ENTREPRENEURSHIP IN CONFLICT ZONES

INSIGHTS ON THE STARTUPS IN SYRIA



By Ahmad Sufian Bayram

Foreword by Brad Feld
Co-founder Foundry Group and Techstars

January 2017

DISCLAIMER:

This research highlights the experiences and needs of Syrian entrepreneurs in the country as part of a broader study of the size of the impact of the conflict on entrepreneurs inside and outside the country. It will be followed by 'Entrepreneurship in Exile' an insight into the status quo of Syrian refugee and immigrant entrepreneurs in the Middle East and Europe. The study aims to present policy and programme recommendations for use by governments, international NGOs, donors and other entrepreneurial institutions, with the ultimate goal of helping youths get access to entrepreneurship.

The analysis, results and recommendations in this report represent the opinions of the author and are not necessarily representative of the position of the reviewers.

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Cover image by Joud Tanta

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Insights on The Startups in Syria.

January 2017

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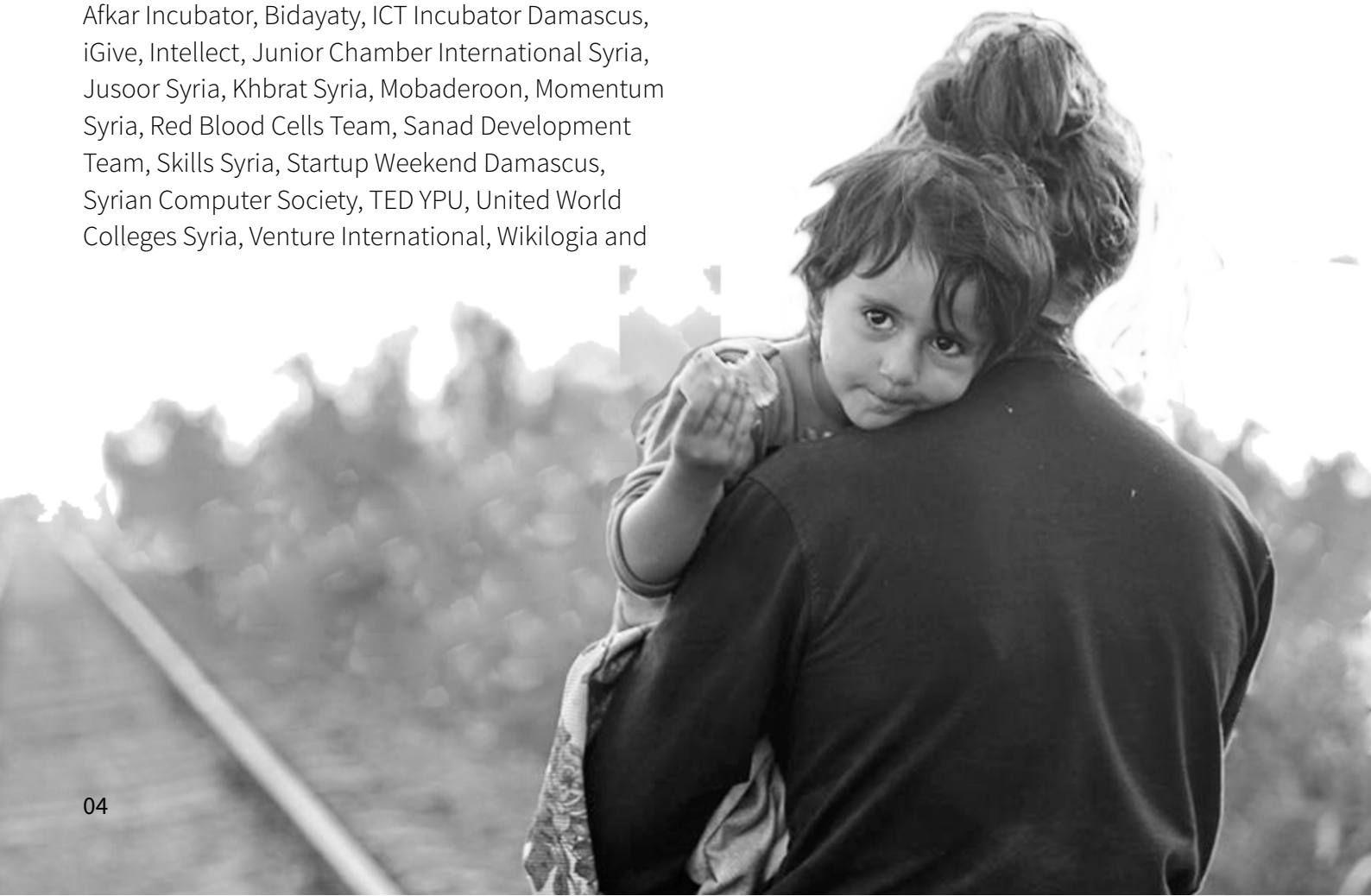
I am grateful to the entrepreneurs who provided information about their challenges and aspirations. I would like to extend our thanks to Adnan Tarabishy, Dania Ismail, Hani Tarabichi, Karim Samakie, Louay Otba, Massa Baali, Qussai Maklad, Rafik Takieddin, Sami Ismail, Sami Alsyouri, Tarek Sheikh Al-Shbab, Yaman Aboujaib and Yaman Al Tareh.

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RESEARCH LIMITATIONS AND CHALLENGES

Data collection for the online survey questionnaire was completed across the majority of regions in Syria with the exception of Al-Raqqa, Al-Hasakah, Deir al-Zor, Idlib and the countryside of Aleppo, Hama, Homs, Daraa and Damascus, where there were safety concerns and travel restrictions at the time of the assessment, although these regions merit further attention and the realisation that entrepreneurs there face the added disadvantage of poor infrastructure and instability that impede the establishment of businesses.

The data collected in the study are subject to change due to socio-economic fluctuations and the potential shift in the general context on the ground in areas where the study was conducted.

With these limitations in mind, the report does not claim to be universal and does not represent entrepreneurs in countries with similar political or social contexts. Rather, data and views are indicative of major understandings and trends and provide a platform for further research and programme development.

At the time of writing this report, I was not aware of any specific programmes designed to identify — or assist in overcoming — barriers that Syrian entrepreneurs face in establishing startups in times of conflict.



METHODOLOGY

This report is based on two online surveys, carried out in Arabic and English. The first survey was conducted in December 2014 to gather 131 responses. The second was completed in December 2015 when the same questionnaire was sent to 137 respondents.

During three weeks in each year, the survey questionnaire was sent to Syrian participants inside the country, aged 16 and above, the majority of whom were male university students located in Damascus.

In both surveys, a semi-structured online questionnaire was applied, allowing me to collect baseline data about the entrepreneurs' educational background, age, geographical distribution and gender, and to compile their answers to open-ended questions about the importance of innovation and entrepreneurship during the conflict in Syria. Furthermore, respondents were asked for their evaluation of the top challenges that they face when building and running startups on a scale of 0–5, where 0 is irrelevant and 5 is an extreme challenge.

In the study list, 10 high-level challenges were outlined after conducting interviews with local and regional entrepreneurs and experts, focus group sessions and research on establishing and operating factors, including, but not limited to, Conflict-Affected States by IFC, MIGA, the World Bank and Employment Promotion in Contexts of Conflict, Fragility and Violence by GIZ.

With the help of key officials from major Syrian entrepreneurial organizations and startup events attended, selected key informants were identified for the surveys of both entrepreneurs who had established their startups and others who are still trying to create a company.

In addition to meeting with entrepreneurs, an open discussion was also organized to host 32 representatives of entrepreneurial organizations and community members from inside the country and outside (via Internet conference), who helped in creating the study's scope and explaining challenges that entrepreneurs face and steps that can be adopted to empower the local startup.*

The discussion was followed by interviews with some independent experts, business owners, company executives and capital ventures, in addition to startup owners, angel investors, academics, community leaders and social entrepreneurs, to get their insights on the past, present and future of the industry. The interviews included recommendations for solving the challenges selected and rated on the surveys by the entrepreneurs. One-to-one discussion with interviewees are mentioned within case studies. Other indicators and information are also incorporated in this study.

*In March 2015, 'Startup Communities: Building an Entrepreneurial Ecosystem', a one-day summit, was held at ICT Incubator in Damascus. The attendees heard from and participated in sessions led by well-known Syrian experts — the best and brightest in their fields, whose panels covered 'Defining the Entrepreneurial Ecosystem', which focused on defining the entrepreneurial ecosystem and the potential for creating a strong startup community for young Syrians, and 'Building and Supporting the Entrepreneurial Environment' to discuss the ways we can support Syrian youths in building a strong entrepreneurial ecosystem and involving successful Syrian and Arab entrepreneurs in supporting the entrepreneurs in Syria. The last panelist session concerned 'Maintaining Entrepreneurial Support', which focused on defining ways in which entrepreneurs, startups, social enterprises and organizations inside and outside Syria can help maintain and foster the entrepreneurial ecosystem in becoming a sustainable model, readily equipped to support the next generation of entrepreneurs and startups.

FOREWORD

When I wrote Startup Communities: Building an Entrepreneurial Ecosystem in Your City in 2012, I asserted that you could build a startup community in any city in the world. In fact, I felt that every city in the world needed a vibrant startup community to be a long term, growing, and healthy city.

I live in the relative safety and comfort of Boulder, Colorado, so my experience with conflict zone areas in the world is limited to what I see and read in the news. When I met Ahmad Sufian Bayram at Techstars FounderCon in Cincinnati, I was fascinated by his story. His experience as the Middle East and Africa Regional Manager for Techstars has been amazing and his insight into building startup communities, especially in challenging parts of the world was eye opening to me.

As I read through Entrepreneurship in Conflict Zones, I realized that the Boulder Thesis applied to building startup communities in conflict zones, including Syria. The leaders have to be entrepreneurs. You have to take a long term view. You have to be inclusive of anyone who wants to engage at any level. You have to have activities and events that engage everyone.

