



the Lutfia Rabbani Foundation

# Entrepreneurship: A Euro-Arab Solution?

workshop  
report

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The Hague  
The Netherlands

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Please watch our video about the public session on YouTube



## Lutfia Rabbani Foundation

The Lutfia Rabbani Foundation was established in the Netherlands in 1979 by Mahmoud Salim Rabbani (1934-2002), a prominent businessman, diplomat and a leading spokesperson for the Palestinian and Arab points of view in the Netherlands. Mahmoud Rabbani felt at home in both parts of the world and was driven to establish the Foundation due to his own background as a Palestinian refugee who was offered a scholarship and studied in The Netherlands. The Foundation is named after his mother in honor of the important role that Arab women play in society.

The Foundation is a private, not for profit organization overseen by an independent board of trustees, and has no political or religious affiliations. The Foundation seeks to promote Euro-Arab understanding through education, dialogue and cultural exchange.



# Participants

**Ahmed Alfi**

Founder, Sawari Ventures, Flat6Labs & Nafham Education

**Amin Amin**

President and CEO, ASK for Human Capacity Building

**Rabea Ataya**

Founder, Bayt.com, the Middle East's leading job site

**Jord Cuiper**

Founder, Fanly, loyalty platform for franchise retail entrepreneurs

**Josette Dijkhuizen**

Sustainable Entrepreneur, business mentor, scientist and author

**Yannick Du Pont**

Director, SPARK, Organization for Youth Entrepreneurship

**Anne Habiby**

Co-founder, AllWorld Network, entrepreneurship and information network

**Ned Jaroudi**

Innovation Advisor & Mentor of Technology, Innovation and Entrepreneurship

**Omar Kamal**

Islamic Finance and Investment Specialist

**Bas Pulles**

Director International, Netherlands Enterprise Agency, Ministry of Economic Affairs

**Mouin Rabbani**

Regional expert, Independent Middle East analyst

**Salim Rabbani**

Managing Director, RTC Rabbani Trading and Consulting BV

**Ragheb el Rami**

Managing Director, Abraaj Group, emerging market investors

**Manfred Schepers**

EBRD, Special Advisor to the President & former CFO

**Yasmeen Smadi**

Entrepreneur, Co-founder, Book in Transit & Safarvia

**Erik Stam**

Chair of Strategy, Organization and Entrepreneurship, Utrecht University School of Economics

**Birgitta Tazelaar**

Director Middle East North Africa, Dutch Ministry of Foreign Affairs

**Bernard Wientjes**

Entrepreneurship Professor & former President of VNO-NCW (employers' association)

**Fawaz Zu'bi**

Founder, Accelerator Technology Holdings & Former Minister of ICT

**Frank Zwetsloot**

Founder, ScienceWorks, developer of science based businesses

On 3-4 December 2015, the Lutfia Rabbani Foundation (LRF) organised a workshop on the subject of Entrepreneurship: A Euro-Arab Solution? Its purpose was to bring together a select group of experts and practitioners from the public, private and educational sectors from the Arab World and Europe to discuss and formulate a framework in which entrepreneurship can be mobilised to strengthen cooperation between these regions. Convened in The Hague, The Netherlands, it consisted of two closed sessions and a final public session in which the workshop conclusions and recommendations were presented to a broader public.

In terms of the background and context on the basis of which this workshop was convened, it was recognised that deteriorating socio-economic conditions in much of the Arab World were a core factor producing the upheaval the region is currently experiencing. Various indicators, such as youth unemployment and public services, have in fact deteriorated further, in some cases dramatically, as the process of

change persists and shows no sign of abating. In view of the long-term inter-dependency between these neighbouring regions, developments in the Arab World have had a greater impact on Europe than on other regions, and are doing so at a time when Europe is confronted with increasingly difficult internal challenges of its own.

It was additionally recognised that, with respect to economic development and job creation, governments and large corporations will not be able to create the more than 100 million new jobs the MENA region requires during the coming decade. As concluded during the Euro-Arab Dialogue conference organized by the Lutfia Rabbani Foundation in 2014, encouraging entrepreneurship can form an effective contribution to meeting this challenge. But for it to do so will require greater cooperation and coordination between the private, public, and education sectors, both at the regional level as well as between Europe and the Arab World.

