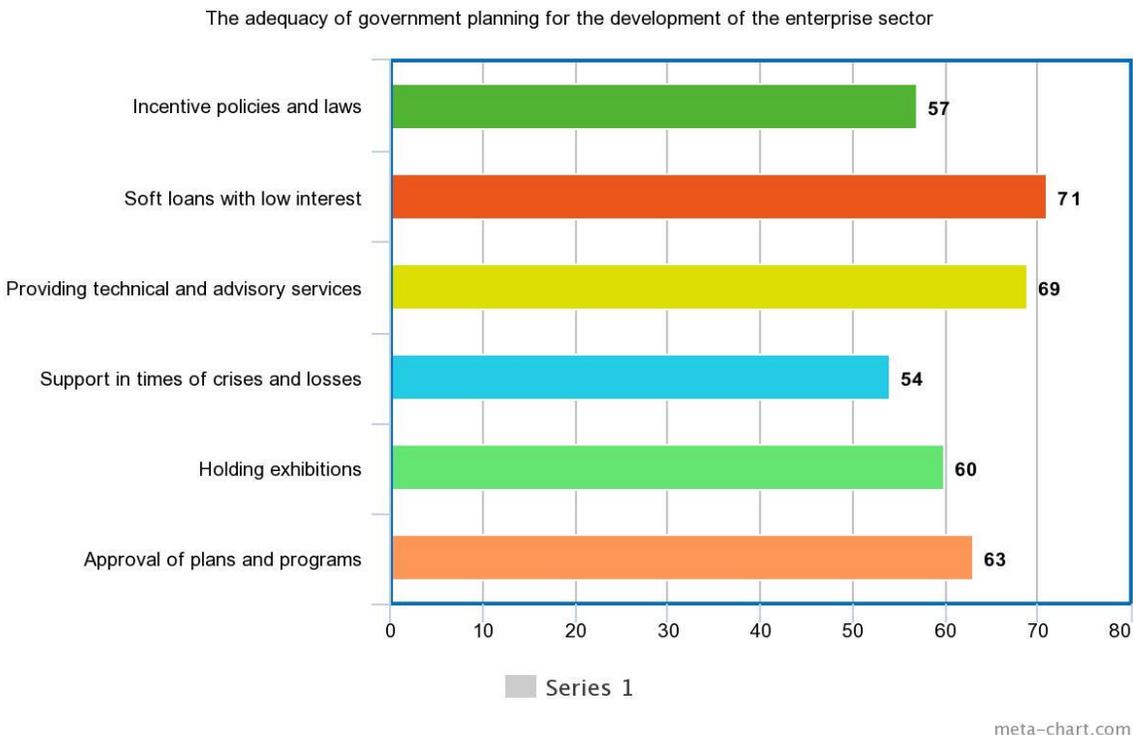


Figure (4). Results of the second research question

- As shown in Figure (4), the statement stating that “the government contributed to providing loans with low interest/profits to the owners of projects (MSMEs) sufficiently” at the highest degree at a rate of 71%, and this is due to the consensus of the respondents that loans are provided, such as the sustainability program (Estedama), at a very low interest/profit rate, and the Ministry of Social Development works on this by giving grants or Islamic loans, because it is the main supporter of the Islamic Bank, as the poor cannot pay interest. Therefore, the government has contributed to some extent by providing loans, whether through the Economic Empowerment Corporation or the Palestinian Monetary Authority or the Palestinian Employment Fund and the Investment Fund.
- In addition, Figure (4) shows that the statement stating that "the government provided sufficient support for projects (MSMEs) in the event of losses or crises" was the lowest-rated with a percentage of 54%, and this was justified by the fact that the government provided, but not sufficiently, due to the modest capabilities and the limited ones that it owns, and there are some policies, such as the one in the Ministry of Agriculture's plan, that compensates in the period of risks such as frost. As the researchers note, this statement in both the form addressed to project owners and the interviews directed to the institutions and individuals concerned has the lowest degree, and this means that government policies are not sufficient in this aspect and need more and better attention.
- Regarding the existence of laws, policies and plans that support the enterprise sector, the answers revolved around the lack of sufficient plans to stimulate projects and there are no tax exemptions, as the investment promotion law does not include the category of small and medium enterprises, but the last thing the government has done in this aspect is to find a unified definition of the enterprise sector.
- As for facilitating technical and guidance services for the projects sector, they praised the existence of this in the labour sector, where there is a full staff that provides these services accompanying lending, and the Ministry of Social Development is working on this aspect so that project owners can face challenges and problems, and this is also provided through Contracting with civil society organizations.
- Concerning the aspect of holding exhibitions for the products of project owners, the combined answers were that internal and external exhibitions were held, and there is also a competent authority to organize exhibitions in cooperation with the municipalities, and among the external exhibitions that were held in the Kuwait Exhibition, where a group of project owners were sent to market their products and networking was done for many of them. However, the overall series of exhibitions remain fairly moderate.
- As for approving plans and programs to provide an appropriate investment environment, they commented that there are plans, but more needs to be done and we need to implement those plans, as we lack this aspect.

