

# Palestinians seeking statehood look to high-tech

April 17 2013, by Daniela Berretta

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In this Saturday, April 6, 2013 photo, a Palestinian programmer attends a Ramallah Startup Weekend workshop in the West Bank city of Ramallah. The Palestinians are turning to their fledgling high-tech sector as they try to lay the groundwork for an independent state. Local entrepreneurs say their unique circumstances, including years of experience coping with Israeli travel restrictions, have fostered a creative spirit conducive to the entrepreneurial high-tech world. ((AP Photo/Majdi Mohammed))

(AP)—Palestinians are turning to their fledgling high-tech sector as they

lay the groundwork for a future state, saying the unique hardships of life in the West Bank have fostered a creative spirit conducive to the world of startups.

Dozens of high-tech hopefuls recently competed for the honor of having the best business idea at the West Bank's premier [startup](#) conference. Just a few kilometers (miles) away, Palestinian youths clashed with Israeli security forces at a military checkpoint on the outskirts of Jerusalem.

Despite the unrest nearby, the scene at the conference was more reminiscent of [Silicon Valley](#). Casually dressed young men and women in headscarves and skinny jeans gathered in groups to discuss ideas for [innovative products](#) and services.

Ideas don't stop at military checkpoints and border crossings, said George Khadder, one of the conference's organizers and chief marketing officer at the [startup company](#), Yafa Energy. "All you need is a brain, a computer and an Internet connection."

Organizers said the goal was to encourage the entrepreneurial spirit and lay a foundation for a thriving high-tech industry. In particular, they want to move beyond traditional low-margin outsourcing work and create Palestinian companies with original ideas and products.

"Outsourcing is important. It will create a platform for hiring employees who might at some point leave the company and start their own firms, but it cannot be the strategic advantage of Palestine," said Khadder, co-founder of Peeks, a grassroots organization that promotes technology and entrepreneurship and got its name from the phrase "Palestinian geeks."

"What Palestinians need in the tech sector ... is to create their own

intellectual property, their own products and services that can be sold over the Internet," Khadder said.



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The Palestinians, who want to see the West Bank and east Jerusalem as part of a future independent state, think they are uniquely positioned to make a push into technology. Palestinian society puts a premium on higher education and Israeli travel restrictions that have historically hindered the West Bank economy have also fostered Internet use.

Palestinians have one of the highest rates of Internet use in the Arab world. A 2012 study on social media use in the Arab world, conducted by the Dubai School of Government for instance, ranked Palestinians third in Facebook use after Lebanon and Kuwait.

While the Palestinian tech industry is still in its infancy, it has been heavily influenced by Israel, a global technology powerhouse.

The Palestinians import about \$22 million in information-technology services from Israel, according to Sabri Saidam, a tech adviser to Palestinian President Mahmoud Abbas. And dozens of Palestinian firms perform outsourcing work for Israeli-based companies, making technology a rare area of cooperation between the sides.

During the 54-hour technology marathon earlier this month, young Web developers, designers, computer science students and entrepreneurs pitched products related to job recruiting and music to a university notes-sharing system.



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There was an idea for a system that would remotely connect psychologists to people with low mobility, like women in the Arab Gulf. Another participant proposed a game starring a character—donning a Palestinian kaffiyeh, or checkered headdress, around his neck—who jumps over Israel's West Bank separation barrier. The goal of the game is to reach Jerusalem, which is off-limits for most Palestinians and requires a special Israeli permit.

For all, the dream is to replicate the success of Yamsafer and Souktel, successful Palestinian startups that have raised \$1 million in venture capital. Both have been financed by Sadara Ventures, the first information technology-focused venture capital firm in the Palestinian territories.

Yamsafer, co-founded by chief executive Faris Zaher, is a hotel and events booking website that targets Arab-speaking clients and offers competitive prices in Middle East destinations.

Souktel is a mobile phone-based service connecting job seekers with employers. Started in 2006 by Mohammed al-Kilany, the company has expanded to more than 15 countries.

"The first step of an entrepreneur's life is to resist people's denial," said al-Kilany, 30, who worked as a waiter to help finance his venture. "People look at you as if you're crazy and doing something crazy."

But participants said the road to building a viable startup is riddled with risks: Legal barriers, an uncertain tax climate, outdated intellectual property rights laws and bureaucracy. Lurking in the background is the conflict with Israel and cultural norms in Palestinian society that frown upon risk-taking in favor of more traditional jobs like law, medicine or the civil service.



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Al-Kilany, the founder of Souktel, said the tight-knit Palestinian family life, however, can be a benefit. He said his father once sold the family car so he could finish his college degree.

"This is the Arab culture," he said. "My mom said, 'This is your education. This is the key to your future.'"

According to official Palestinian government statistics, 250 Palestinian firms are working in the information and communication technology sector, generating about 6.1 percent of Palestinian economic activity in 2011. Although the numbers are skewed by the outsized influence of local telecom PalTel, the tech sector nonetheless is now larger than the agriculture sector, which historically has been a mainstay of the local economy.

The Palestinians face some tough competition.

Neighboring Jordan has developed into one of the leading information and communications technology sectors in the region, with more than 400 active companies that directly employ about 16,000 employees and overall contribute about 84,000 jobs to the economy.

According to the Information Technology Association of Jordan, the information and communications technology sector is the third-largest contributor to the kingdom's economy, making up 14 percent of economic activity. Cisco Systems Inc., Microsoft Corp., Oracle Corp. and Intel Corp. are some of the tech giants that have invested in Jordan.

For now, some 40 percent of Palestinian technology companies are engaged in outsourcing and receive work from the U.S., European firms and Israel, according to the Palestinian Information Technology

Association. Some workers have Silicon Valley experience and bring back a wealth of ideas and experience.

Undeterred by barriers, association chairman Hassan Kassem said: "You can be part of any team and do it remotely from here."

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