



UNIDO – Arab International Center for Entrepreneurship & Investment Enterprise Development & Investment Promotion Program – Incubation Management System

Background & Concept

The development of Micro, Small and Medium Enterprises (MSMEs) has been recognized the world over as an effective mechanism to facilitate economic development. For, it is the MSME sector, which has the highest capital-employment ratio and it is this sector which provides opportunities for the youth and unemployed people to exhibit their entrepreneurial potential, by being job creators rather than job seekers. This assumes paramount importance in a situation when the unemployment levels are rising. It requires entrepreneurs who perceive opportunities, organize resources to set up and successfully run enterprises. One could argue in favor of supply driven support like availability of finance on favorable terms, consultancy support, policy support, concessions and subsidies, tax breaks etc. However, experiences have shown that finance, facilities and incentives could be necessary but not sufficient to ensure entrepreneurial response. For, entrepreneurial growth requires focus on human resources in addition to inducements by finance, subsidies, infrastructure etc.

Considering that promotion of entrepreneurship is a key to economic growth and primary engine for creating a country's wealth, many governments of developing countries and economies in transition have renewed their focus on this vital factor of production. The Investment & Technology Promotion Office (ITPO) Bahrain in cooperation with the Ministry of Industry (Mol) and various entities in Bahrain concerned with development of MSMEs were trying to stimulate domestic as well as foreign investment into the country in order to boost the manufacturing sector. It has been concluded that the unavailability of qualified entrepreneurs as well as a cohesive set of support services posed as the major bottlenecks in Bahrain; accordingly, the issues were studied and discussed thoroughly, including an analysis of the experiences of other countries worldwide, with UNIDO.

Keeping the above in view, the Enterprise Development (ED) process had been initiated giving due considerations to the operational environment in Bahrain and the special needs of the Bahraini entrepreneurs. The process calls for:

- Availability of trained human resources to act as trainers and counselors, helping and guiding potential entrepreneurs.

- Networking with concerned institutions involved in facilitating MSMEs development

Establishment of the Arab Regional Center for Entrepreneurship & Investment Training (ARCEIT)-Bahrain

Under the banner of south –south cooperation, Bahrain was identified as the Regional Focal Point Country for the Arab Region by IRC, jointly sponsored by UNIDO and the Government of India with the objective of strengthening indigenous capacities of selected countries in Arab, Asian and African regions in the areas of investment promotion and entrepreneurship development. The cooperation and support extended by the government and the local institutions and the excellent response from the community in the Arab region, led to the establishment of “**Arab Regional Centre for Entrepreneurship and Investment Training (ARCEIT)**” in Bahrain, to effectively organize & support the Investment & Technology Promotion and Entrepreneurship Development Initiatives – the core elements of the Enterprise Development programme - in the Arab region.

ARCEIT is operating with the objective to develop and strengthen indigenous capabilities of developing countries in the Arab region for Investment & Technology Promotion (ITP) and Entrepreneurship Development (ED). The activities of ARCEIT are closely coordinated by the UNIDO Investment and Technology Promotion Office in Bahrain and UNIDO HQ in order to ensure maximum synergy among the institutional participants.

In 2008, and in line with the UNIDO Independent evaluation to ITPO / ARCEIT Activities, which concluded that the role played by ARCEIT is instrumental in Economic Empowerment and recommended its conversion from a regional into an International Center. Accordingly, in 2013 the ARCEIT was converted into the Arab International Center for Entrepreneurship & Investment (AICEI).

AICEI Mission

1. Contribute to the economic empowerment of youth and women regionally and internationally
2. Unleash and stimulate the spirit of entrepreneurship through various awareness and support programs for women and youth
3. Assist in developing eco-systems for the development of micro, small & medium enterprises (MSMEs) through capacity building programs, technology transfer, financing and incubation systems

4. Share and disseminate best practices for the development of value added services to entrepreneurs through local support institutions
5. Institutionalize business counseling and mentoring programs aimed at facilitating enterprise growth
6. Developing linkages between financial institutions and entrepreneurship programs
7. The establishment of business incubator systems as they play a key role in the development and growth of MSMEs through a range of services offered

ARCEIT / AICEI Time line:

2001: ARCEIT was established and the Bahrain Model evolved

2003: Inauguration of the Bahrain Business Incubator Center

2005: Working arrangement with the Islamic Development Bank

2006: Working arrangement with the Arab Gulf Program for Development (AGFUND) and the Bahrain Model being labeled as the “Bahrain – Arab Model”

2007: UNIDO 12th General Conference officially adopts the Bahrain-Arab Model as its tool for Investment Promotion & Technology Transfer.

