

FIVE ONE REVIEW

Improving the

Business Registration Process



A Week of Innovation!

#GEW 2021



2021

Programs in Arbat &
Qushtapa Camps

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Founders' Note

Welcome to the third edition of Five One Review! If you've missed our previous magazines, we invite you to read them all on our website [here](#).

After a year and a half of remote work during the pandemic, we have slowly begun to resume in-person activities in the Kurdistan Region. For those of you who have not been able to visit Kurdistan for an extended period - or perhaps you've never been before - you are welcome to explore our [YouTube channel](#). In the past several weeks we have posted videos about our recent activities, including a peek into how we celebrated [Global Entrepreneurship Week \(GEW\)](#).

In addition to learning more about our GEW programming in November, you get to take a deep-dive in this Review into what we have been up to at Five One Labs these past six months and how we are expanding - a major theme of this edition of the magazine. You'll hear about our growing investment work through our [Five One Invest](#) initiative, our pilot in federal Iraq, our new humanitarian programs and our policy advocacy work. Additionally, you will get to meet three new founders - Zhela, Mohammed and Huda - who have each participated in different Five One Labs programs, including our incubator, Acceleration Services and Growth Funding Project.

If you are interested in staying up-to-date about the ecosystem in Iraq in between magazines, we are regularly publishing content on our [Five One Labs](#) and [Five One Invest](#) blogs and have launched a new monthly Investment Insider [newsletter](#), which you can subscribe to [here](#).

Finally, if you enjoy our work, we would ask you to consider contributing through a small [donation](#) to help us expand our impact globally in the new year.

We hope you enjoy this issue! We wish you all a safe and restful end to 2021!

Alice Bosley and Patricia Letayf
Co-Founders
Five One Labs

A Week of Innovation: Global Entrepreneurship Week 2021

Five One Labs' mission has always been centered around entrepreneurs, supporting them and giving them a platform to thrive and make a reality out of their ideas. For three years, we have celebrated Global Entrepreneurship Week in the month of November, a week designed to acknowledge the hard effort these innovative individuals put into building their startups and making a change in their community.

For GEW 2021, we started our celebrations with an Opportunity Fair in Sulaimani for startups in our community, recruiting interns to assist them in their operations. The public audience was invited to come and discuss these opportunities with the startups, which can be an effective way to gain experience and open other doors in their career paths.

We also held a networking event for the startups in our community, local corporations, local and international NGOs, and other actors in the entrepreneurial ecosystem. Through this event, we created a bridge between various parts of the community to gather the efforts and effectively push the ecosystem forward. We also held a Startup Bazaar in Erbil to give startups and companies in the region a chance to showcase their products and features and for the public to have the chance to support local products.



We see international celebrations such as Global Entrepreneurship Week as an opportunity to give everyone the chance to demonstrate the potential that local startups have in developing a better and more stable economic ecosystem.



A Young Generation Taking the Entrepreneurial Path



Graduating from college and transitioning into career life is an exciting period for every graduate. While many young people across the Kurdistan Region of Iraq traditionally seek government or private sector employment, more and more young graduates are taking a different path. Instead of employment, many are starting their own businesses or looking to work in the startup space.

Although some young graduates may lack some of the experience necessary to launch and grow a business, this hasn't stopped the ambitious youth from putting all their efforts into making it work. And to do that, they are taking part in programs that provide them with the necessary tools to take this exciting next step.

Through our shorter programs, Five One Labs has worked with dozens of students and fresh graduates over the past several months with the goal of not only providing these youths with new skills but also building a pipeline of talented people for future startups. In our month-long Kurdish-language Summer Innovators program in July and August, we hosted 28 young entrepreneurs with different business ideas and different stages of development. The cohort took sessions on user research, business plan, market research, prototyping, marketing and sales, ideation and creativity, as well as preparing their first pitch.



At the end of the program, three startups (a center using dance for therapy, a natural soap-making company and a knit-wear accessory business) received small grants from Five One Labs.

Earlier in 2021, nearly 50 university students and recent graduates participated in our Startup Bootcamps in both Kurdish and Arabic to prepare a younger generation of entrepreneurs for finding creative ways to innovate in their communities. Five One Labs will continue this pipeline development with the launch of our University Innovators program across multiple universities in Sulaimani in early 2022.

