Airbel Impact Lab
Research & Innovation at the IRC

CASE STUDY

IRC + Flat6Labs: Catalyzing the Startup Ecosystem in the Mashreq Region

THE CHALLENGE

Throughout the Mashreq region, specifically Lebanon, Iraq, Jordan and among displaced populations, a burgeoning startup culture is taking hold, with entrepreneurs and innovators piloting new ventures. Cultivating this progress is essential, both to drive growth and to create opportunities for vulnerable communities.

For entrepreneurs in the Mashreq, however, resources are scarce. There is a dearth of investment, and the ecosystem of support that cultivates innovation in many parts of the world is harder to access - especially for displaced communities. Humanitarians have a role to play, but the humanitarian sector also **faces a funding gap**: 67% of need, or $41B, went unfunded in 2023, and 88% of all humanitarian funding comes from 10 government donor budgets. Current funding frameworks are unsustainable, and more must be done to leverage existing grant funding to be catalytic.

THE PILOT

To address these challenges and to catalyze the startup ecosystem in the Mashreq, IRC and Flat6Labs are **piloting** a humanitarian-private sector partnership to launch a unique innovation & entrepreneurship virtual incubation platform focused on startup ecosystem development and capacity building. Flat6Labs will raise up to $10MM of investment capital to invest in successful startups, while the

IRC is collaborating on the design of client outreach, mentorship and coaching programs, as well as general program communications support.

As the lead humanitarian partner, IRC plays an integral role identifying and engaging potential participants and entrepreneurs, both by recommending applicants in our network that are deemed suitable to join the StartMashreq program and promoting the StartMashreq program amongst our global network to attract relevant startups to join the program.

- IRC is contributing our expertise from a decade working with the communities that could benefit from these services. To date we have hosted 2 events with over 100 participants, driving engagement and interest in the platform. IRC has provided guidance on client protection, barriers to access, and its office space in East Amman, facilitating the community's engagement with the training.

- Flat6Labs is contributing funding as well as decades of experience finding, training, and investing in entrepreneurs in the MENA region.

WHAT WE'RE LEARNING

The pilot is yielding critical insights about how humanitarians and investors - from startups and private equity to mission investors - can collaborate effectively. Some insights -

- Humanitarians and commercial investors speak different languages and have different incentives. To ensure alignment, every step requires a pre-meeting on assigned roles, responsibilities in alignment with skill sets.

- To determine the value each partner can bring requires significant brainstorming and exploration; eventually it was clear the quality of training and startup education that Start Mashreq could provide was a unique opportunity for the vulnerable communities that IRC serves, and Start Mashreq was not able to reach these communities without IRC's support.

- Humanitarians have valuable advice on how to impactfully access vulnerable communities, but this advice needs to be further institutionalized/valued by investors.

OUR THEORY OF CHANGE

Our partnership with Flat6Labs reflects our view that gaps in funding and infrastructure can be met by innovative partnerships at the nexus of humanitarian aid and investment. Through this project and others, we're demonstrating proof of concept that if humanitarian actors are able to provide advisory services rooted in client-centered, localized expertise to investors financing projects in fragile/conflict settings then the humanitarian impact of investments on crisis-affected populations will increase and risks to investments will decrease, incentivizing further such investments.

*Learn more **here** about the Advisory Model for Investor + Humanitarian Partnerships.*