2008: UNIDO Independent evaluation to ITPO / ARCEIT Activities, which concluded that the role played by ARCEIT is instrumental in Economic Empowerment and recommended its conversion from a regional into an International Center for Entrepreneurship & Investment.

2009: Bahrain – Arab Model named best developmental program with in the UN agencies

2010: The League of Arab States through its Arab Union for Small Enterprises officially endorse the Bahrain – Arab Model

2012: The General Union of Chambers of Commerce, Industry & Agriculture for Arab Countries endorses the Bahrain – Arab Model and its implementation in 22-member country Chambers.

2013: Arab Regional Center for Entrepreneurship & Investment Training is transformed into the Arab International Center for Entrepreneurship & Investment. The event was held under the patronage of the Ministry of Industry and Commerce and in the presence of Mr. Kandeh Yumkella, UNIDO Director General.

2016: ITPO Bahrain / AICEI officially launch the UNIDO – Intel Entrepreneurship and Innovation Hub during the UNIDO 50th Anniversary. *For additional information on the hub please revert to annex 1*

2015, 2017, and 2019, the organization of the World Entrepreneurs Investment Forum, under the auspices of the United Nations, with the participation of a large number of entrepreneurs from all over the world.

2019, UNIDO conducted an independent evaluation of the programs of the Investment and Technology Promotion Office and of the Arab International Center for Entrepreneurship and Investment, which resulted in giving the office a rating of 5.5 out of 6, which is an excellent result at the level of UNIDO offices.

Currently, the UNIDO Arab International Center for Entrepreneurship & Investment Training since its inception in 2001 has developed the capacities of 3500 experts from 60 countries. The EDIP modality is currently implemented in 52 countries as follows:

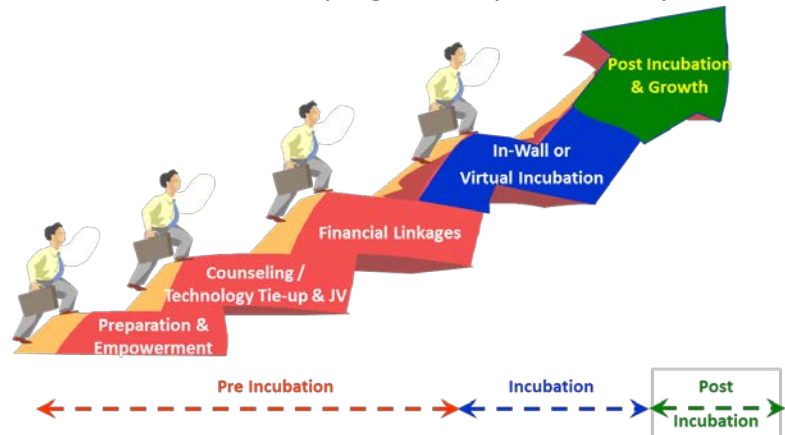
- African continent the model has been developed in Sierra Leone, Nigeria, Gambia, Zanzibar, Tanzania, Eretria, Ethiopia, Ghana, Kenya, Uganda, Mozambique, Guinea and Liberia
- Latin America, the Model has also been developed in Uruguay
- Asian continent, Turkey, Pakistan, Brunei, Kazakhstan, Azerbaijan, Turkmenistan, Laos, Afghanistan, Bangladesh, Russia and Malaysia. The Model didn't stop in the Asian continent it was also replicated in China through eleven centers in major economic cities and providing services in 300 cities. In the case of India, we are currently in the process of developing 10 EDIP Centers in 10 States as part of the India Smart City Initiative.
- Gulf region, the model was also developed in Kuwait, Oman, the United Arab Emirates and the Kingdom of Saudi Arabia.
- Middle East and North Africa region, it is implemented in Mauritania, Lebanon, Syria, Jordan, Tunisia, Yemen, Sudan, Iraq, Egypt, Palestine and Morocco.
- Europe: Cyprus

This overwhelming success has led the AICEI to establish partnerships with a number of regional and international partners namely the Islamic Development Bank, the Kuwait fund for Development, the Arab Fund, the Saudi Fund for Development, the Abu Dhabi Fund, the Arab Bank for Economic Development in Africa, the Gulf Program for Development, the Kuwait Finance House, the Italian Cooperation for

Development, the Union of Arab Chambers, Union of Arab Banks, Confederation of Indian Industries, Global Entrepreneurship Network, Creative Business network, and others.