Expanding Our Partnerships Across Federal Iraq

Over the past four years, Five One Labs, from our offices in Erbil and Sulaimani, has worked with startups from across Iraq and Syria. As part of our efforts to grow the Five One Labs community across the country, Five One Labs is expanding its programs to additional locations across federal Iraq, with the aim of launching our early-stage programs for entrepreneurs in Basra in 2022.

In the run-up to our expansion, we ran a series of boot-camps and workshops in two new cities - Mosul and Najaf - throughout 2021. One of the most exciting parts of our expansion work has been the partners that we have had the chance to meet and collaborate. During our pilot in Najaf, we had the pleasure of working with Startup University Najaf, an organization launched by a young man named Jafaar who is passionate about entrepreneurship.

With more than 20 volunteers he has recruited, Startup University Najaf seeks to educate young people in the field of entrepreneurship and build entrepreneurial communities within universities. Jafaar recruits new volunteers every six months to make sure that the community is well represented.



Startup University has already run several trainings in local universities in the Najaf area and has ensured that at least 40% of the participants were women. Jafaar and his team were instrumental in supporting Five One Labs with our pilot, particularly in terms of recruitment, as we were able to tap into their local network to look for talented aspiring entrepreneurs.

In Mosul, Five One Labs partnered with Mosul Space, a youth community and innovation and tech hub. The organization, which has been recognized for the impact of its voluntary work in the city, has been running a maker space and implementing technical and entrepreneurship training since 2014. Of the collaboration, Mosul Space's founder, Salih Mahmoud, said: "It was really important for Mosul Space to work with Five One Labs to develop programs for young people in Mosul.

These programs help change their mindset and increase their knowledge of entrepreneurship. These programs included people from different backgrounds and experiences who were able to gain new expertise. What was most important in the collaboration is that we were able to create a bridge between Mosul and other places across Iraq where Five One Labs works."

Connecting Culture and the Art of Candle-Making of Lala Candles

Huda Sarhang is the founder of Lala Candles. She started the business in 2017 while she was working full-time and preparing for an MA degree in Politics and International Relations. Her love for culture and candles resulted in establishing the first candle-making business in the Kurdistan Region of Iraq, mixing cultural elements with candles to create a unique product that makes a perfect souvenir.

Huda launched Lala Candles after noticing a significant gap in the market: a lack of high-quality hand-made products that promote local culture and make for ideal gifts for locals and foreigners alike. Huda could manage to fill that gap through the products made in Lala Candles' studio and asking people to "Gift a Story" through these candles as each candle holds a story that is inspired by culture and nature.

Huda has participated in many workshops, seminars, training, and programs in the past four years with the goal of expanding her knowledge in everything from marketing and financial management to team and business growth. These programs, including the ones she took part in with Five One Labs, developed her skills, and she has been able to build a sustainable business through the support she received.

Huda also received seed funding through Five One Labs' Growth Fund Program. Prior to the program, Huda was producing all of her candles at home, but with this financial support, she was able to open her independent studio where all her operations and production takes place. Additionally, her business has provided job opportunities to three women and two interns, and she has been able to produce thousands of candles. She can now offer candle-making workshops in her studio and provide white-label candle service to companies and organizations interested in bulk-buying candles with their own customized branding.

Huda's vision for the upcoming five years is to expand and build the first candle-making factory in the Kurdistan Region of Iraq; create job opportunities for other talented individuals; and ship her candles outside the country.

