

# ***ENTREPRENEURSHIP ECOSYSTEM IN THE ARAB COUNTRIES***

Economic and Social Commission for Western Asia



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# Entrepreneurship in the Arab region

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- Entrepreneurship is very popular today in the Arab region
- There are a number of programs for promoting Entrepreneurship in Arab countries
- Are these entrepreneurship program sustainable ?
- Do we have a suitable eco-system for Entrepreneurship in the region ?



# Support of 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

# Innovation and Entrepreneurship programs in Arab Region

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- **Regional Support programs**
  - Wamda, TechWadi, Mowgli (mentorship & networking), INJAZ (youth)
- **ARTECNET: The Arab Technology Incubator and Technology Park Networks ARTECNET**  
<http://www.artecnet.org/>



# Innovation and Entrepreneurship programs in Arab Region

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- **National and Regional Awards**
- **Alecso Mobile Awards (Annual)**
- **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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- **Funds**
  - Wamda, Intel Capital, Malaz Capital, Riyada Enterprise Development, Jabbar Internet Group, Silicon Oasis Ventures, Sindbad Ventures
- [https://en.wikipedia.org/wiki/List\\_of\\_Arab\\_entrepreneurship\\_initiatives](https://en.wikipedia.org/wiki/List_of_Arab_entrepreneurship_initiatives)

# Example- 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.
- The Center plays the role of a national Center of Excellence for Entrepreneurship. Impact:
  - +25K people participating in networking activities
  - +150 Training workshops & seminars organized
  - +400 Jobs created**
  - +20 National conferences & competitions organized
  - +\$2M Annual incomes for the supported companies**

# DEFINING AN ENTREPRENEUR

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An entrepreneur is an individual who runs a small business and assumes all the risks and rewards of a given business venture, idea, or good or service offered for sale.

The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes

(Investopedia, 2017)

## **We can identify 5 types of Entrepreneurial Activities :**

1. **New product** innovation or introduction of a new service
2. **New process** innovation or new methods of production
3. **Market innovation** or the opening of new markets
4. Input or **resources innovation**
5. **Organizational innovation**, which is the complete restructuring of an entire industry or the breaking up of a monopoly



# Distinctions made between the concepts of Entrepreneurship vs. Small Business

Factor	Distinction	
	Entrepreneur	Small Business Owner
Amount of Wealth Created	Successful entrepreneurial ventures generate <b>substantial wealth</b> – in excess of several millions of dollars	Generates income stream that generally replaces traditional employment
Speed of Wealth Created	<b>Substantial income</b> may be generated in only 5 years, for ex	Substantial income is generated over a lifetime
Risk	<b>High risk</b> – risk of failure <u>BUT</u> less people pursuing similar ideas → more opportunities are created, higher margin of accumulating large wealth in less time	Lower risk – leading to more people pursuing similar ideas → opportunities diminish
Innovation	<b>Higher level of innovation</b> – either in products or services or in the processes <b>Higher competitive advantage</b> → higher wealth creation	Less likely to be able to showcase innovation or innovative ideas, products, services or processes.