The Enterprise Development & Investment Promotion Program (EDIP)

The EDIP is a package approach aimed at developing the capacities of potential entrepreneurs in order to boost their capabilities and assist them in developing their own private businesses. The process is based on an approach that deals with building entrepreneurial capabilities in addition to enterprise planning, implementation and management.



The EDIP is multifaceted in the sense that it need not only assist in developing start-up entrepreneurs (Enterprise Creation Program) but rather represents a major mechanism for upgrading and expanding existing enterprises (Enterprise Growth Program). Through the provision of value-added services, tools and programs to potential entrepreneurs. Moreover; it facilitates and promotes domestic investment which undoubtedly leads to the attraction of foreign direct investments mainly through the linkage with the UNIDO ITPO Network, thus leading to job creation and a more diversified economy.

Further to the above the EDIP has evolved into a practical well-structured Incubation System in addition to that it encompasses non-financial and financial services.

Please revert to Annex 2 for EDIP Center objectives and services

The EDIP consists for five steps:

A. Pre-Incubation

1. Preparation & Empowerment
2. Business Counseling & Technology Tie-up leading to full-fledged joint ventures
3. Financial linkages

B. Incubation (In-Wall and Virtual)

C. Post Incubation and Growth programs

A. Enterprise Creation Program

The Entrepreneurship Development process is based on a theory or belief, well - grounded on historical experience that entrepreneurs are not only born but can also be trained and developed. It is of course recognized that all individuals do not possess entrepreneurial traits-desire to do something new and unconventional in a specific context, to be on one's own by starting one's own business and thus to climb the social ladder-" but some do have such traits irrespective of socio-economic class to which they belong.

Hence, the program designed is into four steps and is aimed at helping potential entrepreneurs/investors translate their ideas into commercial ventures in the manufacturing and service sectors.

Pre - Incubation

1st STEP – Preparation & Empowerment

With the ultimate objective of assisting the potential entrepreneurs/investors to set up their own enterprises, the business skills development has been designed to cover the following:

- Setting up an enterprise: Rules, procedures and formalities, whom to contact for what, nature and extent of assistance available from various institutions
- Business Opportunity Identification: How to identify business opportunities, how to screen them, how to firm up a business idea for further exploration.
- Market Assessment: How to assess the market potential, guidance in carrying out field work for market assessment for the proposed product/service
- Entrepreneurial Competencies
- Business Plan: Skills in preparing a Business Plan and assistance in finalizing it
- Essentials of managing an enterprise
- Inputs on how to implement a project/enterprise

The organization of a business plan competition has been added to step one which represents a major component for assessing the effectiveness of the program and whether the potential entrepreneurs/investors were able to acquire the needed skills and competencies.

2nd STEP - Counseling & Technology Tie-up possibly leading to a full-fledged Joint Venture

Subsequent to the preparation & empowerment step, a vigorous follow-up mechanism to provide business counseling with the ultimate objective of facilitating

project implementation. Developed entrepreneurs/investors are helped in finalizing their business ideas and in obtaining necessary information and preparing their business plans/investment profiles as per UNIDO methodology. A very crucial component is provided to entrepreneurs, enabling them sourcing technology tie-ups which could also lead to the development of full-fledged partnerships; which is carried out through the UNIDO-ITPO/IPU Network (Annex 3). In addition to that administrative support on legal and licensing issues are facilitated through the respective government entities.

It may be noted that the nature and extent of business counseling services depend on the needs of respective entrepreneurs. The counseling & technology tie-up step is a lengthy relationship between the counselor and the entrepreneur/investor. It may generally include the following activities:

- Business opportunity identification, analysis and finalization
- Market research – Collection, analysis and compilation of relevant data
- Identification and sourcing information on appropriate technology, machinery/equipment, and raw materials etc.
- Facilitating technology tie ups which could lead to the establishment of joint venture collaborations (annex 2)
- Business plan preparation
- Completing legal documentation and seeking necessary registrations/licenses/clearances

3rd STEP - Financial Linkages

The service linked next to the business counseling is facilitating project linkage to the financial scheme. Appropriate financial linkages are identified based on the project requirements and entrepreneurs' investment capacity.

Entrepreneurs/Investors are advised and guided to completing the required formalities for seeking loan support from the relevant financial institutions. At this stage need based advice and support is also provided by the financial counselors. The business counselor acts as a link between the entrepreneur, the financial counselor and the financial institution in order to facilitate the process and ensure project's linkage with the financial scheme.