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- While the respondents unanimously agreed on an answer to the seventh question, which states, "Does government planning adequately reflect the direction of the enterprise sector (MSMEs)?" That the Palestinian government policies concerned with the development of the enterprise sector are not sufficient and need more policies for this aspect, in addition to the urgent need for budgets allocated to them to implement those policies.
- Regarding the eighth interview question related to the government planning sufficiency domain, which states, "What are the proposals or recommendations that enhance the level of government planning adequacy for the development of the MSMEs sector?" The respondents' suggestions were as follows: the necessity of having a partnership with the private sector in formulating supportive policies, encouraging the unorganized sector to transform into the organized sector through awareness bulletins indicating the importance of this, setting new policies and laws to support this sector because the current policies do not meet the needs of this sector, and giving exemptions and facilities for MSMEs to attract project owners, unify efforts and have a single reference in the project sector, reconsider and evaluate existing policies to develop new ones.

### 3.3 Results related to the third research question

To answer the third research question, "What is the extent of coordination between the competent authorities for the development and support of MSMEs?" From the point of view of the concerned institutions and departments represented in (the Ministry of Economy, the Ministry of Labor, the Palestinian Monetary Authority and the Ministry of Social Development, represented by the following departments: "Economic Empowerment Department", "Planning and Development Department", "Women's Empowerment Department"). The researchers developed 6 statements to be assessed by each institution and department, giving notes and reasons, in addition to examples to support the answer. Two open-ended questions were set to open the way for more expression and to cover the topic from all sides. Accordingly, the answers to the six statements show that the coordination carried out by the government is moderate, as its percentage was (71%), which means that the hypothesis is accepted.

