

SME Growth Subsidies: A Myriad of Opportunities

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As the Kingdom of Bahrain continues its economic diversification away from hydrocarbon reliance, a stimulus boom in the form of state offered grants, subsidies and support schemes seek to foster innovation and entrepreneurship in the GCC's thriving island Kingdom.

The following article sheds some light on the myriad of key initiatives implemented by the Government of Bahrain aimed to re-confirm Bahrain's position as a key regional player in the start-up space.

Tamkeen

Tamkeen is a public authority seeking to promote a digitised, sustainable, and globally competitive economy. It supports the growth of enterprises and enhances productivity and knowledge of the national labour force. Bahraini Jobseekers who meet the eligibility criteria can apply for programs tailored for individuals. These include Basic Skills training, Professional Certifications, A9eel- an initiative enhancing essential work ethics, and Tamkeen's Youth Business Competition. Below are details of some Tamkeen programs for enterprises.

One of the programs offered by Tamkeen is financial support in training and wages. Employees may be trained by Tamkeen to improve necessary skills in their industry to maximize productivity. Alternatively, Tamkeen may increase the employee wages of fresh graduates for a period of 18 months. This would 'pay out' as 50% of such employees' salaries for the first twelve months of employment, then 30% for six months (capped at BHD 500 respectively). To apply on behalf of their Bahraini employees, SME's must have an active Commercial Registration ("**CR**") issued in Bahrain and meet certain minimum wage criteria.

Secondly, Tamkeen offers a Business Development Program, covering up to 50% of expenses for approved services or items, based on the grant allocated to the enterprise. Support schemes offered in relation to this program range from ICT to accounting and auditing, amongst other things. Similarly to the above program, this requires SME's to have an active CR issued in Bahrain.

The Mentorship Program forms part of Tamkeens advisory services to develop key professional skills and enhance the knowledge of Bahraini entrepreneurs. Mentee's gain skills as planners and learners, to retain sharper focus on requirements for professional growth as well as learning new methods to acquire new skills. Beyond this, mentees are enabled to secure a mentor who can coach , providing honest feedback and helping to guide their growth.

Finally, Tamkeen's Minimum Viable Product ("**MVP**") Scheme allows start-ups to benefit from a grant towards development, design and testing of a first product. Entrepreneurs keen to avail of this initiative should ensure they are familiar with the criteria listed on Tamkeens website. By way of a key example, an SME must be adjudged to have high potential for scalability and growth amongst other factors.

Export Bahrain ("**EB**")

EB is a key initiative on the Kingdom's SME Development Board, offering national exporters updates on international market conditions and assisting them in identifying, locating and obtaining international trade opportunities based on EB's performance indicators.

Two key solutions for the exporting industry are presented by EB in the form of Export financing and Export credit insurance. The former provides short term financing for SME's to capitalise on international opportunities and global growth - Export financing will cover the exporters requirements and provide liquidity for any operational costs of the business activity up to an extent. EB may further support 50% of management fees and 50% of the guarantee capped at BHD 125,000.

The latter scheme introduces the first export credit solution in the Kingdom, protecting local exporters

from numerous risks associated with dealing in international transactions. It reduces the financial responsibility on exporters providing them with conditional assurance that payment will take effect should the foreign buyer be unable to pay. Accordingly, the Arab Investment & Export Credit Guarantee Corporation “Dhaman” will reimburse 90% of the payment in case of default, incentivising locals to offer buyers more competitive credit terms on exports. EB will also subsidise 80% of the premium rate.

United Nations Industrial Development Organization Investment & Technology Promotion Office (UNIDO ITPO Bahrain)

UNIDO ITPO established two projects to create job opportunities for youth; the Arab International Center for Entrepreneurship & Investment (“**AICEI**”) and Enterprise Development & Investment Promotion Program (“**EDIP**”).

The former’s mission entails seven objectives. To contribute to the economic empowerment of women and youth; encourage entrepreneurship through awareness and support programs for women and youth; assist in developing eco-systems for MSME’s; local support organizations sharing best practices for value added services; business counseling and mentoring programs facilitating growth; developing linkages between financial bodies and entrepreneurship programs and establish business incubator systems helping MSME’s grow.