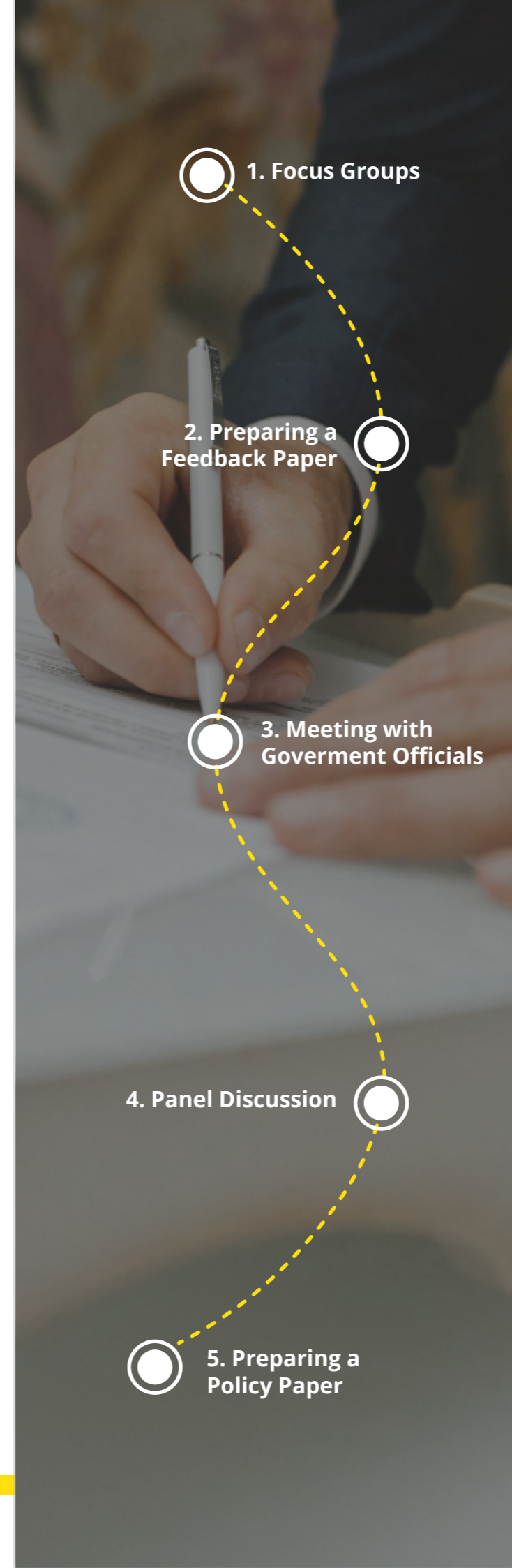


Reducing Roadblocks: Advocating for Policy Changes



As the entrepreneurship ecosystem across the Kurdistan Region of Iraq (KRI) grows and more and more youth seek private sector opportunities, obstacles to business development remain. In light of this, in spring 2021, as a follow up to our Roadmap2Startup registration guide, Five One Labs, in collaboration with Rwanda Foundation and with the support of the Netherlands Consulate General, conducted a research project to better understand the challenges facing entrepreneurs across the KRI.

Over the course of three months, 20 business owners, both men and women, running tech and tech-enabled businesses, and other relevant stakeholders from across sectors participated in three focus groups and a panel discussion to discuss the obstacles and challenges they are facing and to suggest solutions for implementation by Kurdistan Regional Government. Participants also identified a series of potential solutions that would improve the ecosystem and facilitate the launch of startups in the KRI.



Some of the challenges identified included the complex and costly business registration process; limited intellectual property protection; taxation policies that are unfavorable to small businesses; lack of awareness of digital banking and of entrepreneurship more broadly; and predatory practices among some investors, among others. In terms of potential solutions, some of those highlighted included reform of the business registration process (which is currently in progress in the KRG); digitization of e-signatures; upskilling government employees who interact regularly with startups; the development of one-stop-shops to serve startups' needs; and drawing more attention to startups in general.

With its partner organizations, Five One Labs will present these and other recommendations to relevant stakeholders in the KRG in coming weeks in the hopes of drawing attention to potential solutions, after which the policy paper will be made available to the public on the Five One Labs website.

A Journey in Green Energy: KESK and The Euphrates Venture Capital Fund



Basima Abdulrahman, Founder and CEO of KESK, is an ardent advocate of sustainable energy solutions. KESK (“green” in Kurdish) was founded in 2018, and offers green engineering and design consultancy. KESK’s consulting services are focused on promoting renewable energy and comprehensive and holistic green solutions with the goal of decreasing the load on the electrical power grid. It has expanded its products to include branded solar-powered AC units. KESK was a grant recipient of Five One Labs Growth Fund Project, and a participant in Five One Labs Acceleration Services program in 2021.

