

# A Brief Introduction to Entrepreneurship in Palestine



By Jennifer Atala

**What is entrepreneurship?** Although it might seem that global attention to entrepreneurs – modern businessmen and women at the vanguard of their fields – is a recent phenomenon, the term “entrepreneur” has actually been in the world’s lexicon since the thirteenth century. Since that time, the world has recognized innovative pioneers who have built on the creativity and foresight of the generation before to recognize market opportunities and launch businesses that “disrupt” the local establishment and change the status quo through innovation. These days, innovation is often perceived as synonymous with technology, but this is not necessarily always the case – innovation can come from any idea that solves a problem better than it has been solved before.

**Start-ups are trendy.** Increased focus on building entrepreneurship is the latest in a series of economic development trends that have reached Palestine and the region. Governments and industry are paying increased attention to the role of the private sector and entrepreneurship as a means to address poverty and global unemployment, especially for youth. In the wake of the 2011 Arab Spring and the spotlight it shed on youth unemployment in particular, experts argue that the most effective way to reach sustainable, increased employment as quickly as possible is through the growth of small and medium enterprises. Combined with the rise of “impact” investing in social ventures aimed at solving global issues, leaders across the globe are banking on entrepreneurs to address unemployment and solve

global challenges. Recent initiatives such as Global Entrepreneurship Week (8 years strong in up to 160 countries) and USAID’s PACE Initiative are quickly being joined by start-ups the world over to tackle issues such as climate change, affordable electricity generation, and access to clean water.

**The technology buzz.** Many actors in the entrepreneurship ecosystem in Palestine have been focused on technology, and for good reason. Since the technology boom of the 1990s, worldwide demand for software services and talented engineers and account managers has spurred the growth of the software development and services sector. Capitalizing on this demand, a cadre of Palestinian technology companies such as Coolnet (est. 2007), ASAL (est. 2000), Exalt (est. 1997), and other PITA (Palestinian Information Technology Association) members have grown into successful businesses with continued employment growth.

The technology sector has evolved to include a fascinating set of entrepreneurs focused on digital entrepreneurship and e-commerce activities. In 2014, *The Economist* exposed the fact that although Arabic is the fifth most widely spoken language, Arabic content on the Web is lagging – by some estimates, Arabic pages make up less

There is a lot of hype around start-ups and entrepreneurship – why? Who are entrepreneurs? Is this “scene” only accessible to software engineers and 20-somethings? What does the entrepreneurship ecosystem in Palestine really look like, and how did we get here?

than 1 percent of Web pages. The dominance of English in the business world aside, there is a noticeable gap in both the quantity and quality of Arabic content available online, providing an opening for further development. The severe lack of mobility faced by most Palestinians further adds to the appeal of building businesses based on goods and services on the Web. Furthermore, barriers to entry for entrepreneurs who seek to start a Web-based business are low: with a Wi-Fi connection and an idea, anyone can set up a website and provide services or products to anyone, anywhere.

Investors have taken notice, and in 2011, Saed Nashef co-founded the first Palestinian venture capital fund,



Salah Amleh during the launch of the Bethlehem Business Incubator.

Sadara Ventures, for technology start-ups. One of Sadara's early investments was in a digital start-up led by Faris Zaher, Yamsafer, an Arabic and English-language hotel-booking site that also launched in 2011. The company successfully predicted that it could capture some of the US\$ 50 billion in hotel bookings a year made by Arabic speakers, by moving away from traditional brick-and-mortar models to an online platform. Recognizing that the market was changing, the time was perfect for an Internet start-up willing to take risks and try new approaches to hotel booking. According to Mr. Zaher, "Building a company is hard regardless of where you choose to do it. The Internet doesn't care about Palestine or your university degree, it only cares about whether you're faster or better than anyone else, and the only way to get there is to work for it. It's really that simple. Investors, government, academia, and the rest will follow through."

**A growing ecosystem.** The entrepreneurial ecosystem in Palestine in 2016 is far from what it was even just five years ago. Local and international players have come together across the full value chain of new business investment, from university training programs incubating start-ups and matching recent graduates to the private sector, to advanced stages of

investment in companies to launch them to the next stage of their expansion. A recent map by Silatech (<http://www.palestinemap.info/>) captures most of the players, from nonprofits running incubators that grow an idea into a full-fledged business proposal, to accelerators maturing and validating business ideas, and finally local and international funders who provide everything from business plans and marketing support to seed and venture capital.

Ibtikar Fund, the newest investor on the block, fills a widely acknowledged gap in funding for accelerated entrepreneurs. Work Factory, a Ramallah-based co-working space, provides affordable opportunities for entrepreneurs and their small teams, allowing its clients to benefit from relationships with fellow entrepreneurs who experience the same learning curves and growing pains, as well as hosting regular events and training opportunities. Bank of Palestine is making strides in providing tailored products to entrepreneurs and advisory support. In April 2016, Bank of Palestine in collaboration with the International Finance Corporation graduated a cohort of female entrepreneurs who received specialized business and financial training that will serve them as the part of the next generation of Palestinian business leaders. Also in April 2016, a brand new incubator

launched in Bethlehem, BBI, expanding the start-up hub in Ramallah to reach an area full of highly educated youth experiencing the highest unemployment rates in Palestine. To help connect the entrepreneurship scene in Palestine to Silicon Valley expertise and funding opportunities, this author has recently set up a local chapter of TechWadi, with more opportunities for connection and learning coming soon.

