

EU-GCC Business Roundtable 2 November 2015

**Promoting Innovation, Entrepreneurship and
the Knowledge Economy in the GCC**

Welcome to the 4th EU-GCC roundtable

The EU-GCC Trade and Business Cooperation Facility is pleased to welcome you to this roundtable on strengthening Foreign Direct Investment in the GCC region. Enclosed in this folder you will find concept note, roundtable program, speakers list and contact information.

In Collaboration with:



Project Partners:



Federation of Gulf Council
Chambers of Commerce



Roundtable Concept Note

Session 1: Promoting Innovation and the Knowledge Economy in the GCC

1. Roundtable Background – The Rationale

When it comes to building the knowledge economy, the GCC is one of the most ambitious regions in the world. As part of their diversification strategies, GCC countries are investing heavily in the infrastructure necessary to create knowledge economies¹ driven by innovation rather than hydrocarbon exports. Most GCC countries have impressive future-oriented national economic strategies that aim at building innovation clusters, enabling finance and venture capital, building R&D capacity and attract highly skilled foreign experts.

Innovation is a Top Priority in the GCC National Strategies

Realizing the importance of diversifying away from oil, several GCC countries during the 2000s introduced dramatic policy reforms with a special focus on developing human capital and knowledge economy infrastructure. The objective was to transform their economies into global powerhouses competing with the United States and Singapore. In achieving this goal, almost all GCC countries followed the top-down “Silicon Valley innovation cluster” strategy, which aims at building a critical mass of research labs, talented entrepreneurs, venture capital and innovators who would interact and build knowledge products.

Saudi Arabia with its five-year plan increased spending on education on all levels and opened one of the largest universities in the world, King Abdullah University of Science and Technology (KAUST) in 2009 with an endowment at 20 billion US dollars. The ambition with KAUST was to become a world-class scientific research institution.

Qatar also aims at diversifying its economy through innovation and entrepreneurship and has built a massive Education City with supporting infrastructure for R&D and private sector hi-tech firms through the Qatar Foundation (QF consists of 80 centres that are dedicated to education, research and innovation).

¹ The term “knowledge economy” is defined as a society where wealth is created by production, distribution and use of knowledge and information as opposed being based on to primarily natural resources, physical capital and low skill labour.

Likewise, the UAE, with major projects like Dubai TechnoPark and Masdar City project, is also building a knowledge economy from the top down. In October 2014, the UAE announced a National Innovation Strategy that aims at turning the country into a global innovation leader with a focus on seven sectors (renewable energy, transport, education, health technology, water and space).²

Unlike its neighbours, Bahrain has opted for a mix between top down and bottom up approaches with its recent National Research Strategy from 2014. The strategy was formulated with input from the private sector and key stakeholders and will focus on three priority service sectors that build upon Bahrain's relevant human capital strengths: the finance sector, ICT sector and health services.

Evaluating Progress: Innovation Performance of GCC Countries in Rankings

Global ranking indicators position GCC countries in the top 30 percent of the global standings. Compared with other MENA countries, GCC countries outpace their Arab neighbours. The table below provides an overview of selected indicators.

	World Economic Forum Global Competitiveness Index (GCI) ³	World Bank Doing Business Index ⁴	Global Innovation Index ⁵	Global Entrepreneurship and Development Index (GEDI) ⁶
Bahrain	44	53	59	43
Kuwait	40	86	77	37
Oman	46	66	69	39
Qatar	16	50	50	24
Saudi Arabia	24	49	43	31
UAE	12	22	47	20

² Arabian Business, "UAE launches plan to be 'among the most innovative nations in the world' within 7yrs" October 19, 2014 http://www.arabianbusiness.com/uae-launches-plan-be-among-most-innovative-nations-in-world-within-7yrs-568451.html#.VhOwJ_ntlBc

³ WEF The Global Competitiveness Report 2014–2015

http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

⁴ WB Doing Business 2015: Going Beyond Efficiency <http://www.doingbusiness.org/reports/global-reports/doing-business-2015>

⁵ The Global Innovation Index 2015, Cornell University, INSEAD, and the World Intellectual Property Organization (WIPO). <https://www.globalinnovationindex.org/content/page/gii-full-report-2015/>

⁶ The Global Entrepreneurship and Development Institute <http://thegedi.org/2015-global-entrepreneurship-index/>

The indicators vary widely in scope and focus. The World Bank's Doing Business Index focuses on regulatory conditions, while the WEF's Global Competitiveness Index ranks countries along 12 pillars that include among other things infrastructure, education, macroeconomic environment and technological readiness sub-indices. The Global Innovation Index and GEDI both attempt at measuring the knowledge economy directly.

