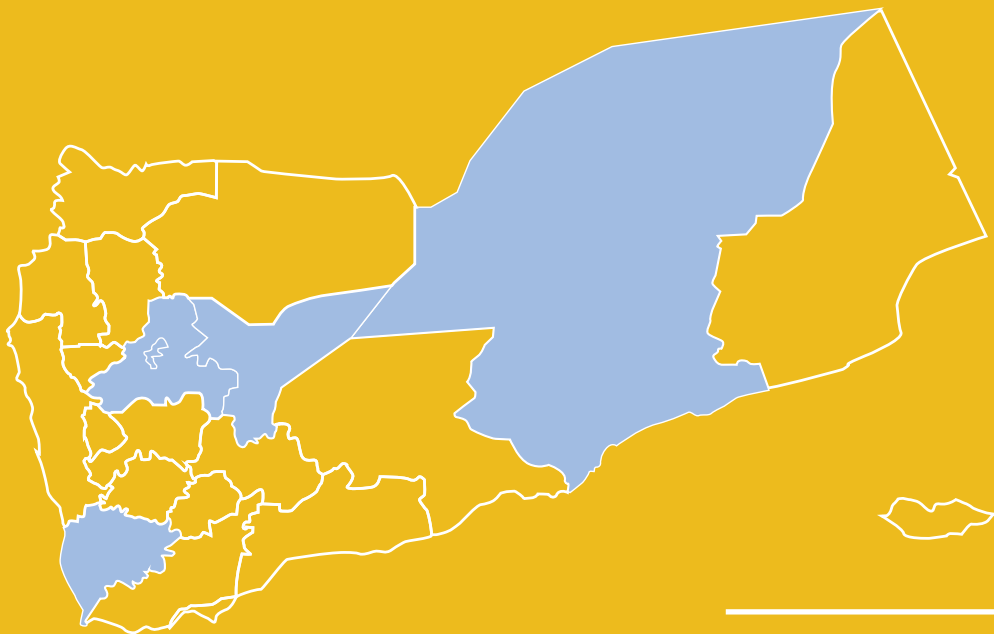


Local Entrepreneurship Ecosystems in Yemen: Support Organizations and Programs Maps



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About ROWAD

ROWAD was Founded in 2013 in Sana'a, Yemen, by Yemeni entrepreneurs who dedicated their efforts to engage Yemeni entrepreneurs and local actors in a constructive way to support the emergence of a vibrant Entrepreneurship Ecosystem in Yemen. Since then, ROWAD prospered as one of the most active and effective organizations working in entrepreneurship and private sector development in Yemen. While ROWAD was started in Sanaa, it operates out of four hubs on the ground in Mukalla, Marib, Taiz, and Sanaa, and its activities cover the whole country. ROWAD believes in Yemeni youth ability to develop innovative solution to address local, regional, and global challenges, and it is focused on developing the channels for them to do so.

ROWAD City-Hubs

About ROWAD City-Hubs

ROWAD City-Hubs, currently in Mukalla, Marib, Taiz, and Sanaa, work at the local level to support the development of Startup Communities at the city and governorate level. ROWAD City-Hubs engage the various stakeholders in the community to support the entrepreneurship ecosystem, and they offer entrepreneurship, employment, and coding training, educational seminars and events.

Background

Yemen is going through one of the toughest periods in its recent history. The ongoing conflict has caused a devastating humanitarian crisis dubbed the largest in the world by the UN, with over 71% of population in need of humanitarian assistance. Yemeni youth are facing some of the hardest conditions any youth around the world could face. These conditions include a failing economy, deteriorating education system, failing healthcare system, no financial inclusion, nor equal footing for equal gender participation, extreme lack of job opportunities, all aggravated by the conflict that has been raging for over 6 years.