Ahmad takes this further by outlining the 10 Challenges of Syria's startups. As I read through this, I realized how important it is to have startup communities in conflict zones.
To do this, entrepreneurs outside the conflict zones have to engage and #GiveFirst, by contributing time, energy, and resources to the entrepreneurs in the conflict zones, without necessarily knowing what is coming back.

I encourage all the entrepreneurs in any conflict zone to recognize that they are doing work that is critically important to the long term health of their community. In addition to cheering them on, many entrepreneurs outside their region are willing to help. And, I personally am, through my work in Techstars and other startup community activities, willing to engage any way I can.

Ahmad - thank you for taking the time to put together a very important book.

Brad Feld
Foundry Group
January 2017



EXECUTIVE SUMMARY

‘Entrepreneurship in Conflict Zones’ is, to my knowledge, the first comprehensive, contribution to highlighting the experiences and needs of Syrian entrepreneurs in the country. It identifies the characteristics and problems of entrepreneurship in Syria and tries to draw up a list of possible solutions.

The report draws on data from a study examining Syrian entrepreneurs’ views and experiences over a period of 12 months of research, during which 268 interviews were conducted. The study also includes an open discussion and a series of interviews with entrepreneurial experts, as well as insights from local startups.

Prior to the conflict, few steps had been taken to assist the Syrian entrepreneurial ecosystem, which had real potential for growth. However, after 2011, startups have faced numerous challenges that restricted that potential.

The protracted war in Syria has exacerbated the challenges facing entrepreneurs working to create their startups. These challenges include:

Insecurity and Political Instability

Operating in armed-conflict–hit Syria has become a risky endeavor.

Scarcity of Financial Support

There are very few windows left for Syrian entrepreneurs to access financial resources in the country.

Access to Market Limitation

In addition to restrictions on the movement of local people and goods because of the conflict, many countries have imposed visa limitations on Syrian people.

Collapsing Infrastructure

Businesses have been severely affected by widespread destruction.

Sanctions and Payment Restrictions

Technological restrictions have limited the prospects of reaching out to share ideas and expertise.

Increasing Economic Burdens

A sharp decline in the value of the Syrian pound has imposed hefty costs on businesses and customers alike.

Dwindling Human Skills

The conflict continues to shatter the population of Syria and Syrians involuntarily living throughout the world, including entrepreneurial talents.

Diminishing Market Size

The shrinking market has discouraged founders and potential investors and limited access to new businesses.

Unfriendly Regulatory Environment

The weak regulatory policies in Syria render it difficult to complete any stage of starting a new company.

Dysfunctional Entrepreneurship Education.

Insufficient early and advanced education inevitably leads to inadequate knowledge and awareness of the importance of business.

In spite of this, the data collected reflect how the crisis has inspired a new wave of innovative youths to tap into unexplored fields, producing new ideas and embracing new business models. This optimism and emphasize on innovation and entrepreneurship increased from 2014 to 2015 — 17.6 percent tried to work on startup ideas on 2014; in 2015, the figure climbed to 31.2 percent (see Figure 6).

Since 2013, a slight recovery in terms of startups supporting new ideas and seed-focused entrepreneurs has taken place, led by a new generation of the community. Currently, there are more than 30 community entrepreneurial events, and many organizations are actively working to support Syrian entrepreneurs.

The study also shows significant improvement in the contributions of female entrepreneurs, which make up 22.4 percent as a natural outcome of the new role played by many women as chief breadwinners of the family, while many of the men have been forced to either flee or engage in the armed conflict.

Additionally, the report offers alternatives and solutions that could be considered in trying to overcome the obstacles posed by this lingering conflict and recommends that multiple players inside and outside the country contribute to improving entrepreneurs' positions, as everyone has a role to play in this process.

The first priority should be to adopt a socially inclusive development approach, to better participate transparently in economic development and to make a significant contribution to preventing violence and supporting peace.

Entrepreneur support organizations and communities should also create a platform for awareness of necessary startup skills (tech and soft skills) that highlight success stories and case studies and encourage individual improvement.

International communities outside the country can play a significant role in empowering Syrian startups by linking entrepreneurs to higher entrepreneurial education and providing a bridge between entrepreneurs and international partners, mentors and investors.

Entrepreneurs in conflict-hit areas such as Syria provide the dynamics for growth and long-term renovation. They have the potential to not only boost economic recovery, directly serve their communities and benefit those in need, but they also will have helped to sustain peace after years of violence, war and bloodshed in a country that looks to learn from its past and lead its way to recovery.

The key message of this study is that policymakers and startup communities should start to consider assisting entrepreneurs in their endeavors to create businesses that take into consideration the public benefit. With proper upfront support and policies that are fair and available to everyone, entrepreneurs can yield substantial social and economic dividends.

INTRODUCTION

More than five years of conflict in Syria have had a damaging impact on almost every aspect of life in the country. Nearly half a million people have been killed, 1.9 million wounded and 12.6 million have been forced out of their homes, more than half of whom are internally displaced.[1]

The socio-economic ramifications are equally devastating. An economic black hole, triggered by the closure of thousands of businesses, has seen 2.1 million actual and potential jobs lost between 2010 and 2015.[2]

Such a drastic collapse has meant that unemployment rates have shot up substantially. Nearly 52.9 percent (2.91 million) are now unemployed, with the rate among youths reaching 78 percent.[3] Such numbers were unthinkable back in 2011, when the unemployment rate was only 15 percent.

The aforementioned factors, coupled with the staggering prices of essentials and shrinking agricultural and industrial sectors, have pushed more than 83 percent of the population below the poverty line across all regions.[4]

Unemployment, specifically among the youth, is often portrayed as a trigger for social upheaval and armed rebellion, as economic imperatives are a key driver for many Syrians who have decided to join armed groups offering them the possibility of securing a regular income.[5]

In response, advocating for youth employment even while a conflict is still raging has become very important to promote stability and sustainable economic growth.[6]

In some cases, high levels of insecurity might impede any form of support for economic development, as the safety of personnel should receive highest priority and effort on the ground associated with improving levels of security and the basic needs of the society.

Building on a year of research and surveys, this report identifies the barriers that Syrian youths encounter when they intend to take the bold step of creating their own businesses.

KEY FACTS ABOUT THE SAMPLE OF ENTREPRENEURS:

The following chart indicates the geographic distribution of startups for the sample of entrepreneurs we collected in both surveys (Figure 1).
Startup stages (Figure 2) show the level of progress that startups have reached in each region.
Industries that startups choose as a field of operation are classified in (Figure 3).
Gender of entrepreneurs founder (Figure 4).

Figure 1: Startup Location Mapping (%)

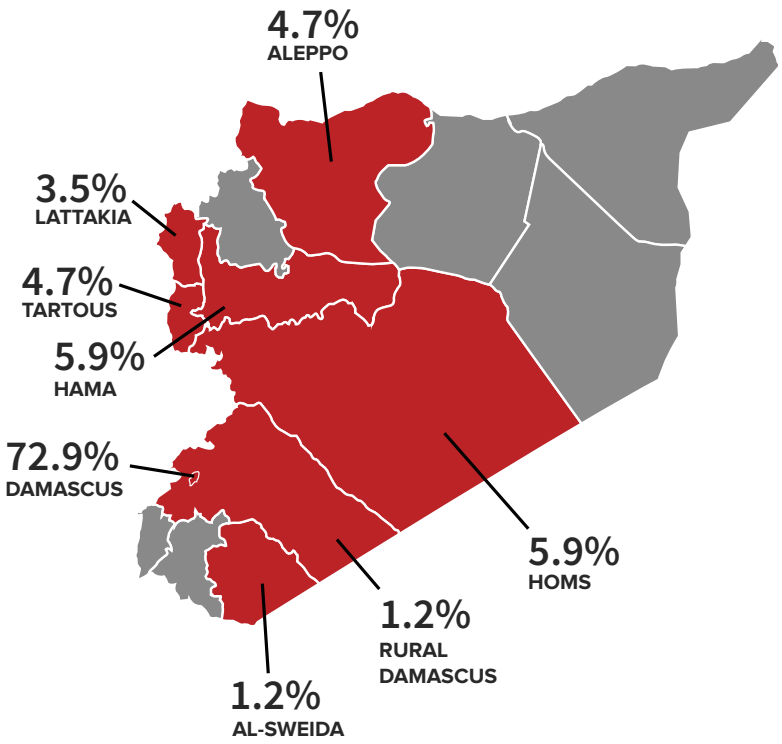


Figure 2: Startup Stages Breakdown

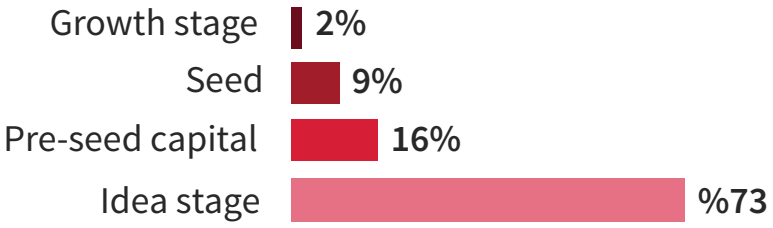


Figure 3: Industries Breakdown

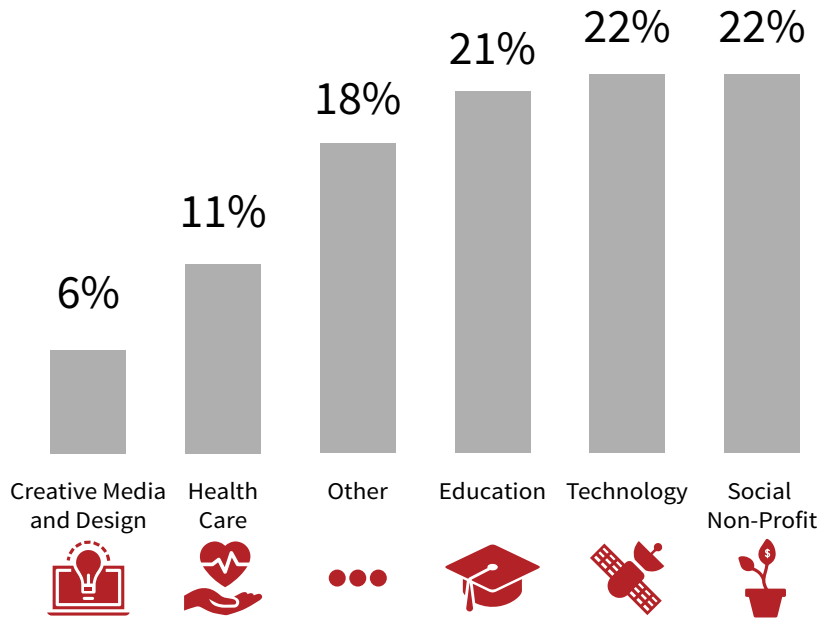
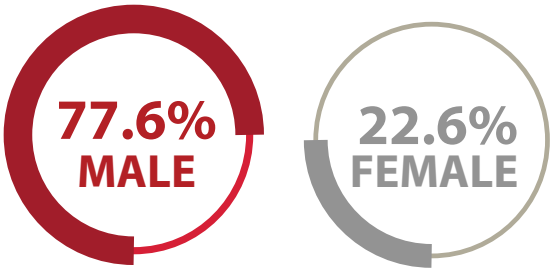


