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# The Palestinian startups scene

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The map visualizes a representative selection of Palestinian startups in the West Bank, Gaza and Jerusalem East. It was a very interesting process that brought me to conduct interviews with Palestinian entrepreneurs, incubators and Venture Capital funds. The motivation for this map was the desire to share some perspective and recognition of the Palestinian startups scene.

In this article, I paid attention not to use the word “ecosystem”. Most of the people interviewed would not define the Palestinian Tech scene as an ecosystem. Indeed, it is in its early-stage, and it is still fragmented and maturing.

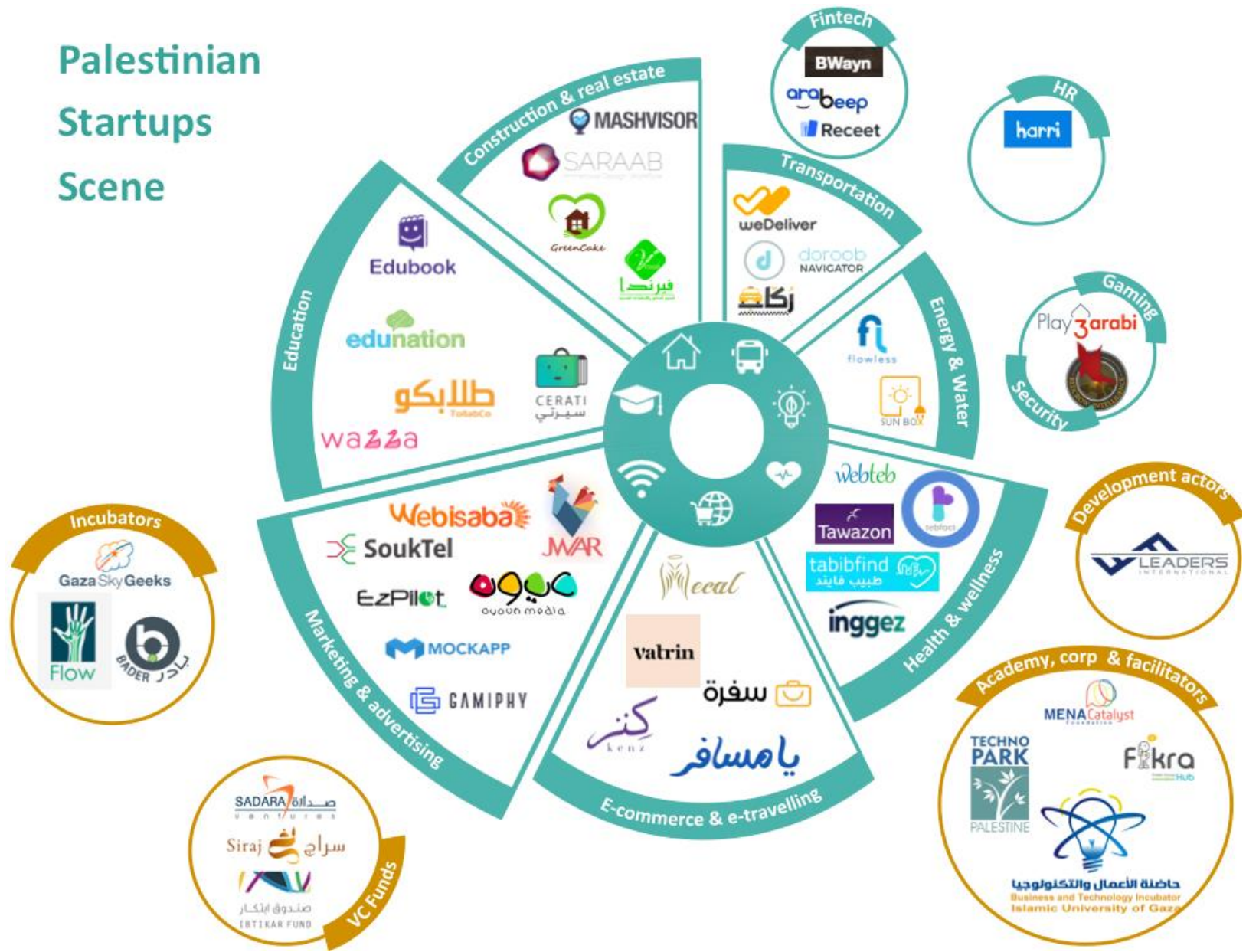
This map is not an exhaustive representation of startups and support organizations; rather, it offers an overview of the Palestinian startups landscape.