Yet in the midst of this troubling times about 270 thousand students graduate from high school on annual basis as per official numbers 2020, with hundreds of thousands already studying in universities and colleges that are still managing to operate across the country. The microfinance sector operates in almost all Yemeni governorates and offer loans to help micro enterprises operate despite the struggles of the economy. A Private sector and local corporates have been trying their best to continue operating

despite conflict. Local authorities are also at least conscious of the importance of engaging youth in building the local economies through entrepreneurship and small businesses. And across the country there are many local NGOs and youth initiatives working on building youth capacity and providing them with the skills needed to sustain their livelihoods, create businesses, and overcome challenges.

In 2020, ROWAD organized three workshops where the main stakeholders of the local entrepreneurship ecosystem in three regions in Yemen gathered, probably for the first time, to discuss the ecosystem itself and how they could improve the interactions between them and support each other for the benefit of entrepreneurs in their regions. These stakeholders included universities, banks, governmental authorities, entrepreneurs, NGOs, and private sector. Participants engaged actively and showed great interest in further working together to support their cities.

While the local entrepreneurship and innovation ecosystems in Yemen are still in their starting phase and facing major challenges, we can observe that many of the existing stakeholders are actually operating even within this tough environment.

This effort is a mapping of the different stakeholders and programs in four governorates that support local entrepreneurs and entrepreneurship.

The mapping is a small step towards better understanding of the local entrepreneurship ecosystems, highlighting what is and what isn't there. Bringing some more visibility, and emphasizing that much more can be done not just by introducing what is missing, but by enhancing the quality of interactions and the relationships amongst the existing programs and organizations.

We at ROWAD are adopting a new ecosystems approach, and taking steps towards system understanding and systems solutions and impact, showcasing efforts to support entrepreneurs, allowing ecosystems builders to identify what is missing in the ecosystem and inviting the various stakeholders to work collaboratively to fill the gaps.

We believe that for our efforts to be meaningful we should focus at the local, governorate and city levels where the entrepreneurial activity takes place. As such we hope these maps and future ones to have practical value with main focus on the local entrepreneurs, NGOs supporting them and all other stakeholders of the local entrepreneurship ecosystems.

Methodology

ROWAD set to map the programs and organizations supporting entrepreneurs in four governorates: Sanaa, Hadhramaut, Taiz and Marib. These maps are intended to have practical value for Yemeni entrepreneurs to understand and access resources available to them and organizations that could support their startups.

To capture the map of the local entrepreneurship ecosystems in the different governorates in Yemen, we followed the steps below:

- Defined areas of support to the entrepreneurship ecosystem to help with categorizing and identifying existing organizations and programs, and building on the various entrepreneurship ecosystem mapping tools . The areas defined

- Built an ecosystem mapping tool and worked through ROWAD Hubs network in the different governorates to capture the main stakeholders and programming within their cities and governorates.

- Held two Ecosystem Mapping Workshops with key informants from each governorate to discuss information captured, entities/ programs missing, and solicit feedback and insights on the whole exercise and how it could be of value to the local ecosystems.

- All data was then compiled into the visualized maps of the Local Entrepreneurship Support Ecosystems in the various governorates.

Local Entrepreneurship Support Ecosystem: Organization/Programs Categories



Education



Startup Support

Incubators and
Co-work Spaces
Accelerators
Coaching and Mentorship



Culture

Events
Competitions
Media



Funding

Microfinance
Grants
Angel Investors and
Venture Capital



Policy and Governance

¹ The mapping exercise is actors focused, and we benefited from insights from established frameworks and tools such as MIT Innovation Initiative Framework for Innovation Ecosystems, MIT D-Lab Framework for Joint Analysis, and ASPEN Network guide for mapping Entrepreneurial Ecosystems

Call for Action:

While there are many organizations that have had conducted projects and programs to support local entrepreneurs and businesses, to make the maps relevant and useful it was agreed in the conducted workshops to include only those organizations with a clear mission on supporting entrepreneurs, and programs that are still ongoing or are likely to keep offering their services in the coming years. Many projects not included in the maps are still critical, however given their temporary nature they would affect the typology of the map quite drastically without adding value to entrepreneurs seeking support going forward since they had been concluded already.