Figure 4: Gender Breakdown



UNDERSTANDING THE CONTEXT

Prior to the onset of the conflict in 2011, a few steps had been taken to assist the local entrepreneurial ecosystem, including the establishment of the Syrian Investment Agency (2007), issuance of the Competition Law and Antitrust (2008) and the Syrian Market Stocks (2009). The Syria Trust for Development, an organisation that focuses on developing and enabling the community, was set up as well.

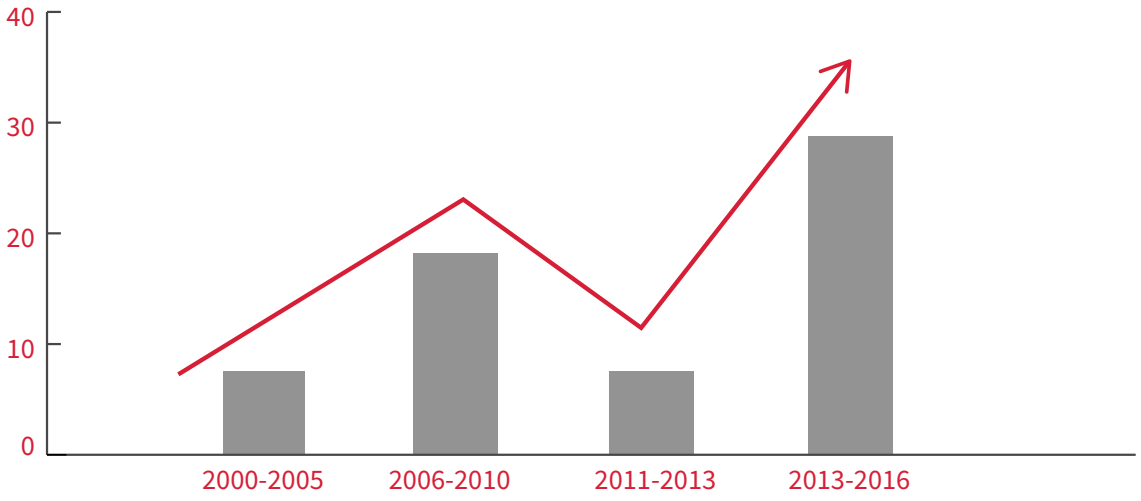
The private sector also signalled plans to grow and develop the ecosystem. The Syrian Young Entrepreneurs Association (SYEA) was established in 2001 as one of the first non-profit NGOs working to strengthen the entrepreneurial capacity of young people in Syria and support the launch of their projects.

According to Abdulsalam Haykal, founder and CEO of Haykal Media and co-founder of SYEA during the focus group session, a study by the Global Entrepreneurship Monitor showed that these signs of support came as Syrian youths felt increasingly encouraged to abandon a traditional inclination to 'search for a job' and started to look for other options for turning their own ideas into businesses and channelling their knowledge within innovative causes. This came with the desire to generate sufficient income and gain financial independence.

This surge in entrepreneurial sentiment was soon thwarted. From 2011 to 2013, the volume of business activity declined significantly due to lack of security, deteriorating welfare and engaging in the conflict, as well as the negative impact of the conflict on the business environment and the immigration of many entrepreneurial organisation executives and startup founders.

The following chart shows the number of entrepreneurial support organizations and communities in Syria between 2000 and 2016, not including microfinance institutions.

Figure 5: Number Of The Entrepreneurial Support Organizations And Communities (2000 - 2016).



In the last three years, however, a slight recovery in terms of startups supporting ideas and seed-focused entrepreneurs in the country has been witnessed, led by a new generation of community leaders. The majority of these activities, however, were short-term events and only targeted a small number of entrepreneurs.

Anecdotal evidence from a number of studies and interviews suggests that this increase may have been caused by the evolution and growth of civil society's role in the country.

It followed regional trends and sharp increases in the number of institutions supporting entrepreneurs in the Middle East and North Africa, where there are currently more than 140 proper organizations actively working with entrepreneurs and thousands of community events and meetups.[7]

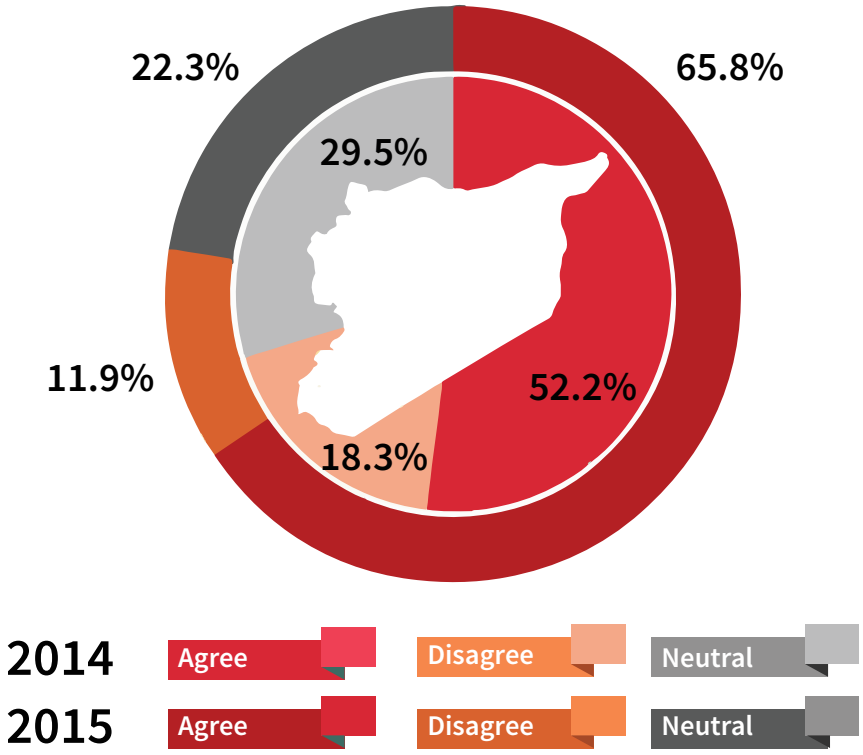
Still, the majority of the organizations and community events in the country have a limited segment based on the district where they operate, which forms fragmented and siloed ecosystems that are mostly affected by the situation on the ground and have a very limited effect on the business environment.

According to 'Doing a Business Report 2016' by the World Bank, Syria is performing poorly on the basis of doing business. On a scale from 0 to 100, where 0 represents the worst performance and 100 the best performance, Syria scored 42.56 points, which is lower than economies such as Turkey (69.16), Jordan (57.84), Lebanon (56.28) and the Regional Average (56.28).[8]