# Question ?

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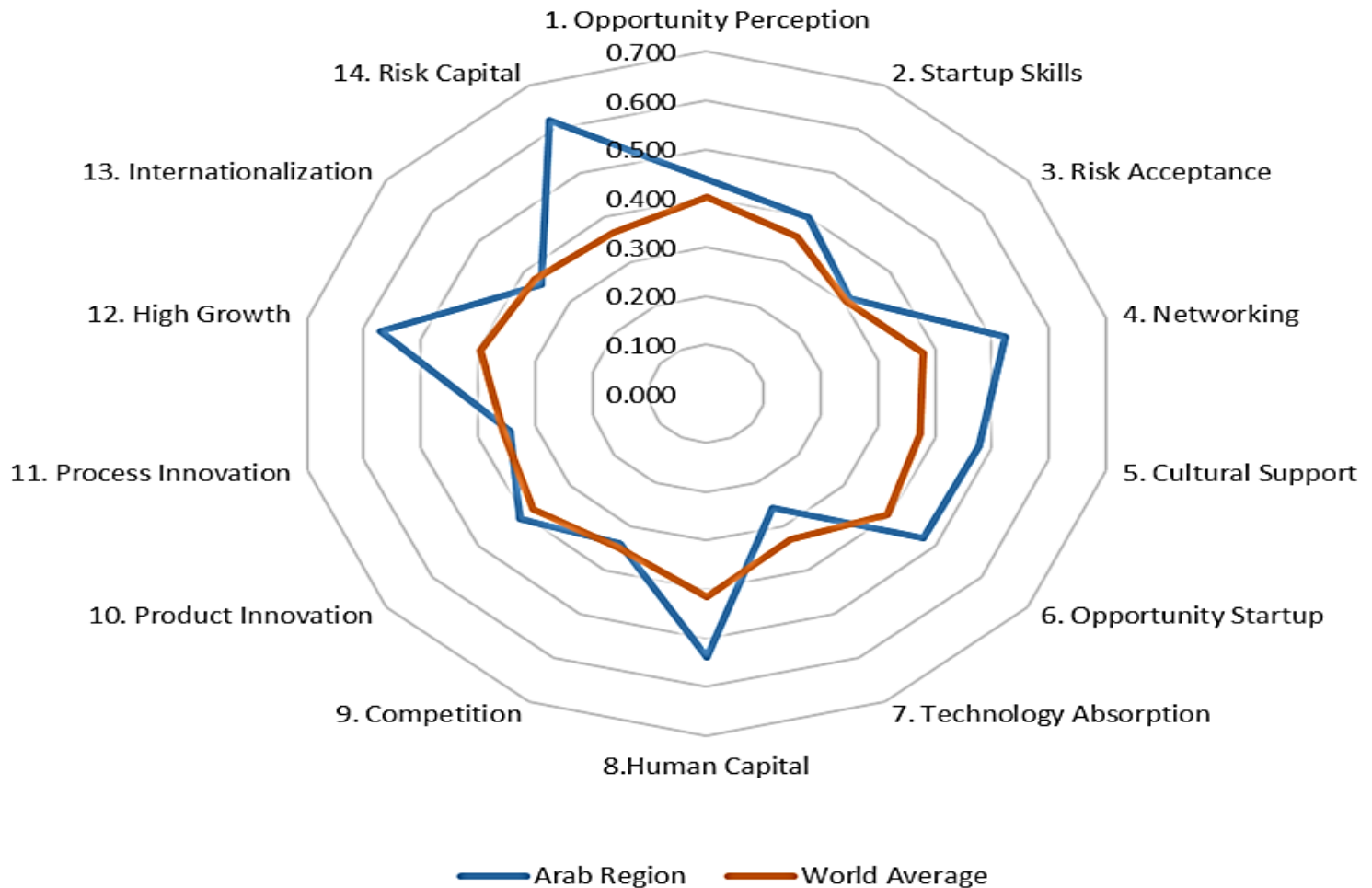
How we can encourage entrepreneur to contribute to the achievements of SDGs ?

# THE PILLARS OF THE ENTREPRENEURIAL ECOSYSTEM

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- 1. Access to Markets and Ease of Doing Business**
- 2. Human Capital/Skills**
- 3. Funding and Finance**
- 4. Network and Support Systems**
- 5. Government and Regulatory Framework**
- 6. Universities, Education, and Training**
- 7. Physical Infrastructure**

# Global Entrepreneurship Index 2016-2017



# HUMAN CAPITAL

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## Three common themes characterize Arab labor markets:

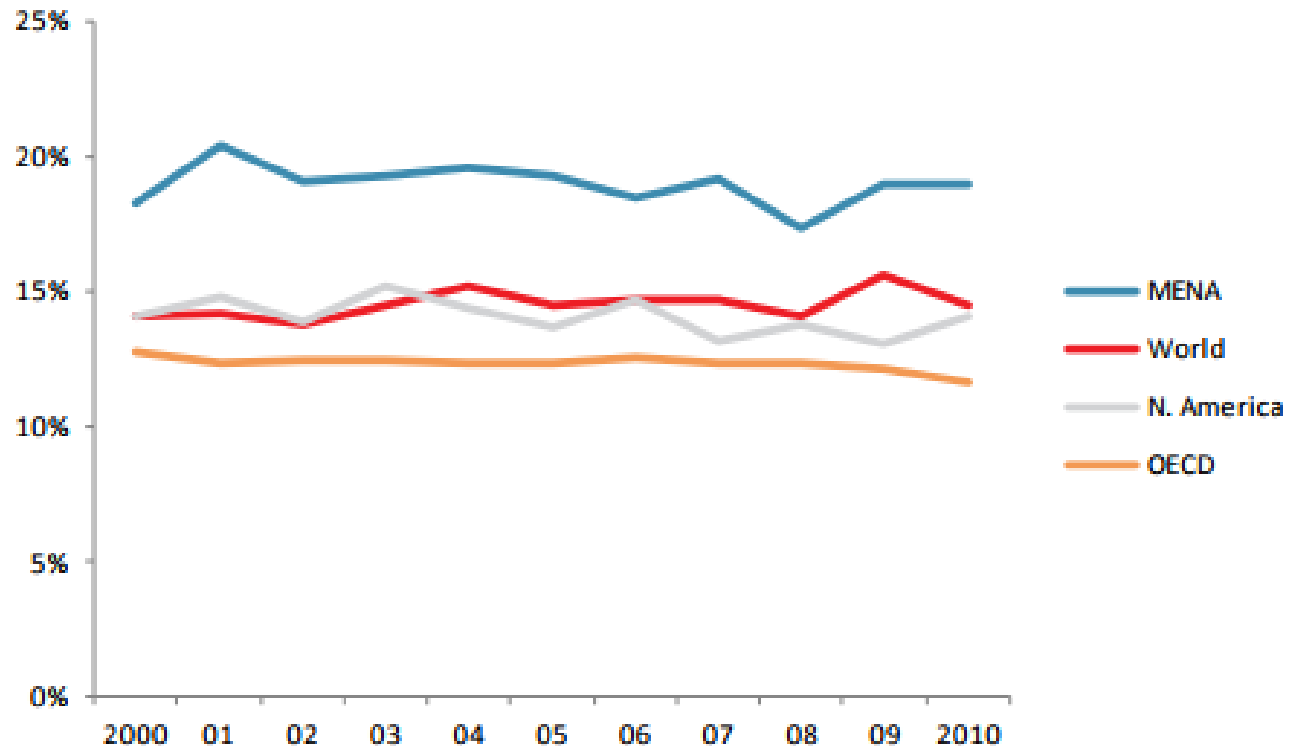
1. Low but increasing levels of workforce participation by women
2. High rates of unemployment especially among the young and relatively well-educated
  - Youth unemployment in the MENA region stands at 31% and university graduates are making up nearly 30% of the total unemployed pool
3. Large but decreasing shares of public sector employment