Basima dedicated her youth to raising awareness of environmental and climate change issues. With essentially no opportunities for a career in the green energy space in Iraq, Basima embarked upon her inspirational entrepreneurial journey. Among her first steps into the industry, she introduced the market to the concept of green building, sustainability, and renewable energy. For KESK, the opportunity is massive. However, Basima’s journey was not without its challenges. She has had to overcome cultural barriers, limited technology talent, and a lack of supportive legislation.

Basima received the Cartier’s Women Initiative (CWI) Award in 2021. Representing the MENA region, she won the top prize of \$100,000 for KESK. Winning the CWI Award opened a new world for Basima by putting KESK on the global map. Basima proudly states, *“Somehow, the CWI Award put our company under the spotlight. A lot of potential investors and partners were not aware of our existence...it sparked this start of negotiating with different potential investors.”* And that is when her entrepreneurial journey quickly developed.

Among the several local and international investors that showed initial interest in KESK, Euphrates Venture Capital Fund (EVCF) stood out from the beginning. EVCF, launched in July 2021 and managed by Geoffrey Batt and Grant Felgenhauer, is a New York-based venture fund dedicated to investing in technology startups across Iraq.

EVCF is a \$20M fund with an average investment ticket size between \$100K and \$4M. Although the fund is industry agnostic, a startup must tick two boxes: there must be a tech component inherent in the product or service, and the likelihood of scalability must be high. And KESK checked off both those boxes! Geoffrey, Managing Partner of EVCF, explains, “If we find a very attractive company managed by a dedicated and intelligent founding team, then we will invest in any stage provided the valuation is right.” So, in July 2021 KESK secured a six-figure seed investment from EVCF. The funding will be used to roll out the company’s proprietary solar AC units and to advance other growth initiatives.

The investment has been a big morale boost for Basima and KESK in validating their vision to change electricity consumption in Iraq. The icing on the cake of all of this is that the EVCF sought Basima out and not the other way around. She proudly states, “We feel more confident, and we feel appreciated. But also, we feel stronger that we are not alone now. And that someone else believes in us. This means that this [KESK] is something worth investing in.” Basima insists that investors need to realize that Iraq is a massive market with unlimited opportunities. Basima advises, “Investors need to be adventurous. If a solution is meaningful and if the team is strong, then don’t think twice. Just look into the right team and the right idea.”



Miswag: The Fundraising Journey of the E-Commerce Marketplace

In its latest funding round in mid-2021, Miswag raised over \$1.6M on an undisclosed 8-digit valuation, bringing its total value raised to nearly \$3M since 2019.

In October 2021, Five One Invest discussed Miswag's entrepreneurial journey with Ammar Ameen, Founder and CEO, and Marwan Jabbar, VP of Commercial Development and People. Miswag has navigated its share of obstacles since its founding in 2014, particularly when it comes to fundraising. Institutional and angel capital were largely nonexistent until quite recently in Iraq, so Miswag employed a disciplined growth strategy while competing with new, better-funded regional market entrants. In 2019, that persistence and success paid off when Miswag received its first round of investment from [Iraq Tech Ventures](#).

Miswag's fundraising challenges included macro considerations such as the often unstable political situation in Iraq, in addition to more typical concerns such as proving its business model could work in Iraq. These environmental deterrents, although not entirely resolved, are no longer overarching barriers to investment. Miswag successfully raised its first round of investment after many failed attempts. Ammar mused, **"After raising the first round, the second and third rounds become much easier. One of the most important challenges when fundraising is the issue of trust. We gained trust after the first round of investment."**

miswag



Supporting Refugee Entrepreneurs: Arbat and Qushtapa Camp Programs



One of the biggest challenges you can face when leaving your home is the prospect that you will soon need to start over and find a new way of supporting yourself and your family, a situation which can be particularly difficult in a new environment. Because of these obstacles, this year Five One Labs designed a humanitarian program to work with camp-based entrepreneurs in Arbat and Qushtapa refugee camps in the Kurdistan Region.

