



## GIZ - ICT for Youth Program

# Technology and Startups – New Perspectives for Youth in Iraq

Information and communication technology (ICT) and digital innovation have become essential for the growth of modern-day economies. The COVID-19 pandemic has just recently demonstrated the rapid adaptability of online-based services, leading to an economic boom for digital startups worldwide. In the context of Iraq, ICT does not only have the potential to diversify and modernize the private sector but to also be a driver of employment for young people.

Since 2018, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has been implementing the project “ICT -

Job Prospects for Youth in Iraq” on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The project aims to unlock the potential of the tech sector as a motor for much-needed job creation in the country by providing young Iraqis with the infrastructure and trainings needed to start innovative businesses or to find employment in the field of tech.

Thus far, the ICT project has supported the setup and development of seven innovation hubs in Baghdad, Basra, Mosul, Erbil, and Sulaymaniyah, where young Iraqis can access trainings in practical skills with high-tech equipment and a broad network of peers and mentors. The training programs focus on startup support through incubation and acceleration, and specific tech skills in demand by the private sector, ranging from programming and app/web development to blockchain development, artificial intelligence, and robotics. To date, the project has trained more than 3,000 young Iraqis, 35 percent of whom are women.

Another 6,000 young people have participated in outreach and networking events that foster collaboration among entrepreneurs across Iraq. 60 new startup companies were founded and have benefited from the project's training activities.

"I am amazed at the speed at which the Iraqi tech and entrepreneurial ecosystem has been evolving over the past three years," says ICT for Youth Program Manager, Jochen Zimmermann. "And I am confident that we will see a major scaling up of investments in this sector in 2021."

For the project, it is of vital importance that the support does not end with the launch of a startup company. Once a young business starts its operations, it has several obstacles to overcome. In addition to structural barriers, such as long waiting periods to register a business or tax regulations, this includes the lack of knowledge on how to grow and scale an innovative business. Therefore, GIZ has been supporting the implementation of the first accelerator program in Iraq, which enables the establishment of a pipeline of investment-ready startups in the country.

"It's inspiring to see these young people develop and work on ideas they're passionate about," says Project Advisor Buse Cubuk. "This is based on the incredible creativity of the Iraqi youth and their ambition for change and innovation."

But even though the number of promising startups is growing, access to finance is still a major barrier.

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To address this gap, the ICT for Youth project has been supporting its implementation partner KAPITA in establishing Iraq's first Angel Investor Network (IAIN). Incentivized by the project's matching grants, the first six-figure seed funding rounds by Angel Investors have now taken place, with more to come. Business Angels not only provide capital but also knowledge of the industry and contacts that are essential for young founders when starting a business and they have invaluable insights into the specifics of building up a business in Iraq.

Angel investment is always prone to risk, but the market in Iraq has great potential and as of this year real opportunities are opening up. As much as the pandemic has put the global economy on hold and created further obstacles, the crisis has driven digitization in all facets of society and young innovative companies with scalable, online-based business models will benefit from this trend in the long term, including in Iraq.

"The Iraqi ecosystem has developed rapidly in recent years but implementing sustainable economic solutions can be a difficult endeavor for entrepreneurs," states Maryam Allami, Project Advisor. "Institutions that support founders and provide access to quality training, connections, and to a potential investment in particular are critical to turning innovative ideas into greater economic development."

The project has supported the consolidation of Iraq's technology and startup ecosystem through the establishment of the Iraq Innovation Alliance. It consists of key players of the ecosystem and acts as a networking platform, to give more political weight to concerns of the Alliance members and promote their activities. To facilitate evidence-based decision-making, GIZ's ICT project furthermore supports much-needed data collection on entrepreneurship and the private sector, as well as the production of sectoral focus studies and targeted analyses, such as on the impact of COVID-19 on the private sector in Iraq.