## LABOR MARKET STRUCTURE

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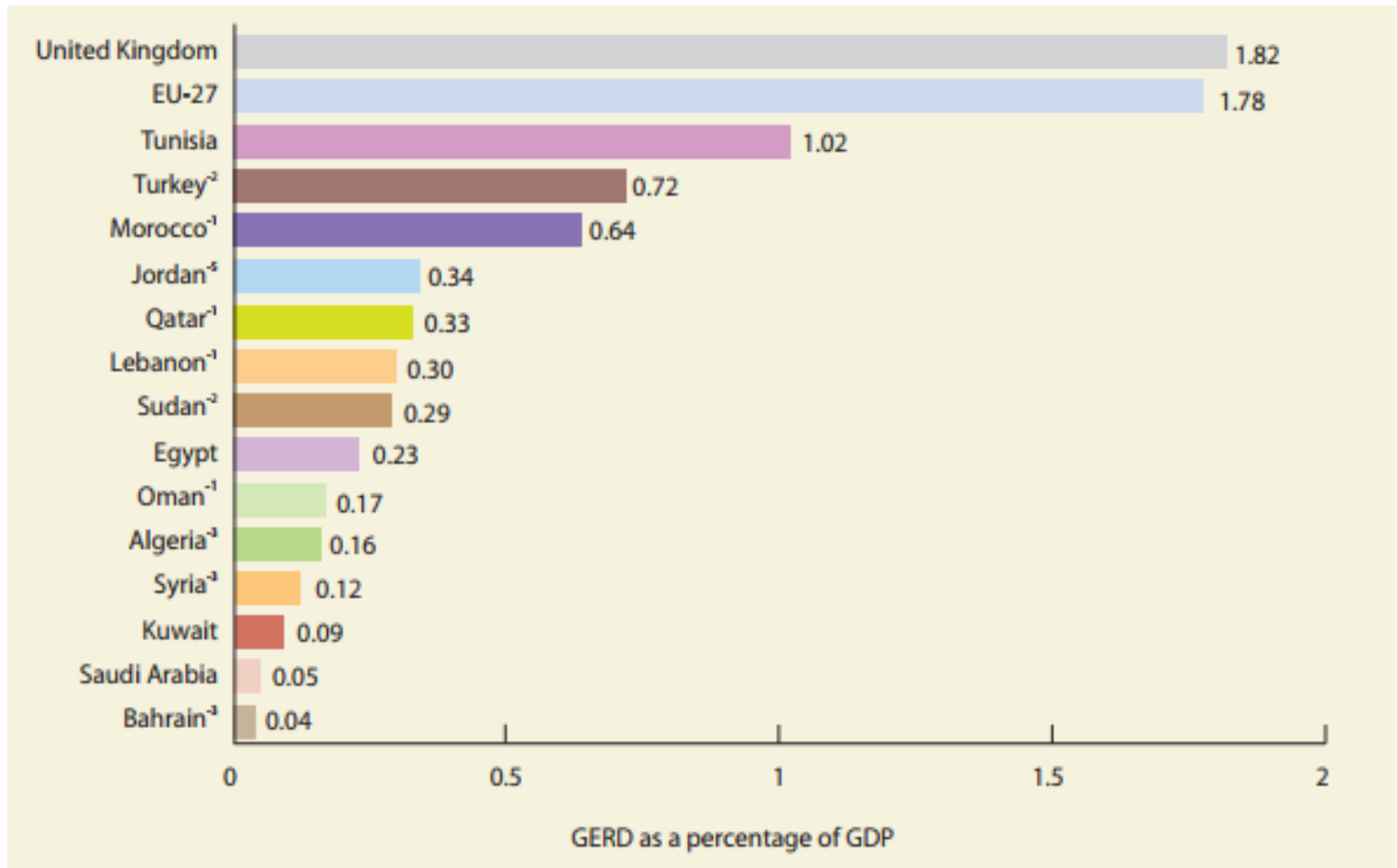
- High-skilled employment stands at 21% on average, middle-skilled roles account for 66% of all formal sector jobs
- Among the high-skilled employees the percentage of digital skills remain limited