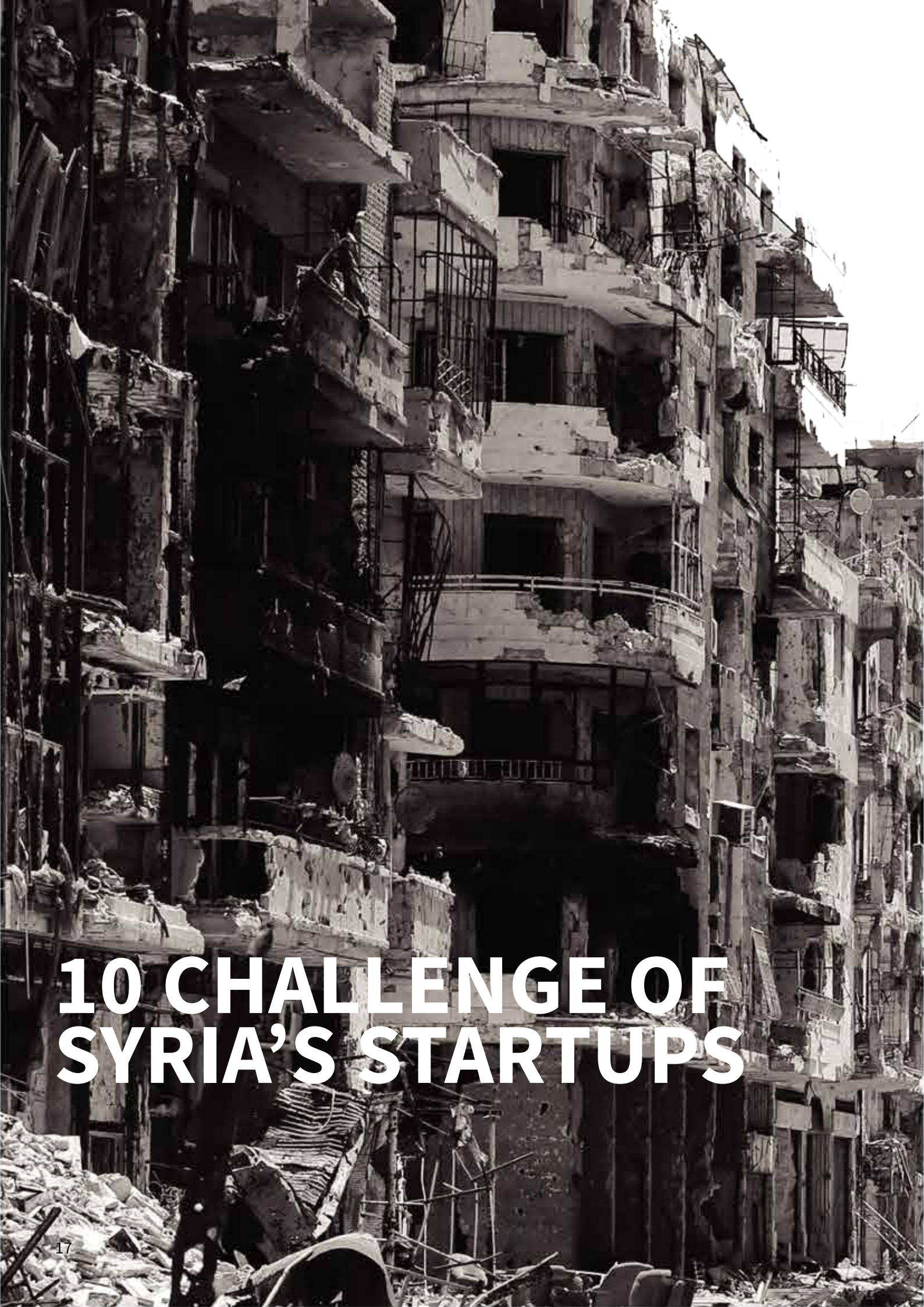
In spite of this, more than half of the entrepreneurs surveyed believe that entrepreneurship is relevant to the prevailing situation in Syria as a way to overcome the current difficulties and secure an income. This awareness grew by 13.2 percent during the 2015 among the samples. Part of that growth came from the increasing unemployment rate and frustration upon learning that neither the public nor the private sector can provide employment opportunities, as well as the shrinking possibility of leaving the country as many entrepreneurial experts hinted.

In 2014, 47.8 percent of the Syrian entrepreneurs surveyed did not try to work on any startup ideas. In 2015, the figure was reduced to 34.2 percent, as more people have sought to build businesses. (We could reverse the language here to make it clearer — 52.2 percent tried to work on startups in 2014; in 2015, the figure climbed to 65.8 percent).

Figure 6: The Importance Of Innovation And Entrepreneurship In The Country (%)



The chart above reflects how the crisis has inspired a new wave of innovative youths who have tapped into unexplored fields to produce new ideas and embrace a model of business that is not devoid of adventure. This optimism and an emphasize on innovation and entrepreneurship increased from 2014 to 2015.

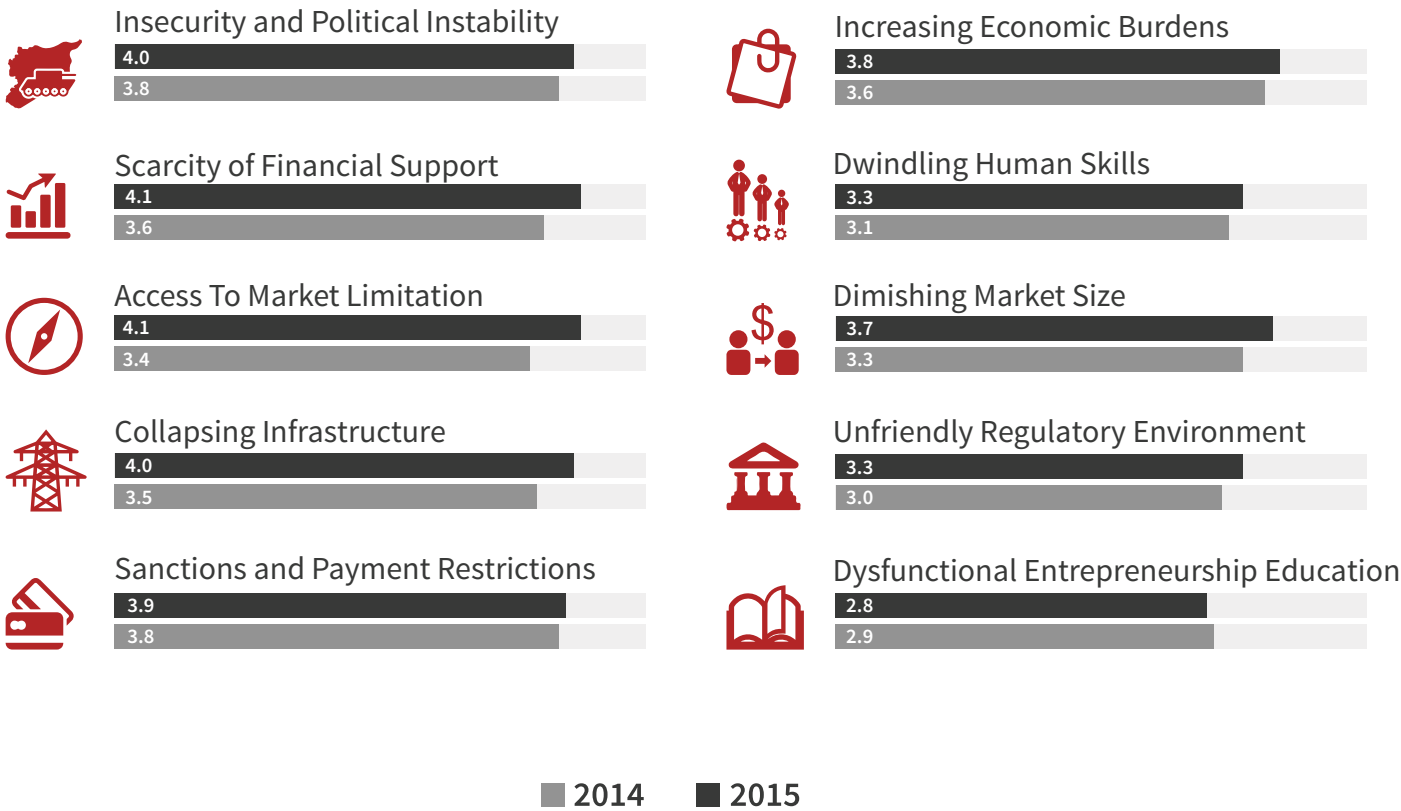


10 CHALLENGE OF SYRIA'S STARTUPS

Identifying the key challenges to Syria's startups is essential to obtaining deeper insights into the strengths and weaknesses of the social and economic entrepreneurial environment and to finding solutions and ways to overcome obstacles, which would eventually help to foster entrepreneurship.

Based on the study, 10 main challenges were identified : insecurity and political instability, scarcity of financial support, access to market limitation, collapsing infrastructure, sanctions and payment restrictions, increasing economic burdens, dwindling human skills, diminishing of the market size, unfriendly regulatory environment, and a dysfunc tional entrepreneurship education.

Figure 7: Comparison Of Main Startups Challenges 2014 - 2015





01.INSECURITY AND POLITICAL INSTABILITY

THE SCOPE OF THE PROBLEM:

OPERATING IN ARMED-CONFLICT–HIT SYRIA HAS BECOME A RISKY ENDEAVOR.

The protracted armed conflict in Syria has had severe repercussions on all businesses, not least entrepreneurship, a relatively emergent trend threatened in its early developmental stages.

The reality that entrepreneurs are living in the midst of a war and an unstable political environment and that many of them have lost someone and/or not seen or even heard from their families or friends for extended periods has had obvious social and psychological effects on them and increased their levels of worry and frustration.

Due the violent conflict, establishing a startup has become more of a remote idea, as enterprises struggle with limited mobility and diminishing options. Operating in conflict-hit zones has become a futile undertaking. Many of the entrepreneurs we interviewed revealed being forced to suspend their projects as a direct result of the armed clashes that have rocked the country.

Consequently, businesses in war-torn areas have been compelled to relocate or even close. The closure of roads and the destruction of vital facilities has crippled the transport system, which directly affects movement between areas and makes any 'plan B' hardly deliverable.

Five years of armed conflict have torn the social capital and allowed the armed parties to impose their laws on the people regarding both social relations and economic activities.

The nature of the armed party has influenced entrepreneurs' decisions and shaped their business activities either directly or indirectly, for instance, adopting an exclusive approach to limit their goods or services to specific areas or avoiding the establishment of partnerships with those whom many view as supporters of the 'other' party.

CASE STUDY 1:
NOBELCHEMIST: RISING FROM THE ASHES

Founded by Louay Otba, Noblechemist is an innovative project that aims to secure drinking water for everyone in need around the world. The idea of the project is based on the sanitation of water using biodegradable and eco-friendly technology to produce sterilising capsules without chlorine. Noblechemist offers a practical solution, as only one capsule is enough to sterilise 20,000 liters of water at a cost of only $1.

However, Otba has been forced to relocate his project due to the massive destruction that has racked the industrial zone in Aleppo, where the project was originally based, and now, he and his team are planning to leave the country. It is the only option they have left to rescue their idea and project.

They eventually closed their business in Aleppo and decided to move overseas. This, nevertheless, was not a simple mission. One of the trips from Aleppo to Beirut, for instance, took 26 hours in order for Otba to take part in a competition, whereas the same journey in pre-conflict times would not have taken more than five hours. Currently, Noblechemist teams are trying to coordinate with some parties to carry out the project and complete patent registration in the United States.





02.SCARCITY OF FINANCIAL SUPPORT

THE SCOPE OF THE PROBLEM:

THERE ARE VERY FEW WINDOWS LEFT FOR SYRIAN ENTREPRENEURS TO ACCESS FINANCIAL RESOURCES IN THE COUNTRY.