I defined Palestinian startups as startups that have been founded by Palestinian entrepreneurs living in the West Bank, Jerusalem East or Gaza. This excludes Palestinian entrepreneurs from the diaspora and Israeli-Arabs entrepreneurs. What people call Palestinian startups differs one from another and raises questions of both politics and identity. This should be addressed in a different article.

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<sup>1</sup> I am thrilled to share a mapping of the Palestinian startups scene in the West Bank and Gaza. This is a map I have done outside of my job, based on deep research and interviews that I conducted in the past few months.

# Palestinian Startups Scene



## A silhouette of the nascent Palestinian startup scene

A World Bank study released in July 2018 estimated that there are 241 Palestinian active startups in Palestinian Territories, as of early 2017. However, Habib Hazzan, Managing Director at Ibtikar Funds, believes that there are about 120 startups in total, and only 50 startups that are Tech-based (excluding those doing e-commerce with no real technology) and with Minimum Viable Product (MVP). Most startups are early-stage and a few of them manage to raise capital.

In comparison, Jordan was running about 123 startups in 2016, according to a GIZ study released in 2019. In Lebanon, Crunchbase contained only 122 startups in 2017, according to a World Bank study, while the Israeli Tech scene, which is known worldwide to be one of the most active and mature, counts over 6,000 startups.

I quickly noticed that most solutions are software with no hardware. Softwares' inevitable dominance in the world can be explained by lower need for capital and a bigger return on investment (ROI). Additionally, due to restrictions defined under the Paris Protocol between the Israeli government and the Palestinian Authority: "it was established that all electronic goods could be prevented from export-import by Israeli Security Forces if they deem these goods are dual-use items (which can be used both for civil and military applications). So people shy away from doing tech-hardware investments since the decisions of ISF can derail a startup", explains Habib.

For example, [Redcrow](#) is a web-based startup that helps organizations in conflict area assess risks. The company addresses mostly NGOs, diplomatic delegations and intergovernmental organizations in the Middle East and Africa (MENA). RedCrow utilizes natural language processing (NLP) and AI to analyze data from social media posts in English, Hebrew and Arabic. The solution helps predict security threats and potential shifts in a region's level of stability and safety.

With only 4.7 million Palestinians living in the West Bank and in Gaza Strip (according to the Palestinian Central Bureau of Statistics in 2017), startups have no choice but scaling outside. Naturally, they tap into the MENA region (Middle East And North Africa). "It's a valuable and massive market, with approximately 380 million people sharing the same language and similar consumer behavior", says Imam Hithnawi, Founder and CEO at Flow Incubator. "In Egypt, there are 40 million people in a single city! So the entire world is looking at the Middle East as an attractive market".

[Yamsafer](#) is a very good example. Yamsafer is creating an equivalent to Booking.com for the MENA market. The travel platform differentiates itself with lower prices and flexible payment options. Above all, they are convinced that no one will serve the MENA better.

Since it was founded in 2011 in Ramallah, the startup raised over \$4.5 million and counts 45 employees. With big plans for new products, the company already covers destinations in the Middle East, Asia and Europe.

In terms of funding, Palestinian startups have limited access to capital. According to Wamda- an entrepreneurship platform across MENA, Venture Capital (VC) firms have invested \$150 million in 40 companies in Gaza and in the West Bank over the past six years. By comparison, startups in Beirut have managed to secure \$82.5 million in the past 2 years alone.

The Palestinian funding scene is different from any other traditional startup ecosystem since it combines investments and donations. Local investors include business angels, corporations (Paltel, Bank of Palestine) and a couple of Venture Capital Funds, which are not all very active. Donors and public funding come from Europe, China, Japan, and more recently Turkey.

For example, Ibtikar's first Funds was fueled by Palestinians for 80% (including Palestinians from the diaspora), and for 20% by international organizations such as the International Finance Corporation (The World Bank) and the Dutch Good Growth Fund.

There is no doubt that there is room for additional investors; this gap can be filled by international players. For example, the global VC firm 500 Startups, headquartered in Silicon Valley participated in [Mashvisor](#) seed round. The startup is an online platform that enables average people to make profitable real estate investments and renting strategy. The technology is based on automatic data analysis of features such as Cash Flow, Cash on Cash Return, Cap Rate, GRM, Vacancy Rates and rental market strength indicators. It has fast become one of the most prominent real estate analysis platforms in the US, helping users cut down on three months' worth of research into 15 minutes.

Despite a still maturing startups scene, incubators are blooming, workshops and inspiring events are on the rise, with a few startups already making an impact. Success stories include [Rocab](#), which took the Uber model and tailored it to the Palestinian market. The company currently employs about 80 people.