Incubation

4th STEP – Virtual & In-wall Incubation

Incubation takes two forms either virtual or in-wall. Virtual incubation there need not be established at a specific incubator but rather establish their businesses in any

location and would revert to us on a need basis. As for in-wall incubated entrepreneurs these are directed towards those businesses that require constant follow-up and longer periods in reaching breaking even.

With all the essential resources for the project tied up the entrepreneur is guided through the project implementation plan, formulated during the counseling phase (Step 2). Essential linkages are facilitated with institutions dealing in services related to entrepreneurs needs. A lot of capacity building is provided throughout the program in terms of technical, marketing access and linkages; continuous follow-up with institutions delivering administrative services. Day to day follow-up with entrepreneurs on different issues is provided to sustain their smooth growth. Need based guidance and support is extended for procurement, installation and commissioning of the project machinery and equipment as well as for procuring the raw materials and other utilities. Business counselors in association with the financial counselors closely monitor the project implementation process and guide the project to become operational.

Tailor made business advisory as well as training interventions are brought in to ensure project survival at crucial stages of initial operation and to facilitate growth in the subsequent period of project operation.

Post Incubation

B. Enterprise Growth Program

The Enterprise Growth program through EDIP is intended to bring about tangible results in the quickest possible time frame to enterprises which have growth potential, but are faced with problems related to competitiveness and productivity. The focus of the program is on assessing the problems faced by the existing enterprises and finding solutions for enhancing their competitiveness through enterprise upgrading.

- Develop a common understanding among all the parties involved (cluster actors/enterprises) and identify the challenges faced by the enterprise.
- Carrying out diagnostic studies for the selected enterprises with a view to identify the critical problems they face and to propose remedial actions. The diagnosis covers each aspect of the operation of the enterprise, including management, energy utilization, environment, market, quality, technology and equipment. This in turn should lead to the preparation of a preliminary enterprise-upgrading plan.
- Provide direct assistance and support to implement the upgrading plans for the selected enterprises. (In some cases, the plans are implemented with local inputs

alone).

- Those upgrading plans, which require foreign inputs in terms of technology, strategic alliances, joint venture, market access, etc. are promoted through UNIDO ITPO network in order to identify foreign partners and technology suppliers.

Services offered can be but not limited to the following:

Technical Support/Administrative

- Access to information and data / Developing growth business plans
- Business Counseling, Co-entrepreneurship & Angels Program
- Technology upgrading: Raw materials sourcing , sourcing of technology
- Quality management & upgrading to ensure adherence to international markets
- Legal support

Access to new Markets: through Franchising, Clusters, export consortia and subcontracting exchanges

Financial Support: Medium to large financing, Seed capital and Equity & Venture Capital Funds

Infrastructure

- Sector specific Incubators
- Technology Parks
- Research & development facilities

Annex 1

UNIDO – Intel Entrepreneurship and Innovation Hub

Rationale

UNIDO is pleased to lead through its Bahrain operation and the Arab International Center for Entrepreneurship and Investment (AICEI) - a global initiative to support sustained economic growth.

Through an advanced online platform co-developed by Intel Corporation, the Innovation and Entrepreneurship Hub was created to support the development of Micro and Small and Medium Enterprises (MSMEs,) young innovators, and entrepreneurs. Entrepreneurs are able to access online programs to improve their business skills and to receive business counseling and mentorship. At the same time, they are also assisted to obtain access to potential financial and technology partners. Furthermore, the Hub aims at becoming an online community for MSMEs and at developing into a global collaborative ecosystem, which is conducive to enterprises through online information and knowledge exchange, including the sharing of best practices.

Accordingly, through the Hub we seek to foster an innovation and entrepreneurship movement for a better future; this strategic initiative will be undertaken in collaboration with governments, mentors, counselors, financial institutions and MSMEs in order to support local talent and to enable the development of knowledge-based economies globally.

The Hub has been developed, implemented and officially launched in November of 2016, based on the Bahrain Model for Entrepreneurship Development virtually.