The majority of funds that entrepreneurs receive inside the country come from bootstrapping first, then from startup business model competitions and friends and family — particularly with the lack of investment firms and angel investors focusing on seed-stage startups.

Because of large-scale deposit withdrawals and the limited ability to do business domestically, bank balance sheets and net income have both shrunk, which has made securing loans a challenging, if not impossible, task.[9]

According to Karim Samakieh, entrepreneur, startup consultant and former investment manager at Oasis500, entrepreneurs can look out for bootstrapping opportunities that enable them to choose their investors, particularly with the considerable challenges facing small and medium businesses (SMEs).

Given current economic conditions, numerous Syrian families struggle to generate income, leaving entrepreneurs only with the option of bootstrapping their startups and working for a longer time before they become capable of launching and growing their own startups.

Interventions to fund in potential are seen by investors and venture capitalists as a gamble they are not willing to take amid such uncertainty in the market. There is no stream of capital that could transform pioneering ideas into products. Some liken the situation to a vehicle without fuel.

Individual cases still exist. Adnan Tarabichi, co-founder of SYEA and an angel investor, started investing in a traditional printing business startup that a close friend founded. In spite of raging conflict, Tarabichi believed that the feasibility study was promising and top players were getting out of the market.

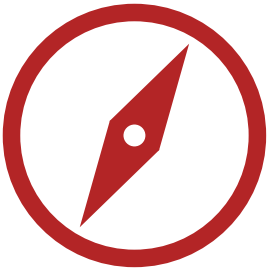
The lack of investment prompts aspiring business owners to explore different resources, such as competitions that could yield rewards or even change the scope of their businesses to be implemented outside the country.

The public sector does not place entrepreneurship high on the agenda, as the government has shifted its priorities to military consumption and public wages.

The 'semi-public' investment reached only 0.41 percent of GDP in 2015.[10] The local commercial law has not been amended to accommodate the need or identify a clear description of the industry. There are hardly any private equity firms that could allow venture capital funds to be channelled through investment companies.

The private sector, meanwhile, has done little to take standards and knowledge to the next level, as the vast majority of Syrian companies are not fully knowledgeable about entrepreneurship dynamics and process.





03.ACCESS TO MARKET LIMITATION

THE SCOPE OF THE PROBLEM:

IN ADDITION TO RESTRICTIONS ON THE MOVEMENT OF LOCAL PEOPLE AND GOODS BECAUSE OF THE CONFLICT, MANY COUNTRIES HAVE IMPOSED VISA LIMITATIONS ON SYRIAN PEOPLE.

The turmoil in Syria has restricted the movement of people and goods, with checkpoints and fierce battles cutting off complete areas inside the country and increasing limitations to market access.

The International Monetary Fund has noted that there is a trend among Syrian SMEs and entrepreneurs to move production to neighbouring countries and sell the goods back to Syria.[11]

Since 2011, Syrians have registered 6,000 new businesses in Turkey, mostly relocated from Syria.[12] But in an attempt to stem the huge influx of refugees into those countries, many imposed visa restrictions on Syrians, making traveling abroad even more difficult.

Now, Syrians who want to cross into Lebanon, which used to be the destination for many entrepreneurs to attend regional business conferences or meetings, need to apply for a visa at the border that requires having a hotel reservation and cash in pocket.[13]

The legal and financial obstacles to entering new markets represent another challenge to geographical expansion beyond the area where a business is based.

The research has shown that Syrian entrepreneurs usually look for family members, friends or partners outside Syria to establish their businesses for them and sign ownership agreements later on. Some of the business owners spoke of ideas to keep their back offices in Syria and hire freelancers to keep their costs low.

The different factors in play make it all the more difficult to take a step forward and scale startups, even when a business is thriving. Losing an opportunity to scale threatens any chance of momentum and sends the business downhill.

Expanding a business is a challenge in and of itself, as shown by the general sentiment shared by entrepreneurs who were interviewed.

It is a step that should be well-calculated, well-timed and well-placed.

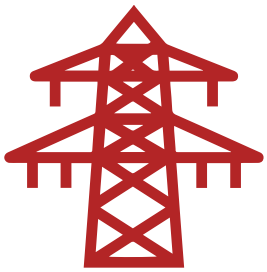
CASE STUDY 2:
BITCODE: STRUGGLING WITH RESTRICTIVE REALITY

BitCode is an online education platform to share knowledge on Web and mobile applications in Arabic. Tarek Sheikh al-Shabab, CEO and co-founder of BitCode, said that the goal of the platform is to allow users who are willing to freelance to know more about software development.

The first three months saw the enrolment of 1,500 users, with a course-completion rate of 40 percent. The developers, however, were faced with users' unwillingness to pay for the service, while expanding outside Syria also met e-payment hurdles.

Visa restrictions also blocked an ambition to explore foreign markets and even a chance to apply for funds from Oasis500 in Jordan.





04.COLLAPSING INFRASTRUCTURE

THE SCOPE OF THE PROBLEM:

BUSINESSES HAVE BEEN SEVERELY AFFECTED BY WIDESPREAD DESTRUCTION.

The basic physical infrastructure required for any economic development is in poor condition in Syria. From schools and hospitals to roads and bridges, the cost of destruction across the country is estimated to be $90 billion. Agriculture is taking a severe hit, with nearly one-third of the population deprived of food security.[14]

Violent conflict leaves deep marks in a country's physical infrastructure. Lack of access to electricity, damaged road networks and unreliable telecommunications cut off entrepreneurs from potential markets, particularly if they operate outside larger urban centres.

Manufacturing production has suffered a disproportionately large decline. The sector has been affected by a serious water shortage due to damage inflicted on water networks and dams and difficulties in accessing water stations controlled by different warring parties. In some areas, electricity and Internet connectivity are typically cut for days and months. The capital, Damascus, and the largest city, Aleppo, have struggled with constant power cuts that have crippled daily life and business.

Alternative resources have hardly provided sustainable solutions. Owning an electricity generator can be unaffordable to many, with prices increasing fourfold to about $500 for a generator, which is usually powered by diesel or gasoline. Fuel prices, meanwhile, have reached staggering levels in recent years.

Furthermore, as a result of the combination of the high cost of renting facilities, which increased between 30 and 50 percent during January 2015 alone,[15] the difficulty of free movement and security concerns, manufacturing operations have been under existential threat.

Expensive resources naturally mean higher production costs. For entrepreneurs, doing a highly profitable business is somehow no longer a possibility. All of the aforementioned factors have presented startup businesses with seismic challenges. The majority of Syrian entrepreneurs surveyed said they avoided startups that produce or rely heavily on hardware.

CASE STUDY 3:
GLEAN: RESPONDING TO THE UNEXPECTED

Glean is an eco-friendly, solar-powered washing machine that can recycle up to 30 percent of the water used in rinsing. The founder and CEO, Yaman Aboujaib, decided to take his project to the seventh season of MBC's Stars of Science competition, where he reached the finals and won the top award. He was also one of five Arab innovators who took part in the MIT Technology Review Arab Edition.

The project was faced with challenges in providing maintenance parts and had to choose between one of two solutions: either fix the problem with a solution that could be available on the market but might not be so efficient, or wait for several weeks to order and ship the appliances online. The team decided to go with the first option, as they had to finish the project ahead of the competition's deadline.





05.SANCTIONS AND PAYMENT RESTRICTIONS

THE SCOPE OF THE PROBLEM:

TECHNOLOGICAL RESTRICTIONS HAVE LIMITED THE PROSPECTS OF REACHING OUT TO SHARE IDEAS AND EXPERTISE.

One of the key challenges caused by sanctions is that they have closed the door on Syrian startups that want to serve other regional and international markets or use international software services and payment options.

Sanctions on Syria, for a wide range of reasons, had existed long before the outbreak of the conflict. The U.S. Department of the Treasury's Office of Foreign Asset Control has imposed eight different sanctions on the Syrian state since 2004. The department describes its sanctions programme as 'one of the most comprehensive sanctions programs currently implemented by OFAC'.[16]

There are two types of sanctions that directly affect Syrian startups. Sanctions imposed by international powers, including the United States, the European Union, the Arab League and the United Nations, prevent startups from accessing or using technologies,[17] whereas internally imposed sanctions restrict the movement of some goods and services, as well as money transfers outside the country. Startups cannot open branch offices outside Syria; they have to register themselves outside the country and cut any official ties with their back offices inside Syria. Also, such restrictions prevent startups from completing online transactions for their accounts from outside the country. Direct foreign investments for startups are simply out of the question.

In Syria, all e-payment methods have been banned, leaving entrepreneurs with no options. This has prompted people to seek to open bank accounts or obtain licenses to operate their businesses from neighbouring countries.

Online payment systems, such as PayPal, Visa, MasterCard and Neteller, have all been banned, directly affecting technological companies that rely on e-payments to process all foreign transactions, which forces them to shift toward a new fundamental approach.[18]

Payment options are few. To give an example, for startups to get access to some international services or hosting for their websites, they have to use the Virtual Private Network (VPN) or ask someone else (a family member or friend) to pay for them from outside the country. There is no access to credit cards, as all transactions are completed with traditional money transfer that increases the time required for a startup to purchase or renew online services.

Inability to use electronic payment methods in a conflict-hit zone is the tip of the iceberg.
With scrutiny stricter than ever, businesses are left with a thin base on which to build.

CASE STUDY 4:
BMA3ITAK: UNTANGLING FINANCIAL RESTRICTIONS

Bma3itak, or If You Please, is a multi-sided platform to exchange commodities and traditional handicrafts with foreign markets. E-payment is a significant element in this business, which means that the lack of e-payment solutions in Syria is not only the biggest hurdle, but also threaten its very existence.

