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United Nations Economic and Social Commission for Western Asia

# Enhancing Innovation and Entrepreneurship eco-system in the Arab Region

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# What is Innovation ?

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- *“If invention is a pebble tossed in the pond, innovation is the rippling effect that the pebble causes.*
- *Someone has to toss the pebble. That’s the inventor.*
- *Someone has to recognize the ripple will eventually become a wave. That’s the entrepreneur.”*

-Tom Grasty, 2012  
Digital entrepreneur & co-founder of Stroome

## What is innovation?

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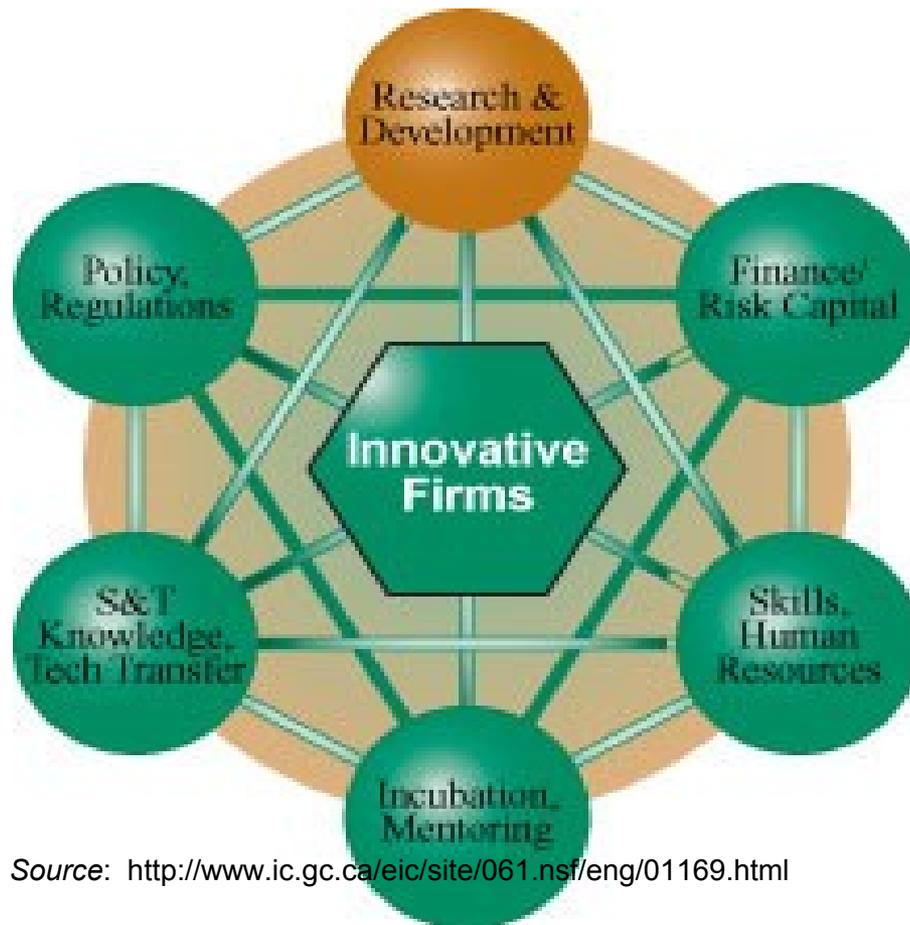
- It is about making that **which exists better**, so therefore **improving services, processes and products**
- Innovation is a **process, trail and error**
- It can only be **successful**, when **aligned** with the **strategic business principles** of the **institution**
- **In today's world, innovation is a subject of great importance because it stimulate growth in a highly competitive market.**

# Drivers of Innovation

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- **Human factor is the main driver of Innovation**
- **Good education and talented people are the basis of Innovation and entrepreneurship**
- Actors such as Schools, academia are essential for providing knowledge and promoting innovation and entrepreneurship, and also
- Institutions, industry and government
- R&D, infrastructure, incubation, mentoring
- Funding, markets, and business

# The Innovation and Entrepreneurship eco-system



- Model
  - Components are intrinsically linked to each other
  - Two layers:
    - 1 Policy, Finance & Incubation
    - 2 R&D, Human capacity & Knowledge Transfer
- Foster innovation by
  - Educating people well
  - Supporting creativity
  - Providing resources and incentives
  - Making innovation a part of organizational culture