UAE, Qatar and Saudi Arabia perform best under the GCI, which takes into account the massive physical infrastructure and public investments in education. Under GCI Kuwait and Oman, receive high marks for economic stability and institutions, but score low on innovative activity. On the other hand, while Bahrain has a low overall score it scores high on innovation related indicators such as the quality and reach of its skills-training programs.

The innovation focused GII that was published in September 2015, gives Saudi Arabia, UAE and Qatar strong marks noting that the countries have begun to diversify their economies and that they have introduced innovation in new sectors.

Future Challenges

While GCC countries have achieved impressive results in their innovation strategies, they still face the challenge of sustaining and expanding their successes. The successes depend on translating the visionary strategies into effective policies that can create self-sustaining innovation ecosystems.

History has shown that the world's most successful innovation hubs in Silicon Valley and Singapore took decades to build and long-term commitment is key to build knowledge economies.

Likewise, grand ambition and billions in investment capital are insufficient by themselves and building utopian green field projects from scratch is more difficult in practice. Both Saudi Arabia's KAUST project and the UAE's Masdar City are encountering these challenges.

2. Roundtable Focus – The Agenda

The EU-GCC Trade and Business Cooperation Facility, in partnership with the BCCI, is organizing a roundtable on November 2 2015.

This roundtable will focus on how GCC countries can strengthen innovation linkages between the different stakeholders such as universities, private-sector institutions, multinational corporations, and the public sector.

The roundtable will include presentations by representatives from GCC governmental bodies and EU/GCC academia, who will shed light on innovation policy and development of GCC national talent. Likewise, the programme will include business cases from EU and GCC private sector bodies that engage in innovation.

3. Roundtable Results – Expected Recommendations

The roundtable will seek to select issues to be further developed by a joint Policy Advocacy task force in the following areas:

- a) How can GCC countries translate a culture of innovation into long-term business benefits?
- b) How can the private sector accelerate development of innovation?
- c) How can GCC countries promote research careers domestically in order to support local talents?
- d) How can Bahrain achieve its unique selling point in industrial innovation? Should it focus on “strengthening the strengths” approach or to “differentiate from others”?

Agenda

Session 1: Promoting Innovation and the Knowledge Economy in the GCC

Moderator: Dr. Omar Al Ubaydli

09h00 **Opening remarks:**

HE. Nabeel Abdulrahman Al Mahmood
CEO of BCCI Eng., Bahrain

HE. Abdulrahim Naqi
Secretary General of FGCCC, HE, Saudi Arabia

HE Adam Kulach
Ambassador, EU Delegation in the GCC , Saudi Arabia

09h50 **Presentation of Project Scope and roundtable topic**

Peter Helk,
Manager. Confederation of Danish Industry

Basil Awami
Director of International Affairs, Federation of GCC Chambers

10h00 **Development of GCC national talent and Innovation policies**

Dr. Riyad Hamzah
Secretary General of the Higher Education Council, Bahrain

Ms. Fatima Al Jefri
Director at the Ministry of Higher Education and Scientific Research, United Arab Emirates

Dr. Crystal Ennis
Leiden University Institute for Area Studies (LIAS), Netherlands

10h45 **BREAK**

11h00 **Panel discussion: The private sector's role in promoting innovation: Business cases**

Mr. Osama Al Khaja
President – Ebtikar Society, Bahrain

Mr Soraqa Al Khatib

Vice chairman Alsaria media group and serial entrepreneur, Saudi Arabia

Dr. Omar Al Ubaydli,

Director of International and Geo-Politics Program, Bahrain Center for Strategic, International and Energy Studies, Bahrain