As we intend to continue on improving our mapping exercise and also develop maps for all Yemeni governorates, we have created online forms asking community and other organizations to provide feedback, information on missed organizations and projects and thoughts on how to improve our work in the future.

We believe that this effort is just an initial step for living maps and to further build these maps we invite everyone interested to help by filling the form below:

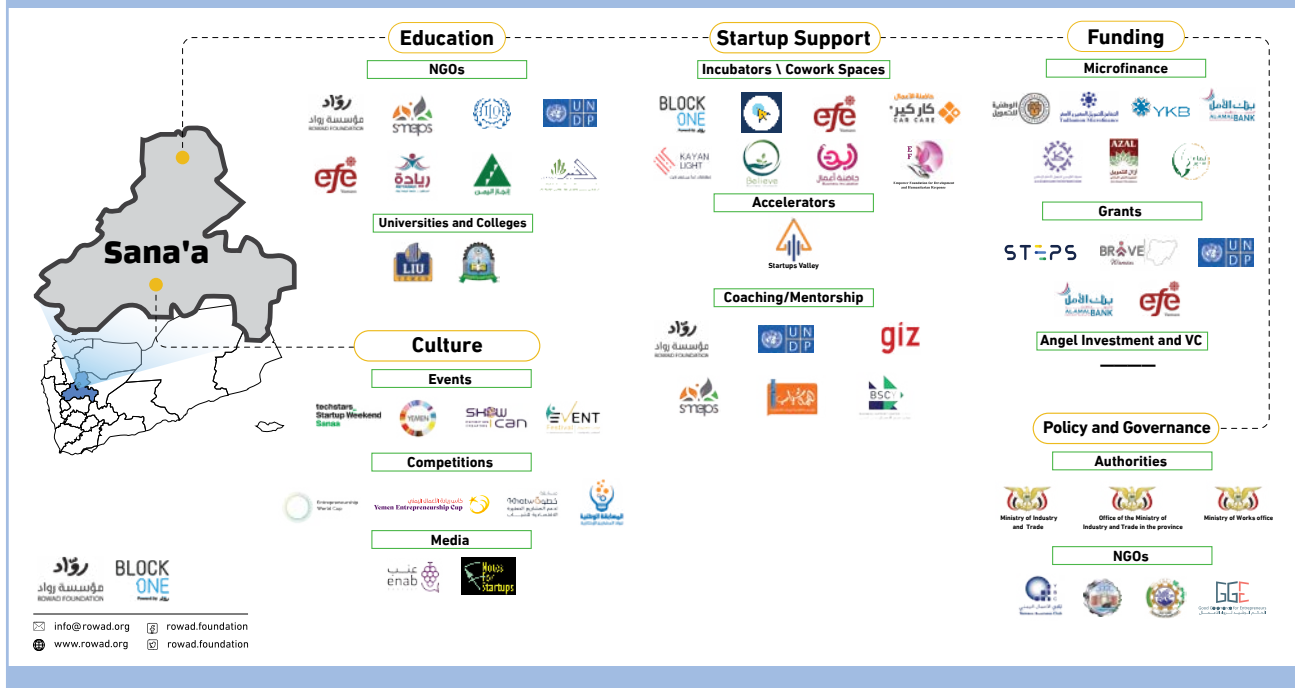
If you believe there is a mistake in the maps or you have suggestions or criticism to help improve next version, if you want to add an organization/program, or if you want to collaborate on developing a map for another city/governorate fill this form:



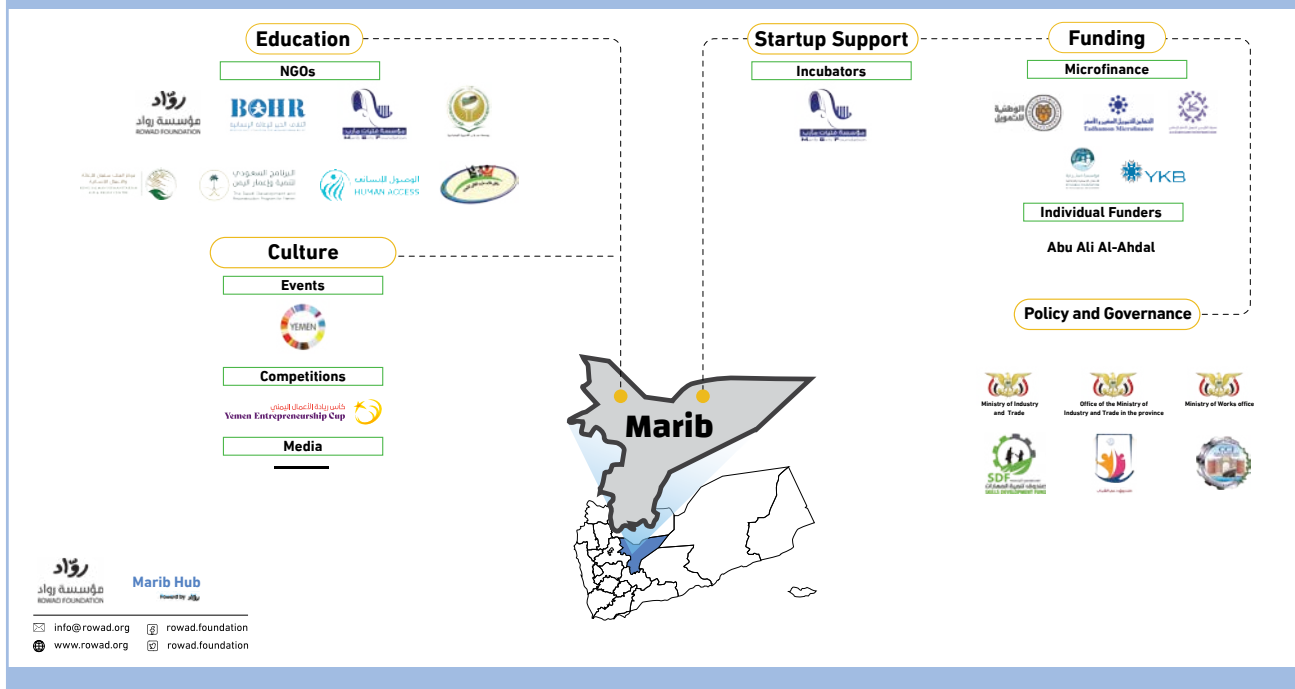
Mapping Exercise Findings

The following is the Entrepreneurship Support Ecosystem maps in the four target governorates: Sanaa, Hadhramout, Taiz, and Marib:

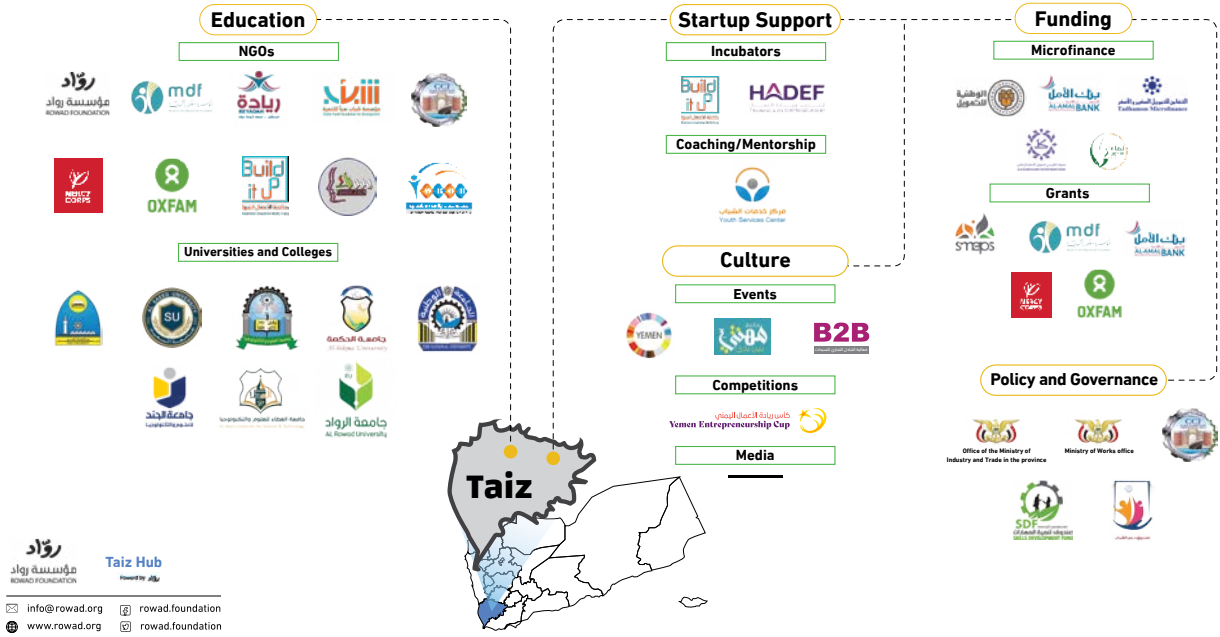
Entrepreneurship Support Ecosystem Map of Yemen: Sana'a



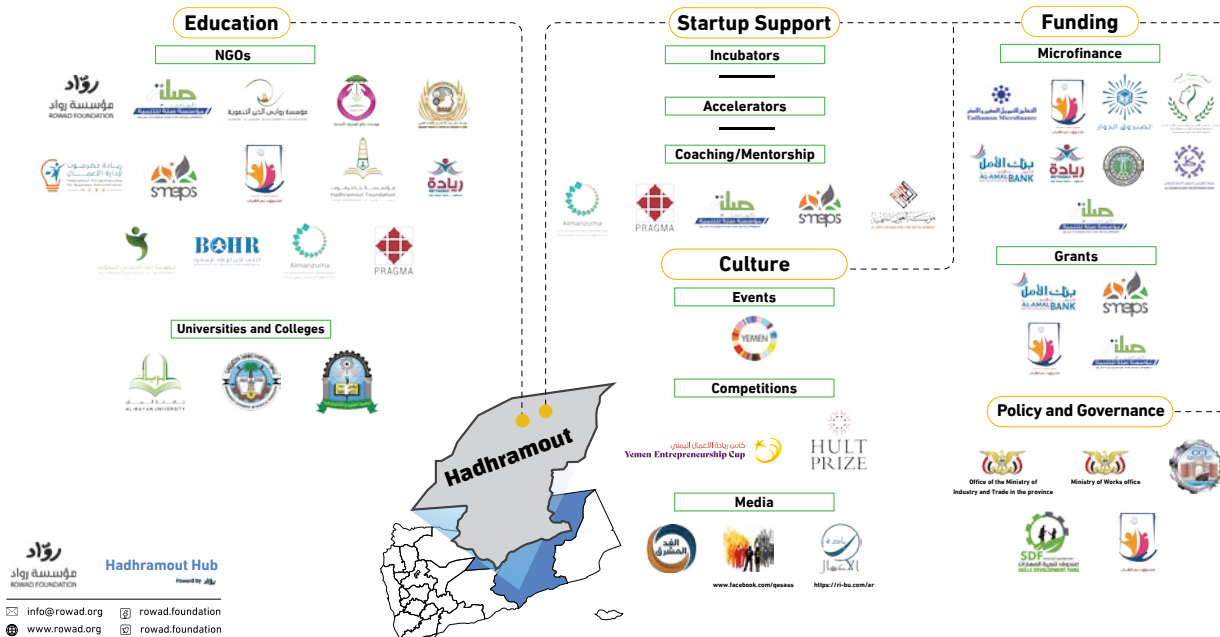
Entrepreneurship Support Ecosystem Map of Yemen: Marib