EDIP assists individuals to hone in on their strengths and entrepreneurial competence. This program is suited to those in the preliminary stage of establishing their own SME, enabling entrepreneurs to transform ideas into profitable businesses by supporting through capacity development, developing business plans, counselling, guidance, and teaching skills in the management of investment or commercial projects. Comprising of a series of teaching methods and exercises in Arabic and English EDIP serves as a strong foundation for any forward-thinker looking to establish their own SME.

Now available is the Virtual Innovation and Entrepreneurship Hub too; an online platform offering support to aspiring, new and established entrepreneurs alike. The Hub will help improve learning for both face to face and virtual training, increasing its reach to those who are unable to attend sessions in person. In doing so, EDIP can continue to foster innovation, boost rates of technology adaption in MENA and continue closing the digital gender divide.

Build For Bahrain

Bahrain Fintech Bay (“**BFB**”) (a leading FinTech hub in the MENA region) has teamed up with the US State Department’s Middle East Partnership Initiative (“**MEPI**”) to launch ‘build for Bahrain’. This virtual acceleration programme aims to enable local start-ups to ideate and conceptualise innovative solutions to challenges in the health and business continuity sector(s) in an attempt to incorporate ‘durable’ business models operating through the cloud; thereby forfending such business form logistic interruptions in the wake of COVID-19.

In its inaugural cohort round, 20 tech-enabled businesses were shortlisted amongst a larger pool of applicants submitted by local start-ups and advanced into an incubation programme offering face time with industry experts and renown entrepreneurs from home and abroad whilst developing their minimum viable product (MVP). The finalists will have the opportunity to pitch at a demo day, where only three teams will receive funding to further develop their solutions.

Women in Tech

A boon to female entrepreneurs was announced in 2020 in collaboration with Standard Chartered and the Supreme Council for Women. BFB has facilitated the organisation of a tailored program aimed at delivered the required know-how and skill-set to equip 10 shortlisted female-led businesses by taking part in an 8-week program, where they will have access to subject matter experts. Legible candidates must be female business proprietors (whether nationals or residents of Bahrain) above the legal age of 18 years old.

Following a rigorous pitch contest, 5 participants will be offered funding of USD \$50,000 each in addition to complementary 3-month residency at Bahrain FinTech Bay. It is worth noting here that all applications, networking, training, and mentoring will take place over the cloud, in a move confirming the initiatives aims to encourage the embracing the benefits of burgeoning technological advances.

Funding Hope

The Hope Fund was established pursuant to Decree No. 64 of 2020, with the stated aim of investing and supporting youth projects and initiatives in Bahrain.

As a fairly new fund, the law envisages the achievement of the following objectives:

1. Establishing entities and coordinating with relevant authorities to provide necessary sources of funds.
2. Appointing members of the boards of directors in relation to companies fully owned by the fund, and nominating representatives of the fund to the boards of directors of other companies in which it contributes a percentage to its capital.
3. Undertaking investment activities in funds.
4. Owning real estate and movables necessary to carry out associated activities.
5. Owning and exploiting intellectual property rights such as patents, trademarks and industrial design rights.
6. Conclusion of contracts with private entities.
7. Carrying out investment and youth projects with the prime objective of generating revenues for the purposes of supporting and developing the youth sector in a sustainable manner.
8. Highlight the achievements in the youth sector through establishing rewards, prizes and other means of material and moral encouragement.
9. Contribute to the establishment and development of non-profit youth projects, and coordinate with government agencies charged with implementing programs and projects in this field.

Conclusion

It is clear that the Government of the Kingdom of Bahrain remain resolutely committed to fostering innovation and entrepreneurship within Bahrain and to seeking to offer every available advantage to start-ups establishing themselves in Bahrain. Such wide ranging initiatives are to be applauded and encouraged, and will enable Bahrain to further cement its position as one of the key start-up centers in the region.

For further information, please contact [Rad El Treki](#).