11h45 Workshop activity: Facilitation of discussion and policy recommendations

12h30 LUNCH

Session 2: Fostering Entrepreneurial Culture and Ecosystem

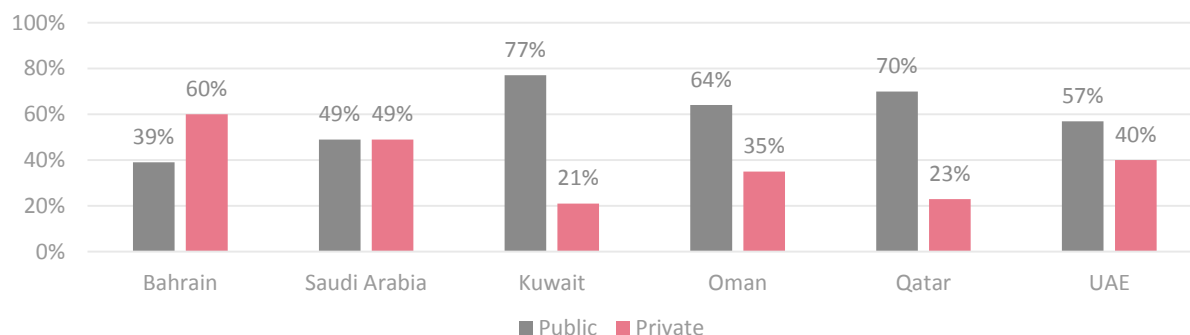
4. Roundtable Background – The rationale

The harder part of achieving a knowledge-based economy, is not necessarily building the physical infrastructure such as science park –it is creating the soft infrastructure with entrepreneurial culture involving creativity, risk taking, inclusion, and global flow of information, ideas and technology between people and cultures.

In order to foster entrepreneurship, business leaders and governments must first identify what motivates young people to start businesses. In many cases, young GCC nationals do not see work in the private sector as attractive and rewarding. With the exception of Bahrain, a recent survey⁷ found that the overwhelming majority of GCC youth prefer to work in the public sector.

This mindset has to be addressed to stop the unemployment rate increasing in the coming years, and to enable the successful diversification of the economy away from dependence on hydrocarbon revenues. Encouraging a culture of employment, innovation and entrepreneurship is therefore a top priority for achieving successful education-to-employment transitions.

Students who prefer to work in the public sector and the private sector, by country



The policymakers have recognised the importance of entrepreneurship and are investing in various initiatives that encourage entrepreneurial activity in the region. For instance in Bahrain, these

⁷ Ernst & Young. How will the GCC close the Gap?, EYGM Limited, 2015

initiatives include technology incubators such as the Bahrain Development Bank's Business Incubator Center, NGOs aimed at developing entrepreneurship such as the BCCI Enterprise Initiative Center, network associations for startups and angel investors such as Tenmou, and university programmes dedicated to entrepreneurship to name a few.

The pace at which these initiatives have been launched has sharply accelerated in the past few years indicating that governments understand the value of entrepreneurship and its role in economic development. Experience from OECD entrepreneurial ecosystem policies show that it is not always the number of initiatives that matter but their effectiveness. In many cases, ambitious innovation and entrepreneurship projects can risk suffering from duplication, lack of coordination and usually take much longer to build than anticipated.⁸ Likewise, initiatives that adopt a top-down approach seeking to launch high-tech industry clusters from scratch in an attempt to replicate a Silicon Valley can have unexpected and sometimes undesirable outcomes. Allowing for natural growth and building on the foundations, skills and capabilities of existing industries has a higher rate of success.⁹

Roundtable Focus – The agenda

The EU-GCC Trade and Business Cooperation Facility, in partnership with the BCCI, is organizing a roundtable on November 2 2015. The roundtable will include presentations by leading EU and GCC entrepreneurs, business organisations and policy makers to discuss solutions for fostering an entrepreneurship ecosystem based on local conditions and establishing a recognised hub for entrepreneurship. The roundtable will be followed by a public panel discussion

Roundtable Results – Expected Recommendations

The roundtable will seek to select issues to be further developed by a joint Policy Advocacy task force in the following areas:

⁸ Mian, Sarfraz A. Science and Technology Based Regional Entrepreneurship: Global Experience in Policy and Program Development. Cheltenham: Edward Elgar, 2011.