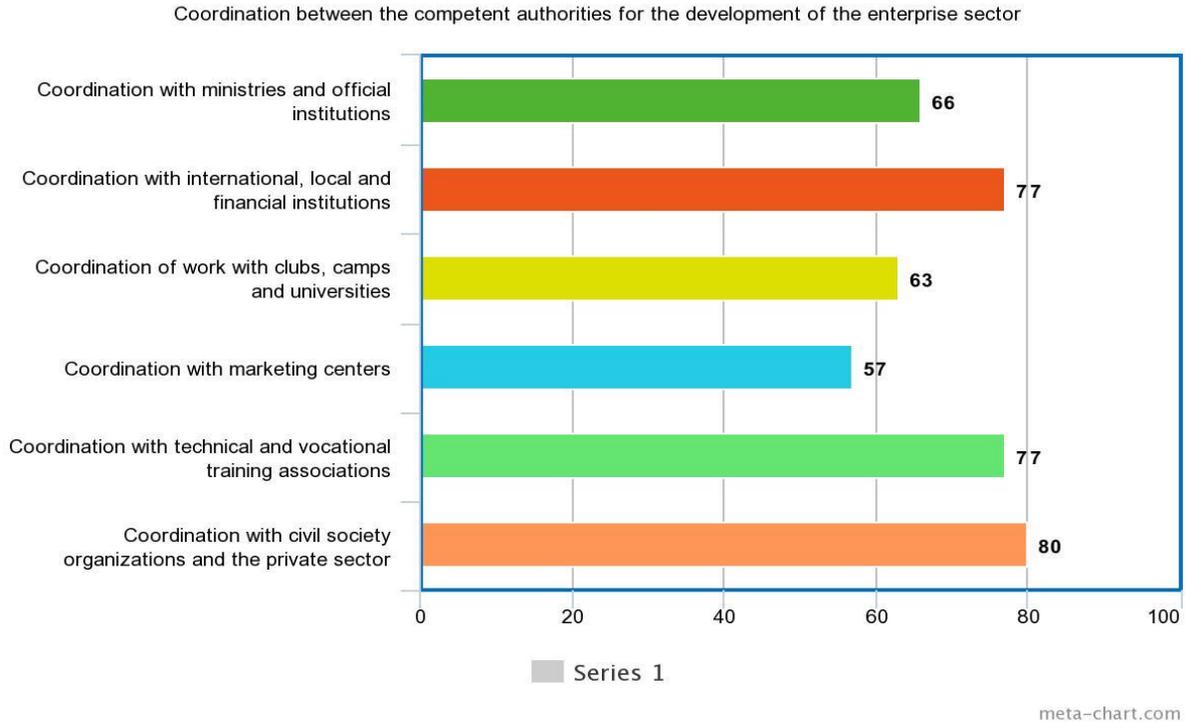


Figure (5). Results related to the third research question

- As shown in Figure (5), the statement stating that "government coordination with civil society institutions and the private sector to ensure compatibility and integration in the activities and programs that are presented to MSMEs" obtained the highest degree at a rate of 80%, and this is due to what the respondents agreed, which is the existence of complete coordination and partnership between the ministry and the private sector concerning enterprises.
- Figure (5) shows that the statement stating that "the Palestinian government coordinates work with marketing centres distributed geographically and electronically throughout the State of Palestine to market project products (MSMEs)" got the lowest score at a rate of 57%, and this is due to what the Ministry of Economy reported that the issue of marketing is one of the most prominent current problems, but the focus is on the aspect of e-marketing, where a group of electronic platforms for the projects sector have been launched, and currently a program is being worked on for women's projects. Therefore, the greater focus is on e-marketing in addition to that a group of exhibitions will be organized until the end of the year, this will be an outlet for the products of project owners. The Department of Planning and Development in the Ministry of Social Development added that before the COVID-19 pandemic, there was a relationship with the League of Arab States and one of the projects was organizing an exhibition of countries' products and this was done in the State of Kuwait, where 126 families were deported and this The exhibition has culminated successfully. In addition, there are always attempts to market locally and regionally. The Director of the

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Economic Empowerment Department at the Ministry of Development stated that the government has made a group of exhibitions to market products, but it needs more effort in this matter. However, the Department of Women Empowerment in the Ministry of Social Development had another opinion, as it responded that there is no marketing or attempts to do marketing for entrepreneurs and there are some participations, but not at the organizational level, which justifies its low evaluation of this statement. The Palestinian Monetary Authority agreed with it, as they emphasized that there is no marketing by the government, but that it is done by women's institutions and the trade cent.re

- As for coordination with official institutions, ministries, international, local and financial institutions, as well as with camps and youth clubs, in addition to coordination with technical and vocational training associations, according to the respondents, it is present at a rate ranging between (63-77%), i.e. at a moderate to a high degree.
- While the respondents unanimously agreed on an answer to the seventh interview question, which states, "What are the other coordination mechanisms carried out by the government to support MSMEs in the State of Palestine?" That the statements included all coordination mechanisms conducted by the government, in addition to coordination within the institution between the same departments.
- As for the eighth interview question related to the coordination domain, "What are the proposals or recommendations that enhance the level of coordination for the development of the enterprise sector (MSMEs)?" The proposals were: the formation of more knowledgeable national committees in the field of projects, and the formation of a permanent body that includes all those concerned with the subject, increasing awareness about the Economic Empowerment Foundation to deal with it, creating a special and unified program for the development of marginalized small and medium groups, in partnership with various institutions of the government, and finding mechanisms that enhance the level of coordination.

### 3.4 Results of the fourth research question

What are the challenges facing government planning for the development of MSMEs?

This question is open so that we give free rein to those with experience in government agencies to express their opinions to know the challenges they face in government planning. Based on the results of the interview, the hypothesis was rejected, as it was found that the most important challenge is the occupation and not the financial component.

Through the interview, the Ministry of Economy reported that there are many challenges, but the most prominent of them is the problem of dispersal of efforts to develop projects and the problem of providing detailed data so that there is no database. In addition to the financial problems related to financing, there is a lack of development in this aspect, and the main challenge that cannot be overlooked, which is the occupation that controls the borders and lands and prevents

import, export and others. Based on the reports, the losses that result from the practices of the occupation are estimated to be around 3.4 billion dollars.

The Ministry of Labor added that in addition to the occupation, there is a challenge that lies in the weakness of the Palestinian market itself and the competition within the Palestinian market, and the lack of protection in the event of losses.

While the Department of Planning and Development in the Ministry of Social Development commented on the issue of challenges that no laws are regulating this sector in addition to the lack of resources and financial resources, and all plans depend on external funding. The Women Empowerment Department in the Ministry of Social Development commented that the challenges lie in the overflow of capital in government plans, in addition to the influence of the private sector in the government, as it is the one who rules and therefore the government does not take measures to develop the enterprise sector.