## Diagnosis and Analysis of the Challenges


The first, closed session of the workshop sought to identify the main contributions entrepreneurship can make in addressing the above issues, as well as the key challenges confronting its further growth. Participants emphasised that entrepreneurship should be perceived as a social as well as economic initiative, because the benefits of its success exceed employment and job creation and help those involved and benefiting from it to find stability and purpose in their lives. Similarly, entrepreneurship can provide important opportunities for socio-economic progress for marginalised sectors of society, such as refugees and women.

The difficulty of gaining employment in the Arab World was emphasised. At least 25 per cent of Arab youth is unemployed. Job centre vacancies which elsewhere might garner 10-50 applications, in this region typically elicit up to 500 responses or even more. Finding a job is thus often “like winning the lottery”.

It was nevertheless pointed out that employment generation should not

be a direct motivation and objective for investment in entrepreneurship, because successful companies by definition create jobs. The focus should therefore be on creating a better environment and expanded opportunities for successful entrepreneurship.

The challenges and obstacles to mobilising the potential of entrepreneurship are unfortunately numerous, and include structural factors as well as a variety of direct and indirect obstacles that confront those developing new initiatives. These are particularly discouraging to young entrepreneurs with insufficient experience navigating the system. By way of example, Palestine and The Netherlands share the same level of entrepreneurship activity (about ten per cent). What distinguishes them from each other and accounts for the fundamentally different outcomes goes well beyond the political situation and relates to training, support, talent discovery, the rule of law, the nature of the banking system, and preparing students for business.



Key obstacles to effective entrepreneurship identified by workshop participants include:

Governments and bureaucracies that hinder rather than encourage the formation of new business entities;

Border regimes that restrict intra-regional trade and marketing; A general business climate and lending practices (particularly extremely high interest rates for new business) that discourage entrepreneurship;

Regulatory regimes that appear designed to hamper business innovation;

Corruption and monopolies, which are often associated phenomena; Educational systems that place insufficient emphasis on the development of the skills, competencies, and critical thinking required to succeed in an increasingly competitive environment.

Workshop participants emphasised not only the need for an environment of political stability, but also greater responsiveness by government, the business sector and the educational system for entrepreneurship to be able to fulfil its potential. Greater adherence to the rule of law was in

this respect identified as perhaps the most important factor, which would have the additional benefit of ensuring greater transparency, limiting red tape and reducing corruption. In the private sector there is a lack of equity funds and other mechanisms that would encourage the formation of new businesses and make entrepreneurship more accessible. Crucially, the educational system needs to develop and contribute as well, and do so in ways that help students transform academic into operational knowledge. Workshop participants emphasised that the Arab World is not a monolithic entity in these respects; although many regional variations exist, many of the underlying structural challenges are nevertheless widespread.

### Elements of a Framework

The second, closed session of the workshop sought to identify specific, concrete and practical measures that can assist in expanding the opportunities for entrepreneurship and increase its contributions to socio-economic development. In this respect a distinction was made between “urgent problems” that can be addressed by direct, relatively modest and feasible interventions, and “important problems” that are of a more structural nature, require longer-term solutions, and are less within the power of those committed to encouraging entrepreneurship to independently address. An example of the former is providing greater opportunities to refugees to deploy their skills. Promoting the rule of law would be an example of the latter.

Among the general observations and recommendations discussed by the group, it was felt that the aid industry should focus more on preventing emergencies rather than addressing emergencies. Wealthy families with

an interest in philanthropy, the Islamic banking sector and educational systems were by contrast seen as having greater potential as sponsors of entrepreneurship. Similarly, it was argued that Europe needs to become more intensively involved in promoting entrepreneurship in and with the Arab World, in particular by encouraging a more healthy environment for such initiatives and mechanisms to support start-ups.

More broadly, the importance of addressing the rule of law deficit and developing a new social contract were discussed, on the basis of which governments and the public sector can promote a milieu and institutions that encourage and support rather than obstruct entrepreneurship. Currently, the challenges confronting such initiatives were likened to “the ability to function in an environment of dysfunctionality”.



In the realm of feasible, short-term interventions the following ideas were suggested:

Persuading a prominent, wealthy Arab family to sponsor entrepreneurial start-up initiatives. Success will have a role model function and motivate other families to follow suit;

Hosting a summer camp for entrepreneurial starters from both the Arab World and The Netherlands;

A start-up visa program that can be used by Arab entrepreneurs to launch their business in The Netherlands and learn from Dutch experiences and expertise;

Development of online accredited degrees relevant to business and entrepreneurship, which could also be a cooperative venture involving multiple universities;

Capacity building programs for Syrian refugees in neighbouring states such as Jordan and also Europe that help refugee entrepreneurs acquire ICT, business and leadership skills and competencies;

The promotion of relevant skills and critical faculties relevant to twenty-first century challenges within the basic education curricula in the Arab World, particularly as the model of a stable job for life is no longer the model;

Entrepreneurial boot camps.