Rafik Takieldain, Co-Founder and COO, and his team need the help of similar foreign platforms that require online payment methods to measure the turnout of customers. Bma3itak team also sought the help of some companies that offer online payment methods such as Paypal. Nevertheless, they realized that such activities are prohibited in Syria and could have legal consequences.





06.INCREASING ECONOMIC BURDENS

THE SCOPE OF THE PROBLEM:

A SHARP DECLINE IN THE VALUE OF THE SYRIAN POUND HAS IMPOSED HEFTY COSTS ON BUSINESSES AND CUSTOMERS ALIKE.

The prices of many items reached unprecedented levels, and the Consumer Price Index (CPI) continued to rise in 2015, with an increase in growth up to 23.2 percent compared to the same period in 2014.[19] This sent the market into a craze and complicated business processes all the more. Purchasing power witnessed a dramatic plunge and limited people's buying appetite.[20]

In Syria, revenue models are vague. The majority of businesses have struggled to build up profitable user bases or market their brands among targeted clientele.

As the armed conflict drags on, along with the economic recession and the destruction, the overall cost of items, including basic food and non-food items, has generally climbed over the past years.

Rather than being driven by shortages or rising demand, the devaluation of the Syrian pound appears to have had the biggest impact on the price increases that have driven individual purchasing power down significantly — by nearly 80 percent — since the beginning of 2011.[21]

The services sector has also been hit hard during the conflict. While data remain unavailable, many studies have shown that some sectors, such as retail, wholesale, transportation, construction, energy and banking, have contracted sharply on account of the collapse of the overall economy.

Startups have faced a new challange to keep managing their logistics and offering high-quality services and products without increasing their prices.

In May 2016, Syria's currency hit its lowest value since the start of the conflict in 2011,[22] depreciating more than 92 percent and creating a huge cap for entrepreneurs who pay international services, such as hosting and advertising companies, online to run their startups, as they have to pay in U.S. dollars

and generate revenue in local currency, which has pushed their customer acquisition cost (CAC) higher each time the Syrian pound decreases in value.

This increase in service costs has made it very hard for businesses in the country to balance their income statements and start generating revenues.

CASE STUDY 5:
SAFKAT: SEARCHING FOR ROOTS OF INTEREST

Sfkat is a commercial platform that connects buyers and sellers through an application that enables either side to easily search and find desired items and discuss potential deals. The solution, developed by the company, focuses on three main user categories: peer-to-peer customers, SMEs and big company owners.

Yaman Al Tareh, co-founder of Safkat, said that there is no appetite among customers to spend much money on 'unnecessities', as during the conflict, people can hardly afford to secure most essential needs. Added to this is the low average income and declining exchange rate of the Syrian pound.

He believes that the idea of the application was relatively new and uncertain to many, which meant that the developers had to offer some services for free to attract more users and accept that it would take a while before they could recover some of the value.





07.DWINDLING HUMAN SKILLS

THE SCOPE OF THE PROBLEM:

THE CONFLICT CONTINUES TO SHATTER THE POPULATION OF SYRIA AND SYRIANS INVOLUNTARILY LIVING THROUGHOUT THE WORLD, INCLUDING ENTREPRENEURIAL TALENTS.

The deterioration in the socio-economic situation and the widespread violence have displaced many people internally and forced others to flee the country. Another group, the talents with the entrepreneurial mentality that startups look for, have been victims of enforced disappearance by the fighting parties.

According to Welt.de, 21 percent of Syrian refugees in Germany have a technical, university or postgraduate level of education.[23] (See Appendix 1: Entrepreneurship in Exile)

The majority of experts interviewed during the study agreed that it is rare to find people with a unique skill set. Talents that are familiar with the latest technical frameworks and programmes, such as Ruby on Rails, AngularJS and iOS, do not usually risk joining a startup and instead prefer to be hired by established businesses and receive monthly paychecks that they depend on to support their families in countries with three to five times the salaries they could have earned in their home country.

In addition, there are no schemes that allow venture capital funds to identify or promote business projects or to provide mentoring and professional advice for up-and-coming talents.

Mentorship is one aspect of a healthy ecosystem. Hani Tarabichi, co-founder of SYEA and startup coach and mentor, said that mentorship in Syria is almost non-existent. One reason is that the first generation of successful startups that could form the base for mentoring has yet to be introduced. Another reason is that the business community is not well-connected or aware of the startup world.

Startup owners and academics believe that it is a struggle to find talents through regular channels, as college degrees are not a true indicator of the right startup skills.

This has created a huge chasm between academic institutions and the hungry market.

Dania Ismail, co-founder of Jusoor and director of the Jusoor Entrepreneurship Program, said that social responsibility organizations work to fill that gap by offering financial support and training programmes.

Although the full toll of Syria's brain drain has yet to become clear, a study last year of the medical corps showed that 15,000 doctors had fled, half the number of certified doctors in the country.[24]

The brain drain rate not only includes potential co-founders and startup teams, but also experienced and serial entrepreneurs who can play a major role advising and mentoring the new generation of founders.

Back inside Syria, there is little tapping of human resources that could compensate for those leaving, which puts the future of business in jeopardy. Coupled with the lack of training and investing in human capital, this represents one of the main self-inflicted challenges.

This lack of active participation in successful investments secludes business and complicates any chances of competitiveness, which means the public cannot appreciate its significance.





08.DIMINISHING MARKET SIZE

THE SCOPE OF THE PROBLEM:

THE SHRINKING MARKET HAS DISCOURAGED FOUNDERS AND POTENTIAL INVESTORS AND LIMITED ACCESS TO NEW BUSINESSES.

Since the outset of the war, the fighting powers have worked on dividing and fragmenting the country. Syria's market has shrunk even further for startups. Some markets have become almost inaccessible for startups or businesses. This is in addition to the weak internal banking system and the unavailability of many payment options in the country.

Syrian families struggle to generate money to secure basic food and non-food items necessary for the survival. According to the Syrian Center for Policy Research (SCPR), 69.3 percent of the total population is living in extreme poverty that prevents them from considering the purchase of any complementary goods and services.[25]

The challenge is that these obstacles are frequently dealt with in silos; a comprehensive view of value chains and linkages to markets is often lacking.

Having a local market is crucial for the entrepreneurs in the country to test and run a proof of concept (PoC) locally and work to improve their products to meet regional or/and international standards.

The market size, macroeconomic instability and the deteriorating state of the financial system are three factors that have sent entrepreneurship into the dark. Many startups have taken steps to overcome legal and financial hurdles facing their entrance into new markets, but these remain the exception rather than the rule.

The Syrian market is in dire need of expanding the use of information technology and modern payment methods. The unavailability of such technology can cut the stream of any resources providing lifeline support to businesses.

In 2011, around 17.7 million shares were traded in the Damascus Stock Exchange (DSE), for a total value of 7.8 billion Syrian pounds. By the end of 2015, this volume had dropped to 8.3 million, while the total value registered only 1.1 billion.[26]

The Syrian Securities Market Index value dropped from 1724.49 points in 2011 to 258.88 points in 2015,[27] which reflects the huge losses sustained by the Syrian currency and market and continues to affect share prices of companies and businesses.

CASE STUDY 6:
TAMKEEN: NAVIGATING THROUGH MARKET OBSTACLES

Tamkeen, a virtual training platform, targets Syrian youths through a range of courses, adapted from international universities, that take place in virtual venues. Participants undergo free training and only pay a minimal fee to get their UK license certificates.

Sami Alsyouri, co-founder of Tamkeen, said legal issues have hindered the growth and progress of the project, as lack of e-payment methods and underdeveloped virtual reality culture have discouraged the founders from planning further expansion.

Some payment solutions still exist, but not in all regions. Transferring money in from particular foreign countries could become a notorious issue in some local markets, which has caused the market to diminish even further.





09. UNFRIENDLY REGULATORY ENVIRONMENT

THE SCOPE OF THE PROBLEM:

THE WEAK REGULATORY POLICIES IN SYRIA RENDER IT DIFFICULT TO COMPLETE ANY STAGE OF STARTING A NEW COMPANY.

With the present situation in the country, entrepreneurship attracts scant attention from policymakers and regulators in all regions. It has fallen down the pecking order in terms of legislation that governs procedures by which entrepreneurial businesses enter the market.

Laws and policies have a role to play in establishing a supportive entrepreneurial ecosystem and easing the burden on entrepreneurs' shoulders by making it simpler to start and close a business. (Appendix 2: Post-Conflict Ecosystem)

Syria did not perform very well in business environment and rule of law indicators. In 2011, the World Bank Group's 'Doing Business' indicators report report ranked Syria 144th,[28] after it was assessed to have performed poorly on access to finance, contract enforcement and registering property, while making progress on the time needed to start a business by reducing the minimum capital requirement for limited liability companies by two-thirds. It also decentralised approval of the company memorandum.

According to the latest Enterprise Surveys (2009), the top three obstacles facing firms investing in Syria include corruption, an inadequately educated workforce and insufficient electricity. More than 80 percent of firms indicated at the time that they were expected to give 'gifts' to officials to 'get things done', compared to a regional average of 37 percent.[29]

In 2016, Syria dropped to the 175th place.[30] This consequently costs 8.50 percent of income per capita and requires paid-in minimum capital of 115.20 percent of income per capita. In addition, founders need between one and two months to get registered, as mentioned by the startups' founders. They have to go through a long, frustrating process fraught with bureaucracy and corruption.

This unfriendly business regulation that governs establishment of a new enterprise makes

entrepreneurs think twice before registering their businesses, particularly when taking into consideration the low benefits they receive from registering their businesses locally.

This consequently results in market failure, obstructing the process of registering a property, getting credit, obtaining construction permits and enforcing contracts for emerging businesses.

CASE STUDY 7:
SHARE FOR DEVELOPMENT: TAKING THE UNWANTED ROAD

A group of Syrian youths are working on 'Share Time Banking', a programme that allows them to exchange their experience and knowledge in return for 'hours'. Each participant can open an account and increase the balance in this 'bank' of hours through dedicating part of his or her time to teaching others.