Entrepreneurship Support Ecosystem Map of Yemen: Taiz



Entrepreneurship Support Ecosystem Map of Yemen: Hadhramout



Key Observations from the Mapping Exercise

The following is a list of key observations of some of the characteristics and issues of the local entrepreneurship support ecosystems in the four Yemeni governorates mapped. As we develop maps for more cities and governorates in Yemen and elsewhere, we hope to be able to identify trends of how and what allows certain enabling aspects of an ecosystem to appear and flourish.

The local innovation and entrepreneurship ecosystems in Yemen could all be categorized as 'nascent ecosystems' that are starting to form and where some actors already exist and active but other key actors and resources are missing or weak.

One key characteristic of entrepreneurship support ecosystem maps is the overall focus on micro and small enterprises (MSMEs) and the very limited support towards Innovation-Driven Enterprises (IDEs). This lack of focus on IDEs is not just a characteristic of the programs done by international NGOs but also a characteristics of almost all stakeholders programs and offerings, including the type of existing risk capital available for entrepreneurs, the type of entrepreneurship education offered by universities, NGOs, and iNGOs, the type of laws, policies and procedures by the governmental entities. This could be observed across all maps of the four governorates, with a limited number of local NGOs and initiatives (e.g. ROWAD, Techstars Startup Weekend), taking on the task of supporting innovation through initiatives and

sponsored events.

However, it was great to see the spread of events promoting Entrepreneurship in general. The Global Entrepreneurship Week (GEW) is being celebrated in the mapped governorates, with many events and activities taking place and engagement of many of the ecosystem stakeholders. We also observed private schools running events for younger children introducing concepts of entrepreneurship and small business management.

While it is critical for all stakeholders in the local entrepreneurship ecosystems to come together and figure out ways to support each other and help accelerate the development of ecosystem, we didn't come any programs attempting at doing this. Programs mapped focused on one aspect of the ecosystem (education, grants, governance, ..etc) with no much focus on the facilitation of improved collective action amongst the various stakeholders. While, the GEW celebration allowed for opportunities to bring the ecosystem actors together, it was done in ad-hoc manner. ROWAD foundation also held a series of workshops end of 2020 to bring the various stakeholders together in three of the governorates (Sanaa, Hadhramaut, and Taiz) which were well received and highlighted interest towards collaboration and need for new ways to facilitate the interactions towards building deeper understanding of each other and higher awareness of the ecosystem as a whole.

² Understanding Innovation Ecosystems - A Framework for Joint Analysis and Action", MIT D-Lab, 2019

³ A Tale of Two Entrepreneurs: Understanding Differences in the Types of Entrepreneurship in the Economy", Kauffman Foundation, 2013

⁴ ROWAD, the GEW Host in Yemen, reported 9,000 participants, 85 events and 45 partners for GEW 2020.

The following is a list of key observations based on the various stakeholders in the local entrepreneurship ecosystems:

Universities:

- While Sanaa has the largest number of universities in Yemen (27 out of 43) , only limited number of universities where offering entrepreneurship courses to their students compared to other universities in the other governorates like Taiz and Hadhramaut.
- Universities in Hadhramaut where the only ones to link their students with a global opportunity by hosting the international business competition, Hultz Prize. The competition have been hosted by Hadhramout University over the last few years.
- We observed a gap in student-led activities and students clubs focusing on entrepreneurship, highlighting a missed opportunity to engage students and providing them with experiences around entrepreneurship and starting new businesses.
- In 2014, SMEPS initiated a program, called Mubadara, to introduce entrepreneurship education in universities, however the project stopped in 2015, and it is not clear if such effort will be renewed anytime soon.