# Public expenditure on education as a % of government expenditure



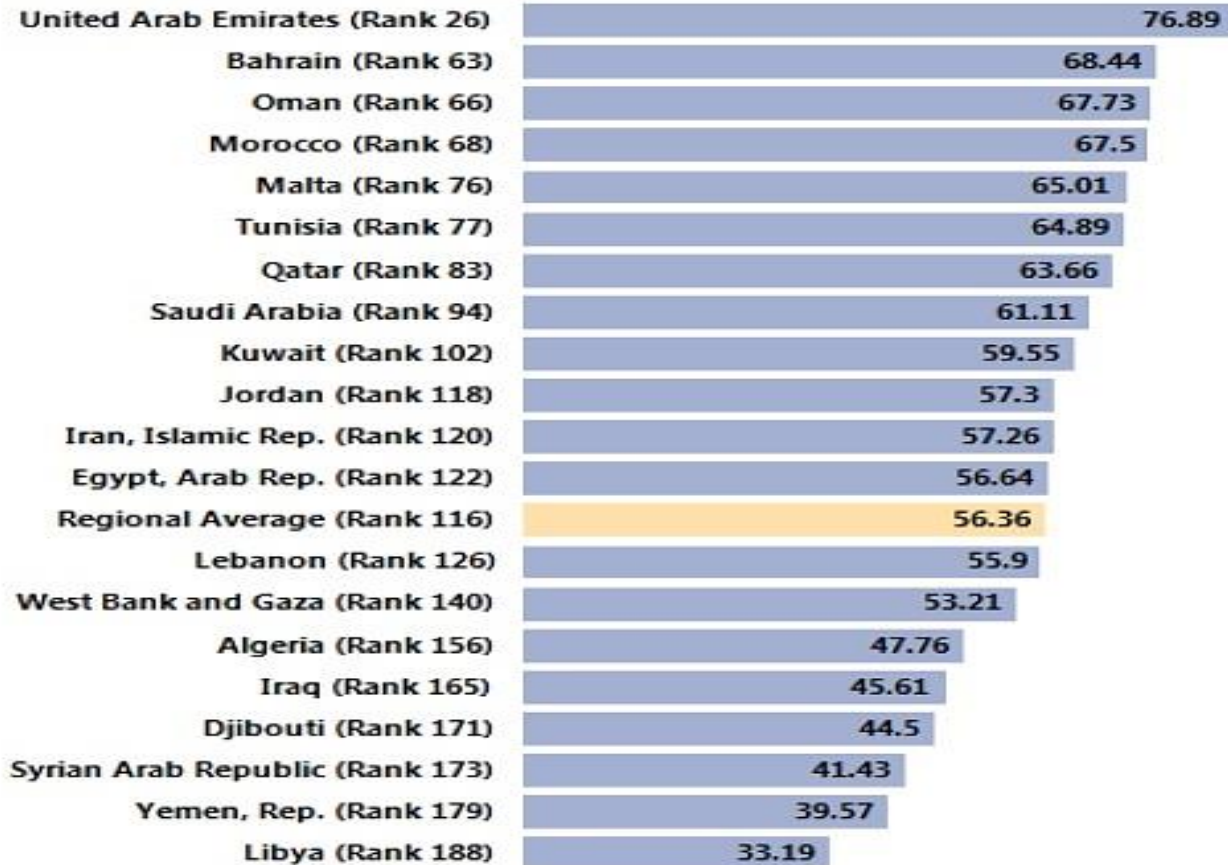
Source: The World Bank

# GERD as a percentage of GDP





# ACCESS TO MARKETS AND EASE OF DOING BUSINESS



How MENA economies rank on the Ease of Doing Business (World Bank, 2017)