The Palestinian Monetary Authority stated that there are internal and external challenges, the internal ones lie in the presence of sectors that received attention more than others, and often project owners resort to the least harmful sectors. As for the external challenges, they lie in the global fluctuation of the prices, which affects raw materials, in addition to the restrictions of the occupation. The Chamber of Commerce and Industry indicated that the challenges revolve around the government's modest capabilities and the fact that the financiers' agenda often imposes itself.

### 3.5 Results of the fifth research question

How satisfied are project owners with government planning for the development of MSMEs?

Variable	Frequency	Percentage	
Gender	Male	206	54.9
	Female	169	45.1
Age	Less than 29 years	163	43.5
	30 – 39 years	95	25.3
	40 – 49 years	83	22.1
	50 years or more	34	9.1
Educational qualification	Diploma	57	15.2
	Bachelor	193	51.5
	High school or less	118	31.5
	Master	7	1.9
Years of experience	Less than 4 years	143	38.1
	5 – 9 years	97	25.9
	10 – 14 years	51	13.6
	15 years or more	84	22.4
Project type	Commercial	319	85.1
	Services	34	9.1
	Other	22	5.9
Project capital	Up to 5000 USD	121	32.3
	5001 – 50000 USD	163	43.5

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	50001 - 100000 USD	71	19.2
	100001 or more	19	5.1
Number of employees	1 - 4	319	85.1
	5 - 9	38	10.1
	10 - 19	15	4.0
	20 or more	3	0.8
Ownership	Individual	187	49.9
	Family	142	37.9
	Partnership	46	12.3
Project class	Micro	46	12.3
	Very small	25	6.7
	Small	111	29.6
	Medium	139	51.5

Table (7) shows the frequencies and percentages of the demographic variables

Table (8): Questionnaire scoring rubric

Rating	Five-point Likert scoring
Weak - very low degree	1.80-1
Accepted - low degree	2.61-1.81
A good - moderate degree	3.42-2.62
Very good - high degree	4.23-3.43
Excellent - very high degree	5-4.24

Table (9). Reliability coefficient using Cronbach's Alpha method

Domain	No. of questions	Cronbach's Alpha value
Total score	10	79.5%

Table (10). Means and standard deviations for the domain of Satisfaction of entrepreneurs

Rank	Statement	M	SD	%	Rating
1	There is satisfaction with the taxes that the government collects from small and medium enterprises in proportion to their revenues	2.69	1.11	53.8	Moderate
2	There is satisfaction with the government's procedures for	2.56	1.03	51.2	Low

	obtaining licenses for small and medium enterprises.				
3	There is satisfaction with the government's regular maintenance of infrastructure to help small and medium enterprises to operate effectively.	2.49	12.41	49.8	Low
4	There is satisfaction with government laws and policies that attract and stimulate the SME sector.	2.45	2.10	49	Low
5	There is satisfaction towards the government's contribution to providing loans with low interest/profits to owners of small and medium enterprises.	2.37	1.06	47.4	Low
6	There is satisfaction towards the government's contribution to the establishment of exhibitions for the products of the owners of small and medium enterprises.	2.34	1.08	46.8	Low
8	There is satisfaction with the plans and programs approved by the government, which in turn contribute to providing an appropriate investment climate for small and medium enterprises.	2.33	.93	46.6	Low
7	There is satisfaction with the government's provision of technical and advisory services to owners of small and medium enterprises to know the challenges they face and how to avoid and address them.	2.16	1.04	43.2	Low
10	There is satisfaction with the government's provision of training courses for small and medium enterprises to increase the chances of their effective contribution.	2.06	1.13	41.2	Low
9	There is satisfaction with what the government provides to support small and medium enterprises in the event of losses or crises.	1.78	.86	35.6	Very low
	<b>Satisfaction of entrepreneurs at all levels</b>	<b>2.32</b>	<b>2.27</b>	<b>46.4</b>	<b>Very low</b>

It is obvious from the results presented in table (10) that the statement stating that (there is satisfaction with the taxes that the government collects from small and medium-sized enterprises in proportion to their revenues) had the highest mean score (2.69), while the statement stating that (there is satisfaction in the direction of what the government provides to support small and medium-sized enterprises in the event of losses or crises) obtained the lowest mean score, which was equal to (1.78), and from this, it is possible to explain the field of project owners' satisfaction at all levels, as its general mean score of the respondents' responses (2.32) which is very low. This

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confirms the acceptance of the hypothesis of the study, which states "The level of satisfaction of entrepreneurs with government planning specified for the development of micro, small and medium enterprises is very low.