Governmental Authorities:

- Authorities in Sanaa launched the "High Authority for Science Technology and Innovation" (HASTI) in 2020, which is running the annual Innovation Pioneers competition for entrepreneurs with innovative ideas.
- Moreover, Entrepreneurs in Sanaa can get a temporary commercial record with an expediated process to be able to launch their businesses, open a bank account, and not have

to pay taxes while under this category. While the service makes it easy to register, it doesn't give startups the full potential of a fully-registered business.

- However, discussions with entrepreneurs highlighted that governmental authorities don't seem to distinguish between the needs of micro and small enterprises (SMEs) from those of an innovation-driven enterprises (IDEs). IDE founders had to exert lots of energy to educate authorities on the nature and needs of their businesses, e.g. how traditional approaches to calculate tax or size of business may not fit their startups and could actually harm their ability to operate and grow.

Risk Capital:

- One main gap observed that there wasn't any early stage equity funding channels to be found, with no angel investors or venture capital firms found in any of the governorates. Traditional Yemeni businessmen seem unwilling or unable to play this role in Yemen, and no major successful entrepreneur has made a large exit to allow them to reinvest capital in the local ecosystems.
- There was no funding available to support innovation driven enterprises, and catering for the different stages of moving an innovative idea form ideation, prototyping, to later rounds of investments.
- Only debt capital was available to local entrepreneurs mainly through microfinance institutions focusing on micro-businesses.

Key Observations from the Mapping Exercise

Corporates:

- We observed a limited role by large corporate and private sector in terms of supporting local entrepreneurs and startups.
- The support provided from some actors of the private sector, didn't go beyond ad-hoc financing of events, as we didn't observe any sustained effort to support entrepreneurship and innovation as a part of long-term core business strategy.
- Furthermore, missing was the role of large and established corporates in supporting new startups beyond gestures of sponsoring events but through direct investments, procurement, partnerships, and incubation. Startups around the world are proving to be a source of innovation for established corporates allowing them to improve their services and product offering and creating mutual benefits for them and the ecosystems within which they are operating.

NGOs:

- In all governorates mapped, local NGOs were playing a critical role in offering entrepreneurship education programs, however with rather a heavy focus on MSMEs.
- Most programs offered by NGOs are usually part of larger programs designed by

international organizations to support livelihood and humanitarian efforts through encouraging microbusiness creation and continuity.

- Fewer programs offered grants, but also with focus on MSMEs, with almost no grants going to Innovation Driven Enterprises, except for a very limited number of organized innovation competitions such as ROWAD's Yemen Entrepreneurship Cup.

iNGOS

- Major support programs are focused on micro-enterprises and SMEs, with much focus on necessity entrepreneurship rather than opportunity and innovation entrepreneurship.
- Some major programs focused on maintaining exiting SMEs to operate during conflict, like USAID's Project implemented by Pragma Corporation offering consulting services to SMEs, and SMEPS Brave project offering capacity building and grants to allow SMEs to continue and grow their productivity.
- No support for IDE entrepreneurship was found. Prior to 2015, iNGOs were actively supporting IDEs and startup scene in Yemen through projects like Youth and Innovation Competition (Afkar) (UNDP), and Startup Weekends Events (USAID).

⁶ Why are big businesses are looking to start-ups for innovation?", KPMG, 2015

Conclusion:

Although Yemen has been going through conflict for over 6 years, we were able to observe many entrepreneurship and innovation ecosystem actors still active and working hard to support local entrepreneurs despite the challenges. These actors are taking on a major mission despite lack of support. And while it is important to introduce some of the missing aspect of the ecosystems, we think good results in each of the local ecosystems mapped could be achieved through better collaboration of the existing actors, to work towards ecosystem emergence not just isolated interventions.

Yemen could have many active and vibrant entrepreneurship and innovation ecosystems in all governorates building on the uniqueness of each part of the country and allowing Yemeni youth to participate in building a better future.

This mapping effort is but a first step and we invite others to help improve these maps, and collaborate to create new ones. There is also a need to build on this work and conduct deeper analysis of the local ecosystems going beyond actors mapping.

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