# Arab Entrepreneurial Ecosystem

## ACCESS TO FINANCE

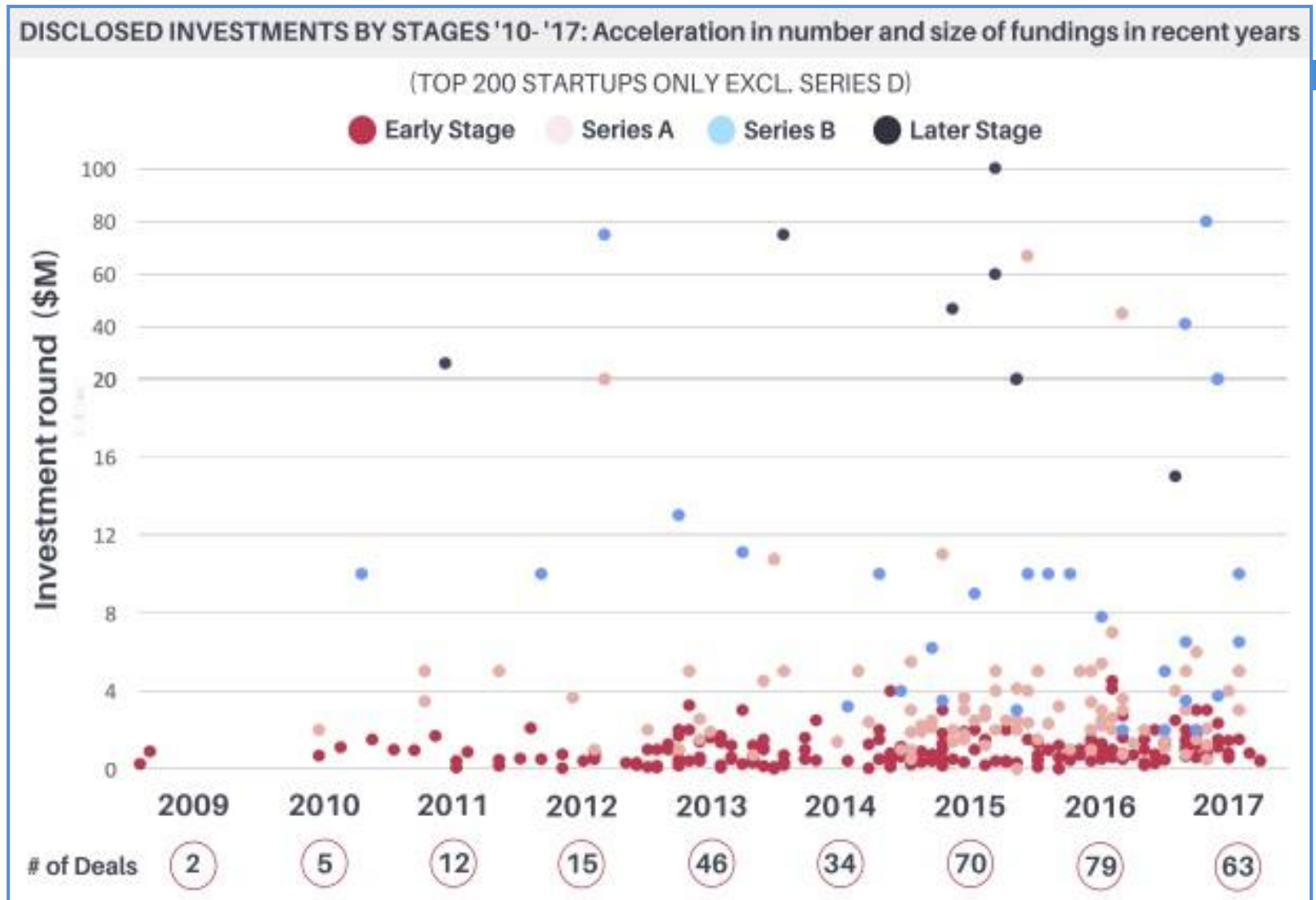
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- According to the International Finance Corporation (IFC), almost **63% of Micro-and SMEs in the region have no access to finance.**
- Notably, there is a **gap in accessing finance for pre-seed, seed and early-stage ventures.**
- Financing is evolving in the MENA ecosystem to include **more investments in seed and early stage,**

Source: MAGNiTT, 2017; Hariharan, 2017

# ACCESS TO FINANCE

MENA 's TOP 200 Start-ups distribution according to investment rounds (\$)



# Lebanon Case Study

## Evolution of VC in Lebanon

Evolution of VC Landscape in Lebanon  
(per year of establishment and fund size)