The result of this study, which indicated that the degree of project owners' satisfaction with government taxes was moderate, agreed with the result of the study (Abu Jazar, 2006), which stated that one of the most important obstacles facing small and medium enterprises in the State of Palestine is the lack and weakness of investment incentives, which are represented in tax exemptions and increased import duties. In addition, these results are in line with the result of Abu Mudallalah (2019) study, which stated that one of the reasons for the weakness of small and medium enterprises is the shortage and limited investor capital and the small size of its investment, and this is within the scope of the high administrative costs represented by taxes.

The result of this study also agreed with the study of (Mansour and Abdel-Jawad, 2018) in terms of tax exemptions granted by the Investment Promotion Law, which are limited to large projects whose capital is not less than one hundred thousand dollars. Hence, this is another challenge for the projects (MSMEs) that the Investment Promotion Law does not include in terms of tax exemptions.

Also, the results of this study, which indicated that the degree of project owners' satisfaction with government support in the event of losses and crises is very low, agreed with the study (Nasrallah and Al-Sourani, 2005), which mentioned that the reasons for the failure, weakness and stumbling of MSMEs in the State of Palestine are increase Investment risks, and this is due to the limited ability to bear those losses resulting from the economic and political conditions, in light of the difficulty of accessing soft loans and the dependence of most projects on individual financing. This was confirmed by a group of project owners by saying that the soft loans that were provided during the COVID-19 pandemic are governed by many measures that make the small and medium enterprise sector difficult to access, and with this, the large share of the sector was the large projects that could take those loans, and they added that they needed zero-interest loans in light of the bad economic conditions to revive their projects affected by the crisis.

### **4. Conclusion**

The results of the study showed that the level of effectiveness of government development planning to support the sector of MSMEs is low at 59%, while it was found that government development planning is insufficient, as the adequacy of government development planning was at a moderate degree at 62%, and the level of coordination between the concerned authorities also was at a moderate degree (70%), and these percentages reflect the role of government planning to support MSMEs, which is a weak role, Especially since these results emerged mostly from the official government agencies, which are supposed to be the ones who play this role and are supposed to evaluate themselves well, being the producer of the service and development plans. This conclusion can be reinforced by the results of the level of satisfaction of people who own

projects, as they are the recipients of the service and the recipients of the government role and its development planning, where the level of satisfaction was very low at a percentage of 46%.

The results also showed that the most important challenges facing government planning are the occupation practices and policies, in addition to the government's modest capabilities that create a funding problem, and the lack of protection in the event of losses, besides the absence of laws regulating this sector. Accordingly, the recommendations of the study came to the need to enhance the effectiveness and adequacy of the government role to enable MSMEs to access markets, whether internal or external, by offering different and diverse mechanisms and initiatives, which in turn overcome the difficulties that hinder the enterprise sector to market their products, in addition to strengthening coordination between the government and external parties, especially institutions concerned with this sector and donors, because sometimes there is a repetition of efforts and conflict due to poor coordination and unification of national efforts in the economic empowerment program, the provision of special budgets for this purpose, and the necessity of a partnership with the private sector in drawing up supportive plans.

Through the study, researchers found the need to encourage the unorganized sector to switch to the organized sector through awareness leaflets indicating the importance of this, develop new policies and laws to support this sector because the current plans do not meet this sector, and give exemptions and facilities to projects (MSMEs) to attract project owners, unify efforts and have a single reference concerning the projects sector.

Create measurement tools to evaluate the mechanisms, procedures, and plans that are implemented to improve and develop them, attention to providing technical, technical and administrative support by offering flexible training, workshops and courses that are commensurate with the requirements of the project sector, supporting participation in local and international exhibitions and conferences, which contributes to the acquisition of global expertise in technical and other fields, contribute to the launch of a group of business incubators to support the projects sector, while consulting project owners in this regard. Moreover, the study recommends the necessity of providing zero-interest loans to MSMEs and supporting them in the event of losses or crises by establishing an institution to guarantee loans, because a large part of project owners find it difficult to access traditional or Islamic finance. Furthermore, the study recommends reducing the plurality of supervisory bodies and establishing a unified body that provides all special services in the project sector, amending the Investment Promotion Law to include tax exemptions for the MSMEs sector. Finally, supervising the implementation of the unified project law that was recently issued by all parties, to prevent conflict between them.

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