Source: <http://www.ic.gc.ca/eic/site/061.nsf/eng/01169.html>

# Eco-system for supporting entrepreneurship in some Arab countries

	Lebanon	Jordan	Egypt	Tunisia	Morocco	Algeria	Bahrain
<b>Incubators/Techno Parks</b>	Berytech, BIAT, SouthBIC	iPark, JICs, Al Urdonia	Flat6Labs, Tahrir2,	AlGhazela & Sfax techno Parks,	Casablanca Techno-park	Cyberparc Sidi Abdellah	BBIC
<b>Accelerators</b>	AltCity, Seeqnce	Oasis500					
<b>Funds (VC, Angels)</b>	Berytech Fund, MEVP	Oasis500 Fund, N2V, Bidaya	Ideavelopers, Cairo Business Angels,		Maroc Numeric Fund		Bahrain Development Bank
<b>Support organization</b>	Bader, Cisco Entrp Institute	Queen Rania Center for Entrepreneurship	Nebny Foundation, Egypreneur			Algeria Startup Initiative	UNIDO EDP

# The Innovation and Entrepreneurship eco-system

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## Components of any innovation system

- Government policies and regulations, and international standards, guidelines
- R&D organizations
- Education system – knowledge transfer & human capital development
- Financial support systems – government, venture capital

# Innovation and Entrepreneurship programs in Arab Region

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- ESCWA Digital Arabic Content Competition
  - The ICTD launched the National DAC Competitions in cooperation with technology incubators in Egypt, UAE, Jordan, Lebanon, Palestine, Syria and Yemen
- MIT Pan Arab Startup Competition (since 2006)
  - Targeting 21 Arab countries & more than 4,000 applications every year
  - Winner gets 50k\$ + visibility + exposure + mentoring
- Stars of Science, by Qatar Foundation
  - Pan-Arab reality-TV program dedicated to innovation & next generation of young Arab innovators, with more than \$500,000 in cash prizes for the top 3 finalists

# Innovation and Entrepreneurship programs in Arab Region

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- Regional Support programs
  - Wamda, TechWadi, Mowgli (mentorship & networking), INJAZ (youth)
- Regional Funds
  - Wamda, Intel Capital, Malaz Capital, Riyada Entreprise Development, Saffar, Sawari Ventures, Siraj Capital, RisingTide Fund, Tuninvest-AfricInvest, Jabbar Internet Group, Silicon Oasis Ventures, Sindbad Ventures

*More on [http://en.wikipedia.org/wiki/List\\_of\\_Arab\\_entrepreneurship\\_initiatives](http://en.wikipedia.org/wiki/List_of_Arab_entrepreneurship_initiatives)*

## Funding in Arab Region: VC investment

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- Arab region has been reluctant to invest in innovation and venture capital to date
  - Tradition of investing in low-risk activities such as real estate or the stock market, where exits are much easier.
  - Almost 80% of entrepreneurs in seven Arab countries are financed by family members and only about 10 percent benefit from government programs

## Funding in Arab Region: VC investment

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- The past four years have seen a significant increase in VC-related transactions, with more than 50% in ICT:
  - 45% IT & Software,      - 8% Telecom
  - 12% Media,                      - 12% Industrial Manufacturing
  - 21% Other
- Egypt and the UAE are the locations for more than half of the total transactions since 2006 (56 per cent)
  - Egypt benefits from a large and fast-growing population
  - UAE is a popular destination for fund managers given the size and dynamic nature of the economy

# Impact of Entrepreneurship in Arab Region: QRCE impact in Jordan

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- The Queen Rania Center for Entrepreneurship is a Non-Profit organization established in 2004 to help develop Technology Entrepreneurship in Jordan.
- The Center plays the role of a national Center of Excellence for Entrepreneurship. To date:
  - +25K people participating in networking activities
  - +100 Training workshops & seminars organized
  - +300 Jobs created
  - +15 National conferences & competitions organized
  - +\$2M Annual incomes for the supported companies
  - +5K Participants in public seminars
  - +1K participants in training courses

# **Framework for Enhancing the eco-system of Innovation and Entrepreneurship in the Arab region**

# Strategic Actions

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- Choose Sectors with High Potential
- Encourage Research & Inventions
- Improve Public Policies & Regulations
- Enlarge Sources of Finance
- Improve Infrastructure
- Create a Talent Pool

# Choose Sectors with High Potential

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- The fifth WTDC of the ITU identified 5 specific ICT priority areas for the Arab region, such as :
  - Broadband access networks
  - Digital broadcasting
  - Open-source software development and deployment
  - Arab digital content
  - Enhance Cyber security

# Research & Inventions

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- Enhance R&D at both public and private level
- Innovation should be given priority for funding (grant schemes)
- Develop Technology Transfer Offices in Universities to commercialize research
- Provide incentives for corporations; their R&D should be tax-deductible

# Enlarge Sources of Finance

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- Create national funds for innovators & entrepreneurs
- Develop angel and seed investing (more risky)
- Encourage large ICT corporations to invest in startups (and be tax deducted)
  - Create innovation programs to stimulate their services



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**THANK YOU**

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