The project has faced difficulties, including licensing, funding and legal obstacles. Share for Development founder and CEO Qussai Maklak said the team has not been able to find a licensing law that suits their idea and objective, which prompted them to enter into partnerships, a step that would never have been an option had licenses been available.





10. DYSFUNCTIONAL ENTREPRENEURSHIP EDUCATION

THE SCOPE OF THE PROBLEM:

WEAK ENTREPRENEURIAL EDUCATION INEVITABLY LEADS TO INADEQUATE KNOWLEDGE AND AWARENESS OF THE IMPORTANCE OF BUSINESS.

Before the conflict in Syria, entrepreneurial education suffered from lack of full attention from either the private or public sector. Following the 2011 unrest, things have only gotten worse.

Little support from proper entrepreneurial organizations has left the startup industry in a stalemate and lacking the skills needed for startups (see 'Mapping the Status Quo' chapter). There has been no academic involvement, either from higher education institutions or from public or private universities.

With only one pre-accelerator located outside Syria, an old public incubator, newborn private incubators and very few educational events are run by the community inside the country. The Internet has become the best source of information and mentorship for the majority of startups observed in spite of the low-speed Internet available and the electricity problem.

The transfer of knowledge on the industry among the new graduates remains slow-paced. Knowledge represents an essential element in the three-pronged prerequisites for any entrepreneur (the other prerequisites being opportunities and skills) willing to start a new venture.

Establishing a solid basis of well-grasped knowledge about the business is vital to kick-starting what is considered a relatively niche market in Syria. This, however, is hindered by the fact that entrepreneurship culture is not fostered or promoted to attract those who ponder their options for a new business.

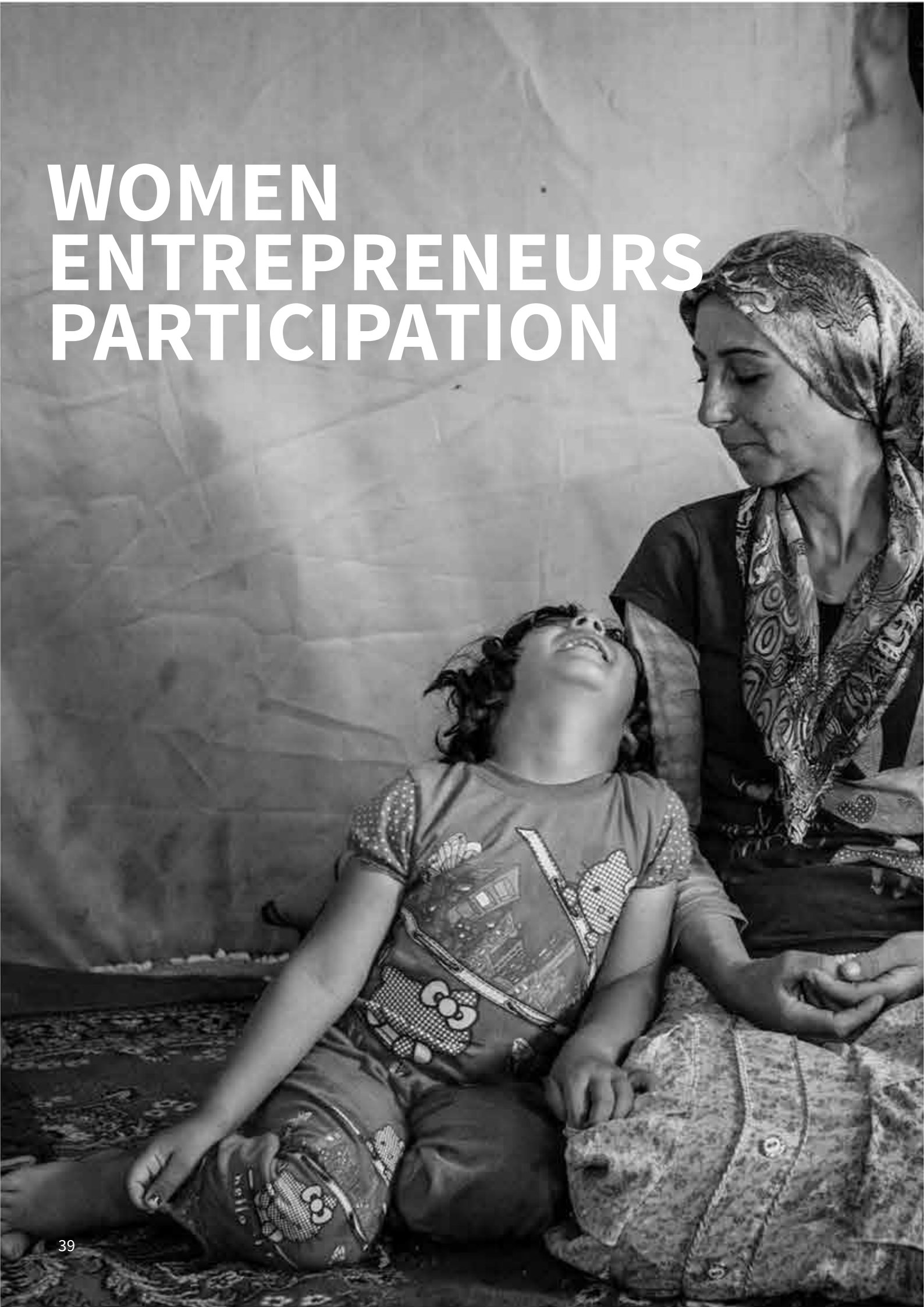
Direct observation indicates that the concept of entrepreneurship, for example, is not presented in the mainstream local media the way it deserves to be. In addition, the society does not necessarily see entrepreneurship as a real career choice.

Sami Ismail, co-founder and CEO of the Entrepreneur Knowledge (EK) conference, which focuses on emerging entrepreneurs, thinks that there is an immense shortage of talents in Syria in nearly every sector. This pushes companies and startups to lower their standards, which leads to lower competitive ability of Syrian companies and startups in MENA.

In universities and colleges, students are not exposed to global standards and trends, whether at business schools or technology faculties. This lack of exposure means that graduates cannot transfer what they have learned at university into a fruitful idea or marketable product.



WOMEN ENTREPRENEURS PARTICIPATION



It is hard to determine the number of Syrian female entrepreneurs in the country. However, by taking the average of female participation in startup activity targeting Syrian entrepreneurs, it is clear that male entrepreneurs dominate with 77.6 percent of average participation, while female entrepreneurs make up 22.4 percent. In the rest of the world, women entrepreneurs account for a third of all businesses.

A significant increase from 2009, when female entrepreneur participation was only 4.4 percent, as mentioned by the Syrian National Report for Entrepreneurship.[31] This increase was triggered by the growing role that Syrian women have been playing in the society as breadwinners and supporters of their families, while many of the men have been forced to either flee or join the armed conflict.

Societal attitudes still thwart some women from even considering starting a business, while other barriers lead to women being confined to small businesses with slim chances for growth. For instance, a number of women entrepreneurs have begun selling handmade accessories and clothes on Facebook.

Increasing educational opportunities, however, should contribute to the narrowing of the gender gap in the sector and help boost participation in the market. This needs to go hand in hand with providing a robust support system for women to enable them to develop their skills in all areas.

Massa Baali, founder and CEO of CLREK, believes that women's role during the conflict has expanded, as everyone feels they should create their own opportunities. Women entrepreneurs have strived to make a positive impact by building startups or small businesses that can help them provide for their families.

Women's economic participation is as critical as men's when the post-conflict economies look to rebuild. Post-conflict economy reports have highlighted women's roles in those economies, as they are often the only survivors left to support their families when male relatives are killed or injured in battle, and they are also frequently among the most trusted members in a community, given their lack of participation in violent acts during war.[32] Women who work and generate income use their resources to support children and to pay tuition fees.

Baali suggested that the culture of having women founders, CEOs and leaders should be nurtured to reach a large number of women playing to contribute to huge roles in the society. This can be done through encouraging more women to come forward and speak about their innovative ideas.

MAPPING THE STATUS QUO

The Startup Ecosystem Canvas – Syria! seeks to provide a clear list of resources for every stage of the startup journey. Also, the canvas can represent a shared understanding of what the Syrian entrepreneurial environment is and allows a good perspective on the local level to exploit existing chances and, at the same time, to identify missing links.

The Startup Ecosystem Canvas model was developed by the Founder Institute, a business incubator, and entrepreneur training center.

It outlines a framework for communities at every stage of their startup journey (idea, launch and growth).

Since 2013, there has been a sharp increase in the number of startup community activities to support Syrian entrepreneurs — the majority focused in Damascus, with a few initiatives launched online to reach a wider audience outside the country. Currently, there are more than 30 community events, and organizations are actively working to empower the entrepreneurs in the country.

NOTABLE INDUSTRY FACTS

1) Sixty-six percent of the working organizations focus on the idea stage and beginner knowledge sharing, 25 percent focus on the launch stage and only 9 percent support startups in the growth stage on the media side.

2) Eighty-six percent of organizations targeting Syrian startups are located inside the country, especially in Damascus, while only 14 percent are outside the country.

3) There are no financial institutions designed for the purpose of supporting local startups in the country.

4) The main support for startups and local entrepreneurs comes from community-oriented organizations, followed by the private sector and the public sector.

5) Regional entrepreneurial organizations play a minimal role in supporting and targeting startups in Syria in their programmes and activities.

6) The majority of those mapped organizations and communities were only established after 2013.

STARTUP ECOSYSTEM CANVAS

Version 1.0

1. IDEA

1. Inspire

Startup Media

Centralized local information, listings, and news.

-Startup-Go
-Startup Digest Damascus

Inspirational Events

Open, inclusive, beginner startup events

-EKC
-ICTI Bootcamp
-Startup Weekend Damascus
-TEDx YPU / Youth / AIU
-Women's Entrepreneurship day

2. Educate

Best Practices

Beginner knowledgesharing events.

