

Transcending conflict in the Middle East

Conflict is a leading cause of poverty. Business can help bridge divides. Jerry Marshall is a co-founder of Transcend, Palestine, an Impact Investment business founded by three Christians. The company transcends the Separation Wall by creating jobs unaffected by movement restrictions, building skills and hope, and developing relationships across the divide. The model could be adapted for replication elsewhere.

In June 2011, Dutch government official Matthijs van de Hoorn phoned me at my home office to tell me the good news. Our vision to start a business in Bethlehem was to be awarded a €82,000 grant. I said, 'That's great news, brilliant, thank you so much'. I thought, 'Oh heck. Now we're actually going to have to do this'. It meant committing £40,000 of my own money and a lot of time to a project which, despite God's leading, I didn't think stood a chance of succeeding.

I first got involved with businesses in Bethlehem after I met Dr Salim Munayer at a church lunch in 1994. Salim is a Palestinian Israeli who was Dean of Bethlehem Bible College and had set up *Musalaha*, a remarkable reconciliation ministry. I asked him what I could do, as a business consultant, to support peace in some way following the Oslo accord which had been signed the previous year.

Conflict damages economies which in turn can exacerbate conflict. 'Seventy-

three percent of people in the societies of the bottom billion have recently been through a civil war or are still in one,' said Professor Paul Collier in *The Bottom Billion*¹. Conflict is 'pretty distinctive,' he says, to the poorest countries on the planet.

The West Bank is not part of the 'Bottom Billion' but conflict has damaged the economy and there was significant absolute poverty as well as a sense of frustration and hopelessness. In particular, income from working in



Israel and the Gulf had fallen because of local conflict and the Gulf War.

The temptation in troubled areas is to turn to charity. It is a compassionate response and may be part of an answer. But for-profit business is a more powerful agent of change. As well as adding value to customers' lives, enterprise is the only sustainable solution to poverty.

In times of relative peace, business can help break the cycle of conflict and poverty in two main ways. First, the catalyst of mutual reward can develop business relationships across the divide which in time can break down the myths and fear of 'The Other'. Second, the creation of jobs, skills, self-esteem and hope is a disincentive to conflict: there is more to lose. Of course this is a simplification, situations vary and there are pre-conditions. For example, business relationships that are asymmetric – where one side has all the power – can break down trust rather than build it up.

The result of meeting Salim was a trip to the West Bank and Gaza, visiting the managers of 22 businesses and most of the Chambers of Commerce. I asked them how I might help and the answer was to provide hands-on support to enable them to develop export markets. So I put together a proposal, received a grant, and started to work with businesses in the Bethlehem area. The plan was to replicate the Bethlehem project in other Palestinian cities.

However, violence and border closure as Oslo unravelled meant exporting became virtually impossible and funding came to an end. In September 2000 the second intifada broke out and Bethlehem was under a 24/7 curfew for six months. My involvement appeared to be over.

However, in early 2004 both my parents died and I went to the New Wine Summer conference seeking a fresh direction. I felt God say he had already given me a direction and to get back to Palestine. At the same event I

discovered Transformational Business Network, a Christian-based network of business people wanting to use business to fight poverty. Their model was to arrange 'Expo' trips to identify opportunities, mainly in Africa and Asia.

So in November 2004 I led an Expo trip to Israel and the West Bank. Against all my instincts, we had no pre-conceived idea of what might emerge. I arranged 18 meetings over four days, with people from very different perspectives, to see if we could hear what God was saying.

Bethlehem seemed a very battered place in 2004. Movement restrictions resulting from the breakdown in the Oslo process – notably the Separation Wall – increase transport costs and leave products vulnerable to damage or deterioration as a result of security checks and delays. Tourism is vulnerable to the political situation and olive oil and agriculture have been hit by land-take. The result was high unemployment and significant poverty.



Separation Wall in Bethlehem
Photo: Praveen Sparsh



Transcend Staff
Photo: Transcend

Better integration of the Israeli and Palestinian economies would be worth billions to both sides but travel restrictions made this difficult and business relationships were often asymmetric.

One of our 18 meetings was with Nassim Nour, at the time the most senior Palestinian working for the UK Government Department of International Development (DFID). Nassim had a business background, an MBA and had worked for World Vision. It was not an official DFID meeting: he had formally declined to meet us as DFID did not work with the private sector, but then emailed to say he had been waiting for people like us to come out.

Nassim and his family attended Immanuel Evangelical Church in Bethlehem, which I attended whenever I was visiting. The Palestinian church pastor preached a message that included reconciliation and loving

enemies. It's uncomfortable listening for a congregation, most of whom have struggled with injustices and some of whom had experienced arrest and what Israel calls "reasonable physical force".

Nassim offered to set up a workshop to explore how we could create 'robust jobs', jobs that would survive conflict as well as peace, and invited me to facilitate. So in February 2005 we were back. Several ideas came out of the workshop – including a business start-up programme which was launched a few years later – but Nassim's big scary audacious goal was to set up a business with an "invisible" export. Given the strong language skills in the Bethlehem area and the strength of the Israeli call centre business, the emerging plan was to create a new sector on the Palestinian economy selling bilingual (English / Arabic) voice services to companies serving clients in the Gulf and broader Middle East. The idea for a Palestinian third party contact centre was born.