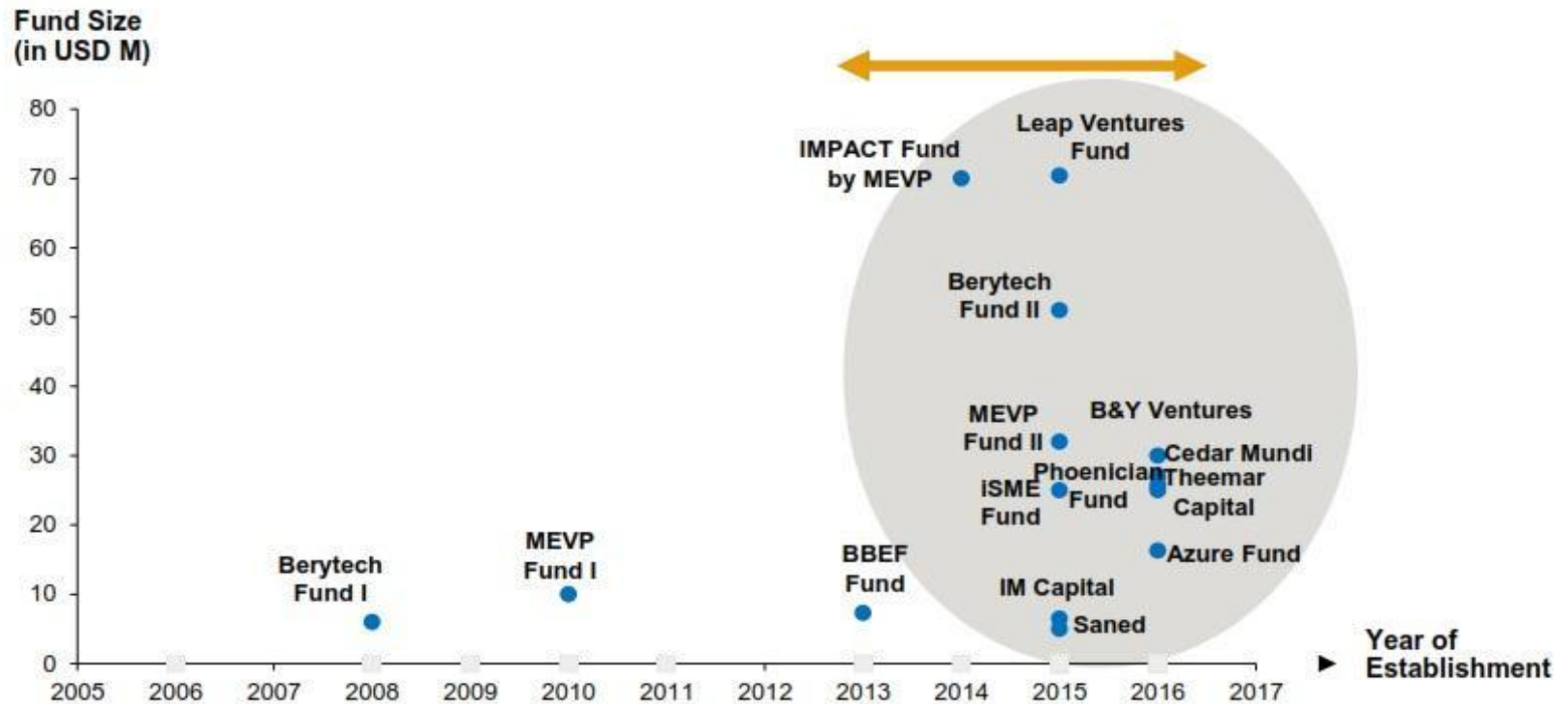


Figure does not include funds that stopped operating: BBF Fund in 2006 and Lebanon Growth Capital Fund in 2011. It also does not include Angel Funding: LBA - Business Angels in 2009, Seeders in 2016. It does not include funding made available by accelerators such as SPEED.  
Source: Funds Websites, World Bank analysis