-Bidayaty
-Entrepreneurial Summer School
-iGive
-Junior Chamber International (JCI) Syria
-Khbrat Syria
-Karam Leadership Program
-Nasij
-Sanad Development team
-Syrian Economic Forum
-The Syria Trust for Development
-We Learn
-Wikilogia
-Entrepreneurship & Research

Training & Feedback

Skill & Idea development.

-Afkar incubator
-ICT Open Demo Day
-Young Entrepreneurs of Syria - YES

3. Validate

Team Formation

Resources for teaming up.

Build First Product

Hackathons & resources to build.

2. LAUNCH

1. Start

Establish

Law firms & banks that specialize in helping startups

Workspace

Coworking and flexible workspaces (note: "official" office space goes in 3.1.a. Infrastructure)

-ICT Incubator

2. Develop

Formalize

Accounting, development and HR for earlystage startups.

-Osos
-Skills
-Venture International

Prepare for Seed

Incubators and advanced mentorship.

-Jusoor Entrepreneurship Bootcamp
-Win-Win day

3. Launch

Seed Accelerators

Seed funding mentor programs (Techstars-style programs that provide funding)

Pitch & Demo

Show local startups for investment

-Jusoor Entrepreneurship Competition & Demo day

3. GROWTH

1. Recognition

Investor Networking

Connect professional investors with founders.

Major Media

Mainstream local business press.

-Barakabits
-Iqtisadi Syria
-Wamda

2. Funding

Angels / MicroVCs

Seed-stages investors

Venture Capitalists

Series A and beyond

3. Growth

Infrastructure

Office space, HR, local business insurance.

Expansion

Growth accelerators/consultants.

RECOMMENDATIONS

This section is normative; it is based on the results of this report and other research projects. It concentrates on highlighting some features of the preferable normative vision of the Syrian startup ecosystem. Each of these recommendations represents either a medium-term option to overcome the challenges or a final solution. Also, suggestions listed below focus on understanding the conflict when planning and implementing the recommendations.

However, substantive research and dialogue efforts need to be developed to foster startup growth.

This proposed vision has been prepared with the participation of a large number of Syrian experts, as well as successful startup founders inside and outside the country. The report recommends solutions that can be emphasized to build a robust ecosystem and to solve the current challenges:



SYRIA-SPECIFIC RECOMMENDATIONS:

1) All entrepreneur support organizations and communities must adopt a socially inclusive development approach, especially toward marginalization groups, which must be transparently included in the business model and policies for better participation in economic development and significant contributions to preventing violence and supporting peace.

2) Policymakers should issue new laws in favor of support for building new startups and SMEs and reducing the number of procedures and the cost required to establish a business.

3) Programmes working with entrepreneurs should adopt a comprehensive approach, focusing on learning about business plan development, smart growth strategies, financial recordkeeping and identification of market opportunities. This will help them access their markets and capital opportunities. In addition, training programmes should be scalable and replicable to easily reach more entrepreneurs. More information-sharing among actors regarding best practices and lessons learned would benefit all parties engaged in startup development so they can better understand the current situation that faces startups.

4) A platform for awareness of the startup skills (tech and soft skills) that highlight success stories and case studies and encourage individual improvement should be created. Such a platform is essential to building a new generation of entrepreneurs and can contribute significantly to increasing the number of talents needed for hire by startups in the country.

5) Successful startup founders must be more socially responsible in helping youths acquire adequate training that enriches their knowledge and increases their chances of finding employment opportunities.

GENERAL COMMUNITY RECOMMENDATIONS:

1) Connecting with higher entrepreneurial education and university short-term programmes should become a key plank in international efforts to undertake building entrepreneurial skills and network — especially focusing on youth and women.

2) Business and financial matchmaking services efforts should be exerted to scale solutions that appear to be working. This could be done through covering a startup's cost of operation or matching fund investors' dollars.

3) Programmes and initiatives can connect Syrian startups to strategic partnerships that can help boost startups' chances to scale and expand.

4) The focus can be on online mentorship and pairing entrepreneurs with volunteer professionals ready to offer time and know-how — rather than cash — which can help both local startups and individual entrepreneurs and provide the best return on the time of the mentors.

5) Pitch competitions need to be organized to expose startups to venture capitalists and angels. Such an event acts as a quality filter for investors to find the best deals in town in only a few hours and a chance to approach a team directly at the event. Also, creating a public database can help build a link between both parties and help entrepreneurs find their investors and vice versa.

6) Successful startup founders must be more socially responsible in helping everyone without discrimination to acquire adequate training that enriches their knowledge and increases their chances of finding employment opportunities.

CONCLUSION

The principal message of this report is that in spite of the hardships experienced by the people in the country, entrepreneurship is still alive and entrepreneurs believe strongly in its potential.

Policymakers and startup communities should start to consider assisting entrepreneurs in their endeavors to create businesses that take into consideration the public benefit. With proper upfront support and policies that are fair and available to everyone, entrepreneurs can yield substantial social and economic dividends.

This study provides insights on entrepreneurship in Syria, the challenges it faces, the potential it has and the uncertain future that lies ahead. But there is an urgent need for more research into this, as well as for better policies to encourage contributions.

Syrian entrepreneurs have struggled immensely to build their businesses, and it is in everyone's best interests to support them to shape the best future for Syria.



APPENDICES



APPENDIX 1: ENTREPRENEURSHIP IN EXILE

Given that the act of picking up and moving to another country is an inherently brave and risky decision, it should be of no surprise that immigrants have repeatedly been found to be more entrepreneurial than locals.[33]

Economic activities of refugees are generally heavily restricted by legal constraints, including limitations on movement, no labour market access or only partial access, and denial of financial and nonfinancial services for entrepreneurs.

Dealing with the refugee crisis is a huge challenge, and it should involve people from both host and refugee communities working together to create greater opportunities. We need to break down walls between people and build an inclusive and collaborative community and exchange of time, experiences and expertise in order to achieve mutually beneficial results.

Refugees are more likely to start businesses than locals. They are hungry to succeed, which has more to do with playing to win and less to do with playing with percentages. It is a survival game.

Unfortunately, refugees are too often seen only as part of the problem and not the solution. Syrian refugee entrepreneurs have proven there are opportunities to contribute and empower the economy and culture with their mobility and diversity. They are trying to solve problems, such as access to the right information to avoid bureaucracies, learning and teaching the local language, finding a job, connecting refugees and more.

In Germany, a group of Syrian refugees developed an application that helps non-German speakers complete governmental transactions through the translation of application forms into selected languages before automatically filling in standard specifications such as name, date of birth and address. The application won the Berlin hackathon Spacehack in June 2016 and was presented to investors and politicians at the Startup Europe Summit 2016 in the German capital.

The business, however, has faced its own challenges pertaining to cultural context, understanding foreign customers' behavior, legal permissions and language demands.

APPENDIX 2: POST-CONFLICT ECOSYSTEM

Many studies indicate that entrepreneurship is essential for its key role in combatting the country's unemployment. Analysis of data from the World Bank shows that firms that grow at an average of 20 percent or more during a three-year period typically represent 5 to 10 percent of the businesses in a country, but create more than half of the nation's new jobs.[34]

More generally, over the past few years, there has been increased awareness that the risk associated with not engaging in empowering entrepreneurs and creating employment in the conflict zones tends to outweigh the risks of engaging in the first place.[35]

However, how we develop the economic structures and establish the private sector that espects the public good are necessary questions. The approach taken can invest in conflict-torn economies to promote peace, for instance, when it can address urgent needs and grievances or when it reduces tensions and the causes of conflict, but it can have adverse effects regarding conflict to by maintaining or reproducing tensions and violent riots.

For example, primarily supporting one 'side' of the conflict and leaving out the 'other' or offering access to jobs to some and not to others can be a reinforcing factor in frustration and marginalization and can produce inequality of income among individuals of different ethnic groups, which is considered a strong basis for internal conflicts.

When it finally shows signs of abating, conflict in Syria will have left irrevocable destruction. The human cost of wars is always the most tragic. The numbers have blown up any reasonable boundaries. The magnitude of devastation has defied all proportions. It thrusts the question of post-war reconstruction to the forefront of the concerns.

The long-term consequences of war will have impacted all aspects of life. Reconstruction will take time to plan and execute, and technology and innovation will have a key role to play. The public sector has been weakened by years of destruction and cannot be expected to deliver instant results.

Since large-scale rebuilding will be seen as a chance for post-conflict social and economic growth, it will be an opportunity for all businesses to contribute, each in their own way, to help improve the lives of those who survive or return to their country.

Employment promotion programmes in conflict-affected areas must understand the political context of the districts, prioritize inclusiveness over effectiveness, actively promote transparency and accountability, and systematically ensure that all relevant stakeholders have been consulted.

Careful identification of the steps required is necessary to minimize unintended detrimental consequences and maximize the positive impact and no-harm approaches of employment promotion in conflict zones, such as livelihood approaches,

grassroots community development and focusing support on vulnerable groups.

Amid all of this, entrepreneurship, if efficiently deployed, can be a dynamic for growth and long-term renovation. It has the potential to boost economic recovery while improving access to basic services.

Syrian entrepreneurs should be encouraged to provide services that not only generate income and make job opportunities available, but also directly serve their communities and benefit those in need. It is the humanity of the business that will bring it closer to the most-affected population. This will build local expertise and pave the way for future contributions to national development.

The post-war era will highlight entrepreneurship's role as a catalyst for development, which has manifested over decades and centuries, beginning with the Industrial Revolution of 1760, when the spirit of innovation led a remarkable manufacturing transition in Europe. If there is anything to learn from similar experiences, it is the need for societies to embrace, encourage and trust entrepreneurship.

There will be huge economic gains in allowing entrepreneurs to express themselves and show what they are capable of. However, one other aspect will be just as vital. Entrepreneurship will have helped sustain peace after years of violence, war and bloodshed in a country that looks to learn from its past and lead its way to recovery.

APPENDIX 3: FURTHER READING

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