The aim of the Development and Innovation Program was to provide young camp-based refugees with the skills and tools to launch their own businesses and connect these businesses to local markets. The program consisted of a series of in-person Arabic-language trainings divided into entry- and advanced-level sessions. In the entry-level program, the nearly 100 entrepreneurs across both camps took part in trainings that included introduction to entrepreneurship, business types and sectors, market research, SWOT analysis, and business plan components, among others.

Those who advanced to the next level of the program participated in hands-on training about user research, ideation, prototype and testing, business model canvas, revenue model and pitching.

In the advanced level program, Five One Labs provided a stipend to each entrepreneur to build a prototype of their business and worked with camp-based facilitators to ensure that there was always someone available to support the startups as they built these prototypes. At the end of the program, the entrepreneurs pitched to a panel of judges, and two of the businesses received funding from Five One Labs.

The two seed funding winners, Fouad and Noor (names have been changed), launched a solar power startup and an art business. After the program, Fouad explained, **“We were sleeping and you woke us up.”** Noor said: **“It was a life-changing experience for me. While art was always my passion, it will now also be a good source of income for my family.”**

The Five One Labs Startup Support team will continue to work with these entrepreneurs to help them meet their business milestones as they launch.



The Start and Growth of a Fashion Brand

Mohammed Zalale started his fashion business as an online platform where he posted his sketches and designs, something he was always passionate about since childhood.

Upon launching his business, he faced a series of struggles, but Mohammed took a series of steps to address them, and by 2018 he participated as the youngest fashion designer in a fashion week project in Erbil. After a while, he decided to start his Kurdish brand for designing and producing clothing in the Kurdistan Region of Iraq. The fact that a large number of clothing items are made from imported materials and expensive fabrics that are poorly sewn made Mohammed question the reason why the KRI doesn't have clothing factories and brands and why more local brands don't produce their own items. Zalale has since opened the door for many more brands to start their own line of items.

Zalale produces clothing items for men, women, and children with the highest quality and standards of the fashion industry. All of Zalale's designs are locally made and sold online through their website and social media channels. In the past year, Zalale participated in a Five One Labs incubator program, and after that program, the business entered a new phase of development. The brand now owns two factories in KRI.



Zalale's vision is to be a replacement for imported brands, to be at the forefront of the fashion industry in the KRI, and to raise the standard of clothing quality in the market.

As a ready-to-wear Kurdish brand, Zalale's items come in all sizes, and their designs are a mix of its Kurdish roots with a touch of modernity. They work with elegant yet simple designs for both casual and formal clothing as well as children's wear.

"It was tough to work in the market and bring Kurdish items with global standards in a country where the machinery and craftsmen were lacking. Zalale has become a frontrunner in Kurdish brands and products so that the Kurdish market no longer relies on imports."

Training the Coders of the Future

Zhela's experience has made her the perfect advocate and entrepreneur for children's tech education. After gaining a master's degree in Software Engineering from Sakarya University in 2021 and her previous experience in the IT industry as a software engineer, Zhela worked as a coding instructor in the US, teaching kids how to code.

Zhela loved helping children explore the world of technology in a fun and educational environment, and wanted to take her work to the next level. Zhela decided to come back to Iraq and start a new chapter of her life, providing guidance to kids in Iraq. Her belief that Iraqi kids deserve the same quality of education as the rest of the world led to the beginning of her startup in 2017. She started small, and opened a [Facebook page](#) for posting videos of coding and animation.

People's interest in her page and coding in general made her want to expand the idea into a business that more people could benefit from. Zhela's main issue was how to start. Launching a business requires more than an idea. You need skills and knowledge as well as resources.

"Five One Labs opened that door for me, to get into the world of business, get to know key points of managing a successful business, and holding our hands from idea to launch," says Zhela.

KaibaCode, her new startup, had its first summer camp in August 2021 on animations, robotics, and coding.



"After my participation in the incubator I had the courage and motivation to start."



Five One Labs in 2021



295

Entrepreneurs supported in our cohorts of 2021



46%

Female entrepreneurs

Through our programs and with the generosity of our donors, we helped entrepreneurs get to more than



\$400k

of funding

Five One Labs would like to thank our donors and supporters



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