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# Oman Case Study

## Oman's Ecosystem Performance

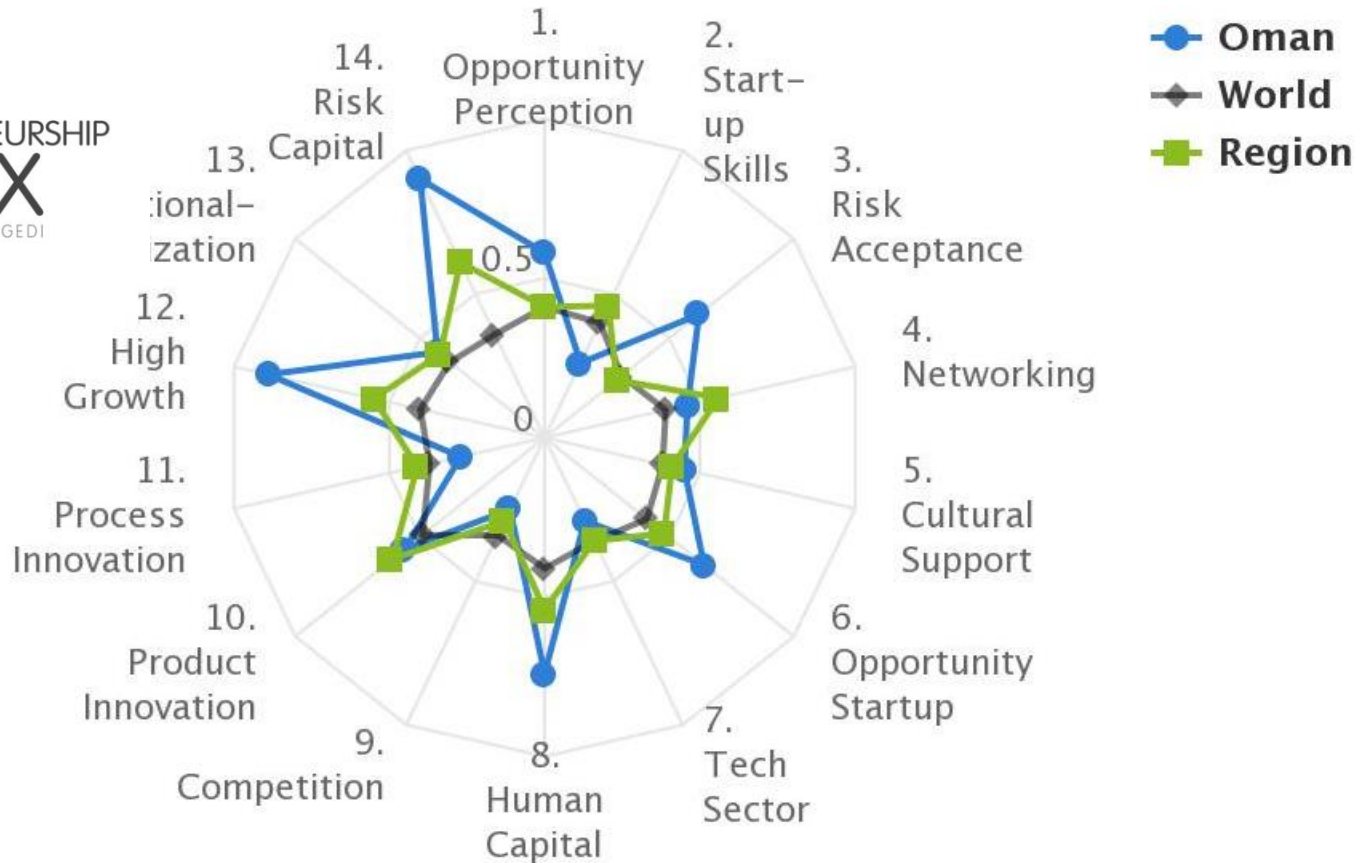


GLOBAL  
ENTREPRENEURSHIP  
INDEX  
powered by GEDI

33<sup>rd</sup> World Rank

**Strongest Area:**  
Risk Capital; High  
Growth; Human  
Capital

**Weakest Area:**  
Competition; Start-  
up Skills, Process  
Innovation



# Main Recommendation.....



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# RECOMMENDATIONS [1]

## Access to Market

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- **Facilitation of free movement of goods, people (human capital) and companies, which would provide a significant boost to start-ups and businesses in the region**
- **Strengthening the links with the Arab diaspora to open up new markets for Arab entrepreneurs**
- **Expanding the market information for entrepreneurs and helping them in participating to international exhibitions by creating special funds for this purpose**

## RECOMMENDATIONS [2]

### Access to Finance

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- **Promoting the angel networks among the successful entrepreneurs in the Arab countries and in the diaspora through angel clubs, for example**
- **Promoting and facilitating the foreign investments in growth stage Arab start-ups**
- **Creating specialized funds for pre-seed financing for minimum viable product (mvp) and for experimental prototypes**





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## RECOMMENDATIONS [3]

### Human Capital / Access to Skills

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- Making higher education more adapted to the needs of the economy by creating incentives for university-business collaboration
- Improving the agility of the skilled labor through the development of continuing education adapted to the changes in the economy
- Creating incentives for academia to conduct research and to promote entrepreneurship among academic staff and students
- Supporting transfer of technology between universities and industries through technology transfer offices.

# RECOMMENDATIONS [4]

## Legal Framework and Public Policies

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- **Creating a one-stop shop to facilitate the business registration procedures**
- **Strengthening the institutional capacity for monitoring and evaluation (M&E)**
- **Integrating M&E at every component of the entrepreneurial ecosystem**
- **Issuing and empowering up-to-date intellectual property rights laws, tax incentives for investors and early start-up companies, and tax exemptions for the start-ups.**



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## RECOMMENDATIONS [5]

### Systemic and Regional Recommendations

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- **Creating an Arab intellectual property organization facilitating both the filing and enforcement procedures to avoid outsourcing to other countries**
- **Launching an Arab program to support start-ups across the region, founded by entrepreneurs from the different Arab countries**
- **Establishing a digital platform putting in contact investors, entrepreneurs, researchers and policy makers.**

# THANK YOU

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