Finally, the area also has a pool of talented entrepreneurs who represent high hopes for the future. Majd Mashhawari, founder and CEO of [Greencake](#), in Gaza, is one of them. She won the Japan Gaza Innovation Challenge for inventing a concrete building block made from recycled ashes and rubble. This prize gave her the opportunity to travel to Boston for a fellowship program. The technology is now in the process of being patented in the US. The networking and exposure she gained in the US enabled her to

raise \$450,000, and gave her the opportunity to launch another startup, [Sunbox](#), which offers a solar energy system for housing.

[Kenz](#) is another startup who won the first prize of SeedStars Ramallah last month and will compete at the Seedstars Summit in Switzerland for USD\$500,000. Founded by a woman specifically for women, the company is revolutionizing the way women shop online for lingerie in the MENA region by providing the best fitting styles and sizes.

### **Some major constraints to overcome**

In the process of creating the map, I realized that Palestinian entrepreneurs face considerable challenges due to their very unique economic and political situation. Briefly, a few of these include:

- **Lack of exposure:** Exposure means networking and connections. It is a key success factor to access capital, customers, and international corporations, essential in such a small market. But here, on the one hand, restrictions on movements make it difficult for Palestinians to travel and export goods. On the other hand, the West Bank does not look like an easy or appealing market for international companies. Being located in the Palestinian Territories means a “NO GO” for most international companies. For example, Paypal does not accept payments from Palestinian accounts.
- **Lack of funding:** Access to capital is essential for early-stage startups to grow and scale up. But, “who would like to invest in a shaky economy with no government”, questions an entrepreneur who prefers to remain anonymous. Based in Gaza, [Sketch](#) Engineering designs and manufactures Mechatronic products. Despite a very talented team of engineers, they have yet to make a prototype of their first product, a wheelchair climber, due to lack of funding.
- **Need for guidance:** Because the ecosystem is still young, Palestinians need to see how it works out there. The bridge between ecosystems is essential to meet other startup communities, learn from them and obtain new opportunities. Besides, unemployment in Gaza is so high that “people want to become an entrepreneur just because they don’t want to stay at home doing nothing. And the problem is that most entrepreneurs in Gaza don’t have a vision”, highlights Majd. They need guidance and support to acquire long-term thinking.

Just over the past 3 months, I saw 2 initiatives being hampered. In Ramallah, on November 13, 2019, the [SeedStars challenge](#) was organized - the World’s largest startup

competition in emerging countries. Unfortunately, due to fundraising issues, just a few startups were able to compete and the contest did not reach the scope expected.

A few weeks later, Majd was prevented from participating in the [Emerging Valley](#) in France. It was a unique opportunity for her startup [Sunbox](#) to reach customers and partners in Africa. “We got all the papers required: the non-objection letter (NOC) and the Eretz permit to leave Gaza, a time-consuming process. But we could not leave Gaza because our visas were rejected by the French Authorities”, says Majd. “They suspected we would immigrate, even though we have travelled to the US and to Europe several times already”!

### **Moving forward**

At the University of Birzeit, nearby Ramallah, Rasem Suwan, CEO of [TechnoPark](#), envisages a number of different scenarios to help in resolving some of these challenges. He plans to establish an investment outsourcing office which will work on due diligences to connect international investors with the most promising Palestinian startups. Rasem also wants to bring an international player to run the incubator of Techno Park. He hopes that it will give startups more exposure on the international scene.

[Fikra Innovation Hub](#) was initiated with Paltel Group to launch a Corporate Entrepreneurship Responsibility (CEP) program. The hub includes a co-working space, access to Jawwal App Store (for applications to be visible to more than three million subscribers on Jawwal marketing channels), access to Jawwal Pay (an eWallet to help startups to monetize), access to Paltel Internet Fiber, the organization of Hackatons, and an investment space with Paltel Corporate Venture.

Building a traditional startup ecosystem takes decades. We tend to forget that the Silicon Valley started working on it in the 70s!

There is no doubt that the political situation and economic constraints make the Palestinian startups scene one of the toughest for startups to flourish. But despite the struggle, a young generation of Palestinians shows enthusiasm and determination to push the economy forward and improve their daily life. They have great ideas and they are skilled.

The nascent Tech Space is slowly taking shape. And concerted efforts by governments and international players across regions can tap startup potential for the region, drive economic growth and inclusion.

*This is a project I initiated alone, outside of my job. It was possible to achieve it thanks to a supportive network and precious connections.*

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