The role of incubators, mentoring, role models and expanded access for women was repeatedly emphasized by participants as crucial to the success of such initiatives. It was generally agreed that there are “low-hanging fruits” available, particularly where opportunities exist to link established investors with emerging talents.

## Development of A Framework

The group discussion during the final, closed session concluded that an effective framework to promote entrepreneurship in the Arab World, and ensure greater European support for such initiatives, should include the following core elements:

Reforms to governmental regulatory frameworks to make these more conducive to entrepreneurial activity. Such reforms should in particular seek to reduce bureaucratic obstacles and reduce the costs of entry and operation, and enhance transparency;

Greater investments in human capital, particularly through the education system, in order to better equip today's youth to meet the socio-economic challenges of tomorrow and particularly to better equip emerging entrepreneurs. Such investments should, in addition to proposals mentioned above, encompass a range of initiatives from providing training to bankers to enable them to better recognise and thus support entrepreneurship, to assisting family funds to identify entrepreneurial initiatives that are capable of producing a positive social impact, to dedicated scholarship funds;

Substantially increased availability of finance for entrepreneurial activity, whether through existing, established channels or new mechanisms such as dedicated funds of sufficient size that can for

example be established on the basis of Euro-Arab partnerships. There was general agreement that potential financiers need to be educated about the potential and value of entrepreneurial initiatives, particularly those capable of producing high social impact;

Although discussion of culture is often considered controversial, greater promotion of a culture of entrepreneurship can and should be pursued in a manner that is entirely consistent with established norms and values;

Greater access to markets, whether regionally within the Arab World or Europe, is essential to the success of entrepreneurial initiatives.

Enhanced support to entrepreneurs and particular new entrants is critical to their prospects for success, and can take many forms including peer-to-peer networks, exchanges of expertise and experience, co-incubation, and concrete initiatives recommended above.

For both the framework as a whole as well as its individual elements it was furthermore agreed that effectiveness should be measured against the following criteria:

Return of Effort;  
Scalability;  
Impact.

## Public Session and Conclusion

The above analysis and recommendations were presented to an invited public by Lutfia Rabbani Foundation Chairman Salim Rabbani as well as several workshop participants. The public session additionally provided an opportunity for audience participation, which sought further clarification on the situation in specific countries and the role of various institutions and initiatives. The public session primarily confirmed the importance of the subject addressed in the workshop and timeliness of the initiative, whereas audience comments did not challenge or call for a reconsideration of the main conclusions and recommendations of the closed workshop.

Workshop participants unanimously endorsed the value of the workshop and the role of the Lutfia Rabbani Foundation in leading this initiative, and expressed a strong interest in ensuring it would be sustained in a manner that the workshop would form the beginning of a more sustained effort to address the question of entrepreneurship and the role it can play in meeting current challenges in the Arab World and the

Euro-Arab relationship. In the words of one participant:

“Given that there is going to be an enormous influx of youth into the labour force of emerging markets like the MENA region, that developments in technology will continue to disrupt traditional employment and market patterns, and that the upheaval in the Arab World will endure for a protracted period, the timing of our discussion was absolutely perfect.”

In the concluding words of a second participant:

“The problems we are discussing are urgent, and actions to resolve them need to be urgently taken”.

To follow-up this workshop and to implement ingredients of the developed framework, a taskforce was established consisting of participants of the workshop. The aim of this taskforce is to present concrete results by the end of 2016.

## Support us

Since our creation, we have supported and promoted Euro-Arab dialogue and understanding through scholarships, a dynamic dialogue platform and collaborations. We have assisted hundreds of students from all over the Arab World and the Netherlands. We are only able to achieve this with the support of our partners, supporters and friends.

The core capital of the Lutfia Rabbani Foundation is maintained through an endowment as well as grants from institutions and corporations for specific projects and individual donations.

The Foundation is constantly seeking to increase the possibility for post-graduate students to have access to the most diverse and quality education. Help us in building a more peaceful and tolerant future. Make a difference and support our young generation to study in each other's countries.

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