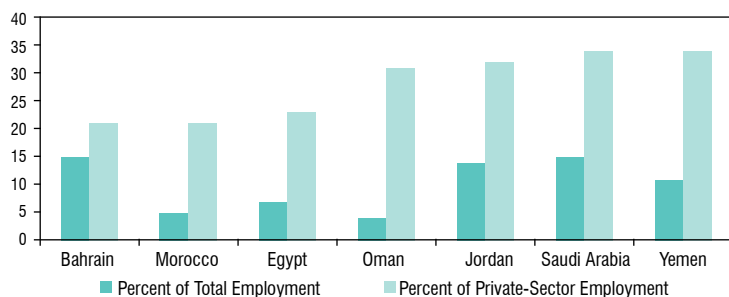
These newer players build on the dedicated efforts of a committed few, who have for the last four to five years been volunteering their time to mentor and build the capacity in this space. For example, every two weeks since early 2013, students, professionals, and others interested in the start-up community meet at ROCC, an event initiated by Saed Nashef and Yousef Ghandour to discuss a member-led topic, share challenges, and brainstorm new ideas. Other homegrown initiatives include Leaders and its accelerator program, Fast Forward; the Gaza-based Gaza Sky Geeks incubator; and university-associated programs such as Ibdaa, Josoor, and others aimed at sparking the entrepreneurial spirit of students.

**Beyond technology.** Palestinian entrepreneurs are pushing boundaries in the areas of fashion, food, design, therapy, gaming, and more, turning

heads locally and abroad. Kenz, recently launched by two young women – one Palestinian, one American, is an online lingerie e-commerce start-up that carries high-end brands not typically available in the Middle East. Taita Leila, founded by a young Palestinian woman, is a social enterprise that makes high-quality, modern women's fashion with traditional Palestinian embroidery. Bethlehem-bred Nadya Hazboun has wowed clients across the region with her unique fashion and olive-wood jewelry, drawing on the aesthetic of Arabic calligraphy. In East Jerusalem, Raed Qudsi of Coco Nova is filling a gap in the local market with his line of gourmet chocolates that could rival any found in Europe. Responding to the regional stigma against seeking professional therapy, Fadfid provides virtual, anonymous access to licensed therapists and psychologists across the Middle East.

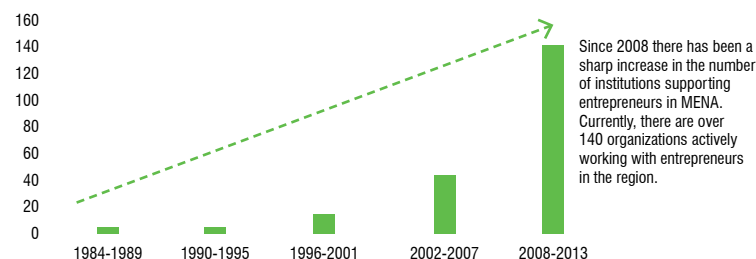
**Attracting international entrepreneurs.** Even international entrepreneurs are finding a home in the burgeoning entrepreneurship scene in Palestine. Souktel, a digital-solutions company based in Ramallah, was founded in 2006 by an expatriate living and working in Palestine at the time. It has since grown to a staff of over 25 based in Palestine, Jordan, and the United States, serving markets across the Middle East, Africa, and Asia.

**Small and Medium-Sized Enterprises (SMEs) as Employers in Selected MENA Countries**



Source: Government databases, World Development Indicators

**Rise in Entrepreneurial Support Organizations in MENA (1984-Present)<sup>10</sup>**



“When deciding where to launch a tech venture, Palestine was a unique and highly-competitive choice,” explained CEO Jacob Korenblum. “The tech talent here is incredible, and the location – close to our markets in Africa and Asia – is ideal.” Capitalizing on the global momentum to implement innovative solutions to the climate change crisis, Empowerment Solar has just launched in Palestine to provide distributed solar electric systems for Palestinian businesses in the West Bank. It aims to expand regionally once proof of concept is established in Palestine, since, as its

advice from global experts. Palestine is still looking for its first successful exit (when a company is successful enough to sell), but we have time; a simple model illustrating the maturity of US-based start-ups instructs that from the first stage of venture-capital investment to exit can take an average of seven to eight years – not including bootstrapping (self-funding) and seed-funding stages to get the idea off the ground.

Those following the successes of moguls such as Facebook, Uber, Dropbox, and others sometimes underestimate the amount of work and stamina needed to get a successful start-up off the ground; many start-ups fail, and, counter to traditional norms, failure should be embraced as a way to earn one’s stripes and gain invaluable experience that cannot be taught in university or over a start-up weekend. The exuberance of a nascent entrepreneurship ecosystem and its near exclusive focus on youth can sometimes ignore the importance that life and professional experience bring to the hard skills needed to get the job done: business planning, networking, marketing, knowledge of an industry, skills at relationship building, and more.

founder Jonathan Morgenstein argues, “If you can make it happen here, you can make it happen anywhere.”

**Lessons learned.** Palestine’s entrepreneurship ecosystem is in its adolescent phase. The community is still small, so knowledge sharing is relatively easy and accessible, and resources are stronger than ever. That said, Palestinian entrepreneurs need more exposure to the vibrant ecosystems in regional hubs such as Dubai and Amman, and even more exposure to mentorship and

As Taita Leila founder and CEO Noora Husseini reminds us, “Starting a business is a continuous up-and-down journey. There are, and will be, many times when you will feel like giving up. I had a vision of what I wanted to create and will keep going until I give my all to seeing that vision realized. Find a mentor! Considering I had no fashion background or experience before I started, I should have found a mentor sooner. You would be surprised how many people would help you and are even flattered that you would see them in that way.”



Noora Husseini, founder and CEO of Taita Leila, left, with models wearing her modernized Palestinian embroidery designs.

The Palestinian entrepreneurship ecosystem is growing and resilient. Let’s continue to work together to take it to the next level and show the world what we can do.

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