⁹ Mason and Brown. Entrepreneurial Ecosystems and Growth Oriented Entrepreneurship. OECD, 2014

- e) Should the private sector and governments identify the most promising industries for entrepreneurship and develop support initiatives in those areas?
- f) What can established entrepreneurs do to create a community and encourage others who aspire to start their own businesses?
- g) Which good practices in entrepreneurship promotion or establishing a renowned center of excellence from the Gulf region or EU should be promoted?
- h) How can Bahrain establish itself as a regional hub for entrepreneurs and angel investing?

Agenda

Session 2 Agenda: Fostering Entrepreneurial Culture and Ecosystem

Moderator: Fahad Al Shirawi

13h30 Fostering an Entrepreneurship in the region

Dr. Adel Kamal

Academic Consultant , The National Authority for Qualifications and Quality Assurance of Education and Training, Bahrain

Mr. Jakob Kistorp

Founding Partner of VentureScout - bridging the gap by connecting Startups and Corporates, Denmark

Mr. Mohammed Ahmadi,

Director, Tamkeen , Bahrain

14h30 Panel discussion on entrepreneurship challenges in the region

Mr. Mohammed Al Sarraj

Founder of Besuited.com, Bahrain

Mr. Yousif Alharbi






SME expert and CEO of Development Divan Holdings, Saudi Arabia






Mr. Hussain Janahi






Head Enterprise Initiative Center, BCCI, Bahrain



15h30 Round-up and closing remarks

Speaker List

Name	Title	Organisation	Country	
HE Nabeel Al Mahmood	CEO	Bahrain Chamber of Commerce and Industry	Bahrain	
HE Abdulrahim Naqi	Secretary General	Federation of GCC Chambers	Saudi Arabia	
HE Adam Kulach	Ambassador	Delegation of the European Union to Bahrain, Kuwait, Oman, Qatar and Saudi Arabia	Saudi Arabia	
Mr. Peter V. Helk	Manager	Confederation of Danish Industry	Denmark	
Dr. Omar Al Ubaydli	Director	International and Geo-Politics Program, Bahrain Center for Strategic, International and Energy Studies	Bahrain	

Mr. Basil Al Awami	Head of Department	Federation of GCC Chambers of Commerce	Saudi Arabia	
Dr. Adel Kamal	Academic Consultant	The National Authority for Qualifications and Quality Assurance of Education and Training, Bahrain	Bahrain	
Dr. Crystal A. Ennis	Doctor PHD.	Leiden University Institute for Area Studies (LIAS), Netherlands	Netherlands	
Mr. Mohammed Ahamdi	Director	Tamkeen	Bahrain	
Mr. Soraqa Al Khatib	Founder	Fullstop.sa, Serial Entrepreneur and EY KSA Entrepreneur of 2014	Saudi Arabia	

Mr. Fahad Al Shirawi	CEO	GCCIX	Bahrain	
Mr. Yousif al Harbi	Chairman	Development Divian Group	Saudi Arabia	
Mr. Hussain Janahi	Head of Enterprise Initiative Center	BCCI	Bahrain	
Mr. Mohammed Al Sarraj	Founder	Besuited.com	Bahrain	
Dr. Riyad Yousif Hamzah	Secretary General	Higher Education Council	Bahrain	

Mr. Osama Al Khaja	President	Ebtikar Society, Bahrain	Bahrain	
Jakob Kistorp	Founder	VentureScout	Denmark	

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About the EU-GCC Trade and Business Cooperation Facility

A consortium of leading EU and GCC private sector institutions with a total membership base of 2.5 million companies will manage the project. The partners of the project are Confederation of Danish Industries (DI), Federation of GCC Chambers (FGCCC), BUSINESSEUROPE, and Venture Scout.

The EU-GCC Trade and Business Cooperation Facility is a new three year project aimed at strengthening trade, investment and business cooperation between the EU and the GCC through business networks, mutual understanding and dialogue.

The project will embark on various activities in GCC and EU cities including high-level annual Business Conferences, policy working groups and round tables aimed at EU and GCC business communities, policy makers, opinion leaders and media.

For more information, visit our website: EU-GCC.org

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