Some of the main features of the Hub include;

1. Idea identification and generation
2. Preparing and empowering the entrepreneur/innovator through online capacity building modules
3. Business Counseling and mentoring (forums, chats,...)
4. Development of the business plan
5. Facilitating technology tie-up
6. Creating linkages with financial institutions for “access to finance”
7. Providing virtual incubation to assist the entrepreneur/innovator to move from “paper” to established business
8. Providing services to ensure the growth of the enterprise through market access initiatives and developing networks

Annex 2

Summary EDIP Center Objectives and Services

The Center Objectives:

- Promote and unleash the entrepreneurial potential of Youth through developing practical curriculums and initiatives at the school level (elementary, primary, secondary, vocational and technical) and university levels in addition to creating linkages with various NGOs and associations dealing with youth economic empowerment
- Support potential entrepreneurs in converting their business ideas/dreams into existing businesses based on the UNIDO Enterprise Development & Investment Promotion Program.
- Empower and assist youth and women to move from the informal sector to the formal sector; hence facilitate their transformation from a micro enterprise into a small and eventually medium enterprise.
- Provide added value services to existing MSMEs to grow and expanding their current operations
- Assess the need to develop incubation systems in the host country and provide support to existing incubators

Center Services:

The EDIP Center will offer its services to potential entrepreneurs and existing MSMEs; through the following activities:

- Prepare and empower potential entrepreneurs through various capacity building programs
- Strengthening capabilities of entrepreneurs and MSMEs to improve their competitiveness in the local and international markets
- Assist in entrepreneurs in the process of business opportunity identification, analysis and finalization
- Support in market research: Collection, analysis and compilation of relevant data
- Identification and sourcing information on appropriate technology, machinery/equipment, and raw materials etc.

- Facilitating technology tie ups which could lead to the establishment of joint venture collaborations
- Supporting the formulation of “business plans” and industrial investment and technology promotion profiles required for the improvement of the operations and efficiency, acquisition of new technology and penetration into new markets
- Completing legal documentation and seeking necessary registrations / licenses / clearances
- Assisting local enterprises in the evaluation of their performance;
- Raising awareness of local enterprises of advanced technology, industrial processes and potential markets
- Matchmaking and facilitating business linkages between local and foreign companies
- Assisting in up-grading of skills in the utilization of various networking instruments.
- Conducting sectoral studies on specific industrial and service sectors.
- Facilitate access to the UNIDO – Intel Corporation Virtual Entrepreneurship & Innovation Hub

Annex 3

**** Facilitating technology tie ups and joint venture collaborations**

As industries throughout the world confront the growing challenge of international competition, investment and technology are proving to be two essential keys to success in the global marketplace. But many developing countries and countries with economies in transition face enormous difficulties in attracting investors as well as in gaining access to technology and markets.

Through the UNIDO ITPO Network¹ of offices (Germany, China, Italy, Japan, Poland, Korea, Russian Federation); ITPO Bahrain provides a wide spectrum of services offered to Entrepreneurs during the Counseling & Technology Tie-up step.

Drawing on these linkages, ITPO Bahrain is redressing the industrial development imbalance by bringing investment and the latest technology to Bahrain to those mostly in need of a promotional helping hand. At the same time, the ITPO is opening up new opportunities for investors and technology suppliers to find potential partners.

Services offered through ITPO Bahrain

Providing a unique combination of value-added services to client institutions and entrepreneurs who want to forge new alliances in international industrial investment and technology transfer.

Information Fast Lane: Entrepreneurs are often unfamiliar with investment climate and related statutory requirements outside their own countries while lacking first-hand knowledge of potential partners abroad. Accordingly the ITPO Network fills the gap by offering a full package of the latest information on:

- Screened bankable industrial business opportunities
- Specific manufacturing facilities that enterprises in their host countries seek to establish abroad;
- Legal and economic environment;
- Investment financing and technology supply sources.

¹ ITPOs are one-stop shops for four services crucial to investment promotion and technology transfer: (i) dissemination of investment information, (ii) identification and promotion of investment opportunities, (iii) provision of training in promotional techniques and (iv) matching project sponsors with potential foreign investors. ITPO staff maintains active links with the business community and development agencies in the Offices' host countries as well as extensive data banks of companies interested in industrial partnerships in developing and transition economies.

Partnership Promotion ITPO Bahrain acts as a forum for bringing new business opportunities to potential partners. Guiding entrepreneurs at each stage of the investment cycle, from project identification through appraisal to implementation.

Partnerships and Linkages in the form of:

- Joint-Venture
- Market Access & Marketing expertise
- Sub Contracting & Buy-back arrangements
- Equipment purchase
- Management expertise
- Technical expertise
- Technology Transfer
- Joint Research and Development

Business negotiations Organizing one-to-one meetings to negotiate specific projects by arranging tours for project sponsors to promote industrial collaboration opportunities. In addition to providing expert advice to ensure that negotiations come to a successful conclusion.