This vision became Transcend – transcending the conflict in general and the Wall in particular. It was one of those unlikely and risky ideas that can only have come from God. "For he himself is our peace, who has made the two one and has destroyed the barrier, the dividing wall of hostility...and in this one body to reconcile both of them to God through the cross..." (Ephesians 2:14-15 NIV)

It was clear that Transcend had to be a business, not a charity, and that it would live or die according to whether it added value to our clients. However, it was also clear that we didn't want to follow the culture of low-cost contact centres elsewhere in the world. We wanted to create jobs, develop skills in customer care and the English language, and model integrity and gender equality. We also wanted to create relationships across the divide. This type of company was becoming known as a 'triple bottom line' or 'impact investment' company.

Over the last decade, 'Impact Investment' has become a new asset class, as socially minded investors move from an investment model that merely screens out companies considered to be unethical, to positively seeking companies that generate not only a financial 'bottom line' but also social, environmental and even spiritual returns.

Impact investors argue that giving money to good causes is a 100% capital loss. Providing risk finance for multiple bottom line businesses enables capital to be recycled, financially sustainable businesses to be established, and creates a more disciplined environment for the use of funds.

For me, applying the principles of impact investment has been a white knuckle ride, but it has been enormously fulfilling.

It was a long gestation period. Nassim and I knew nothing about the contact centres, but I did extensive research, talking to competitors across the Middle East and prospects across the world. The problem was that you need a centre and trained staff to win contracts but you need contracts to obtain finance to build a centre. Initial plans to work with an Israeli call centre company did not come to fruition.

Finally, however, I met Russ Sandlin, an American Christian managing the award-winning Gulf Bank call centre, and together we agreed both to put in personal savings and donate time, and apply for a bank loan and grants. Through my UK company we were awarded a grant from the Dutch Government equivalent of DFID. Without it the business would not have been viable.

There were many legal delays and frustrations but eventually the company was formed and Nassim worked incredibly hard, finding premises then turning it into an 88-seat contact centre to international standards, complete with fibre optic broadband, microwave back-up, generator, cabling, workstations, washrooms and canteen. I went out in January 2012 and worked with Nassim late into the night on cashflow projections. Then Russ came out to start recruiting and training our first 20 staff. Our for-profit "Impact Investment" company Transcend opened for business in April 2012.

Financially, it was a challenging start and there was a sense we were being watched. Although there was nothing explicitly Christian in our constitution and our staff reflected the faith mix in the local population, it was known

that Transcend was founded by three Christians. The initial contract was loss-making though it allowed us to train staff. A major contract always seemed to be two weeks away and we were running out of cash. In November I was scouring Ramallah for additional Venture Capital funds. We should have gone under by about February 2013, but by what can only have been divine intervention, a Venture Capital company bought 40% of the business, enabling us to bring in a senior management team.

Now we have 140 staff across the West Bank and Gaza, serving clients in Palestine, Israel, USA and Europe. The contact centre is still the largest part of the enterprise, but software development is now about a third of the business. Margins are tight but the business is profitable. Positive relationships across the divide have developed. We are currently completing second round funding with the aim of growing to 1,000 staff. Those who move on bring language, business and customer care skills to other companies in Palestine.

We aim to model integrity and gender equality. Our first CEO, Abeer Hazboun, became the first Palestinian woman to



Transcend Staff at Launch



complete the prestigious IMD MBA in Lausanne, Switzerland.


Our primary aim was to create jobs designed to survive even in a curfew. That aim was in fact first tested in the COVID-19 crisis: all staff were working from home within two days of the lockdown. We think we were the first Palestinian company to achieve this.

Encouraging and respecting our staff is a vital part of what we are attempting to model. "I feel like management trusts my decisions and supports me in my daily work," said Rozet Najajrah, who was regularly Agent of the Month and is now team leader for a wellness programme. "I love the open door policy and flexible schedule, I work with people who are intelligent, fun and responsible... we are all working toward a common goal."

Behind Transcend is a desire to bring hope. Yaman Qaraqe, one of our first team leaders said: "This transcends political barriers and limitations. I really love that. I'm the eldest daughter in the family and I'm my family's hope... I love it because it makes me feel renewed every day because I learn about other cultures and it helps my English come to life."

Could this be a model for other areas of conflict? Of course it needs adapting to local resources, challenges and opportunities and it may need financial support. With these conditions in place, business can be part of the solution to poverty created by conflict and bring a high social return for very modest investment.

"Transcend reflects the Palestinian dream of a prosperous life with open borders", said Development Manager Abdallah Khalifah. "We're working with clients from all over the globe and across borders. I believe that creating jobs for youth in a very troubled place of the world is worth working for."

Of course there is no comparison between this, my Bethlehem baby, and the Bethlehem baby that changed the world 2,000 years ago. Nevertheless, there are common themes. Transcend is risky because not everyone likes what we are doing; but it is one small source of hope in a troubled region. The Jesus plan was high risk; but is the primary source of hope for us all in a turbulent world. 

1. Paul Collier, *The Bottom Billion; Why the Poorest Countries are Failing and What Can Be Done About it*, OUP, 2007



Jerry Marshall is a Cambridge economics graduate, marketing professional and Kingdom entrepreneur. He founded or co-founded a marketing consultancy, a technology company, a social enterprise working with long-term unemployed people, a church plant, and the Impact Investment Transcend described here. Recently he created a free small business / social enterprise start-up resource at www.mindyourownbusiness.uk, which was serialised on Trans World Radio. He's a sailing fanatic, once fought Pete Waterman on BBC Breakfast TV, and toured England with an 8ft tall inflatable white elephant. A 'quirky' life of 'risk, adventure, challenge, and big hairy audacious goals' said Christian leader Simon Guillebaud reviewing Jerry's autobiography, Travels with an Inflatable Elephant.