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ICT IN PALESTINE: CHALLENGING POWER DYNAMICS AND LIMITATIONS

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With Israel's ongoing occupation of Palestine, and with the de-development of the Palestinian economy, many Palestinians believe that growth in information and communications technologies (ICTs) is a viable way towards achieving economic prosperity and national self-determination. Yet the power dynamics that shape this sector, namely, the Israeli state, the international donor community, the Palestinian Authority (PA), and expatriate Palestinian capitalists (EPCs), limit its capacity to develop and to effect sustainable economic change in Palestinians' lives.

This brief describes the difficulties Palestinians in the PA-dominated West Bank – where most ICT initiatives are launched – face in developing a robust ICT sector due to Israel's ongoing military and digital occupation. It also explores the ways in which the PA initiated and facilitated ICT development in Palestine through its collaboration with EPCs as a way to overcome Israel's crippling restrictions, albeit with limitations. While a flourishing Palestinian ICT sector will ultimately not be achieved so long as Israel continues its military and digital occupation of Palestinians, this brief provides recommendations for how the PA can nonetheless consolidate past gains and enable strategic investments in productive capabilities.

In 2017, Palestine ranked 123rd out of 174 globally, and 14th out of 19 regionally, in the International Telecommunication Union's ICT Development Index, far behind neighboring Lebanon (64th) and Jordan (70th). Any progress in the Palestinian ICT sector has largely occurred due to the telecommunications infrastructure put in place since the 1993 Oslo Accords. In 1997, the Palestine Telecommunications Company P.L.C. (PALTEL), now part of Paltel Group, was granted exclusive licenses of five and 10 years to build and operate telecommunications and mobile communications systems. Today, Paltel Group reaches over 98% of Palestinians living in areas A and B through its subsidiary mobile operator, Jawwal, compared to only 2% in 1997 when it began operations.

This success in deploying basic ICT infrastructure should, however, not overshadow the fact that Palestinians have been suffering from extremely low transmission rates, high latency, steep subscription prices, and outdated technology. Indeed, in 2021, cellular download and upload speeds reached an average of 7.7 Mbps and 2.2 Mbps, which means Palestine ranked third lowest in the Speedtest Global Index.

The underdevelopment of Palestinian ICT infrastructure, despite recent buildups, is a result of the Israeli ban on optical fiber for Palestinian households, as well as restricted cellular usage of 2G frequencies in Gaza and 3G in the West Bank. That is, Israel ensures newly-built Palestinian transmission lines to function merely as extensions of Israeli backbone networks, with the latter already spanning the West Bank to connect illegal Israeli settlements.

The Palestinian Ministry of Telecommunications and Information Technology (MTIT), which is responsible for regulating the market, cannot exercise the executive and legislative powers for which it was founded in 2008; it remains heavily underfunded, short on staff, and suffers from geographical division between Gaza and the West Bank. As a result, Palestinian firms are not receiving the necessary institutional support to build competitive organizational and marketing capabilities in order to succeed under international market pressure.

Despite its weak bargaining position against Israel, in the late 1990s, when the PA could neither enforce property rights nor provide the stability needed for private capital to flow into Palestine, PA officials answered a call from EPCs in the Gulf who pledged, at first, to play an active role in building Palestinian ICT infrastructure. At the heart of their agreement, EPCs were granted conditional access to exclusive monopoly rents in exchange for long-term investments in productive capability growth.

Unlike in classical patron-client networks, however, EPCs have no incentive to bypass the PA, and consequently engage directly with Israel in pursuit of higher rents. For Israel, collaboration with EPCs has guaranteed it influence and control over Palestinian telecommunications development. As a result, governmental ICT services are promoted in such a way that they pose no immediate threat to the mobility of large-scale rent flows, from which Israel benefits.

While the PA is limited in its capacity to consolidate and invest in productive ICT development, it should:

- Uphold political pressure against Israel to ease import restrictions, especially on 4G/5G technology.

- Create a platform through which stakeholders can communicate and align their efforts at ICT development. For this, the PA should commission independent market assessment studies to ensure evidence-based decision-making.

- Strengthen and renew education policies to foster knowledge related to ICT.

- Focus its development policies on institutionalizing funding distribution channels, so that investments in higher education facilities are more efficient and transparent. It should establish an agency that coordinates these financial flows.

- Strengthen relations with regional and global partners to improve knowledge exchange and ICT service exports.