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ABOUT SOME OF THE AUTHORS



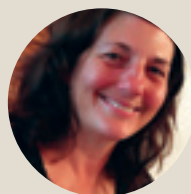
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EXECUTIVE SUMMARY

Since the 2011 Arab Spring, political and economic crises have occurred in large segments of the MENA region. The MENA region has experienced significant economic and social losses from poor economic management and conflicts. There is an urgent need to deploy its substantial human, natural, and financial assets more efficiently through adopting economic and social policies that create long-term sustainable and inclusive economic growth for the region. A critical aspect of this is for policy-makers in the region to focus on establishing an enabling environment in which entrepreneurs can emerge, compete and innovate.

Eight countries in the MENA region – namely Egypt, Iran, Jordan, Lebanon, Morocco, Qatar, Saudi Arabia and the United Arab Emirates – participated in the 2016 GEM survey. We also included Tunisia data from the 2015 GEM survey. This report focuses on these countries, providing macro-level insights across the region as well as country-level insights into the people who participate in different phases of entrepreneurial activity.

“On average, almost three-quarters of people in the region see entrepreneurship as a good career choice...”

Participation in entrepreneurship across multiple phases of activity

Overall, people in the MENA region have strongly positive attitudes towards entrepreneurship. On average, almost three-quarters of people in the region see entrepreneurship as a good career choice – substantially higher than the averages for all the other regions, with the exception of sub-Saharan Africa. Egyptians have the most positive perceptions of entrepreneurship as a career choice as well as the highest regard for entrepreneurs. In Iran, on the other hand, only half the population see entrepreneurship as a good career choice - the lowest rate in MENA.

Despite the highly positive attitudes towards entrepreneurship, the MENA region reports average scores in terms of perceived opportunities and capabilities. An encouraging finding, though, is that on average, close to half of people in the MENA region know a start-up entrepreneur – only Africa reports a (marginally) higher score for this indicator. At the individual country level, the MENA countries show divergent results. Saudi Arabia displays the highest level of perceived opportunities, by a

significant margin, as well as the highest level of confidence in their entrepreneurial capabilities, while Lebanon reports encouragingly positive levels of entrepreneurial perceptions and competencies across all parameters. On the other hand, despite strongly positive attitudes towards entrepreneurship in the United Arab Emirates, only a quarter of the population perceived good opportunities in their area (the lowest rate of opportunity perception in MENA). Less than half of Egyptians believe they have the skills to pursue entrepreneurial opportunities; Egyptians are also least likely to know a start-up entrepreneur (19%, which is less than half the MENA average).

“Overall, people in the MENA region have strongly positive attitudes towards entrepreneurship...”

The percentage of intending entrepreneurs in the MENA region is, along with Africa, higher than the average for the other geographical regions - more than a third of working-age individuals in the MENA countries express entrepreneurial intentions. This is in line with the strongly positive social as well as self-perceptions regarding entrepreneurship in the region as a whole. Egypt tops the rankings with respect to entrepreneurial intention, with almost two-thirds of adults expressing an intention to start a business within the next three years. The lowest level of entrepreneurial intention is in Jordan – at 16%, less than half the regional average. Jordan also reported among the lowest levels of both opportunity and capability perception in the region.

An area of concern is that there is a marked drop off between intending and active entrepreneurs in the MENA region as a whole. In terms of entrepreneurial intention, the MENA region as a whole reported amongst the highest levels when compared to the other geographical regions. The average for the MENA region was on a par with the averages for Africa and Latin America & the Caribbean – however, both these regions report early-stage entrepreneurial rates that are double those for the MENA region. Although the MENA region has, on the whole, positive attitudes towards entrepreneurship, the proportion of early-stage entrepreneurs is 70% lower than the number with entrepreneurial intentions. The drop off between intending and active entrepreneurs is of greatest concern in Egypt and the United Arab Emirates. Both these countries have highly positive attitudes towards entrepreneurship, and healthy pools of intending entrepreneurs. The level of early-

stage activity, however, is less than a fifth the number with entrepreneurial intentions.

From an individual country perspective, Lebanon has the highest rate of early-stage entrepreneurial activity (TEA) by a substantial margin. A fifth of Lebanese adults are engaged in early-stage entrepreneurial activity – double the regional average. This is in line with Lebanon’s encouragingly positive levels of entrepreneurial perceptions and competencies across all parameters. Morocco and the United Arab Emirates have the lowest TEA rates (half the MENA average).

“A fifth of the adult population are established business owners...”

The MENA region has among the lowest proportions of established business owners, compared to the other geographic groups – a discouraging finding. From an individual country perspective, Lebanon reports the highest rate of established business ownership. A fifth of the adult population are established business owners – three times the regional average. What is particularly encouraging is that the TEA rate and established business rate in Lebanon are the same. Iran also reports a robust established business ownership rate and good firm sustainability. The United Arab Emirates and Saudi Arabia have the lowest rates of established business ownership in the MENA region. This is of particular concern in Saudi Arabia, whose TEA rate is five times higher than the established business rate, suggesting a poor level of new firm sustainability in this country.

Qatar reports an Employee Entrepreneurial Activity (EEA) rate that is the highest in the region by a substantial margin (almost three times the regional average) and very similar to its TEA rate of 7.8%. In the United Arab Emirates, on the other hand, the low TEA rate is not offset by high employee entrepreneurial activity.

From a regional perspective, the MENA region has a high rate of business discontinuance. Although Africa has a higher rate of discontinuance, it also has a substantially higher TEA rate. The MENA countries also have a ratio of TEA to business discontinuance that is of concern. Across all the other geographic groups, for every person exiting a business in 2016 approximately three were engaged in early-stage entrepreneurial activity. For the MENA region, however, for every person exiting a business there were only 1.7 people engaged in early-stage entrepreneurial activity. Lebanon is the exception, with three people engaged in TEA for every individual discontinuing a business.

The most common reason for business discontinuance in the MENA region as a whole is lack of profitability. Personal reasons and problems accessing finance are also fairly common reasons for business exits. From an individual country perspective, financial issues are a particularly

pernicious problem in Jordan and Morocco, with lack of profitability or problems getting finance together accounting for over 70% of business exits in these countries. Business exits because of an opportunity to sell are relatively common in the UAE and Saudi Arabia, with a quarter of businesses discontinued for this reason. Saudi Arabians are most likely to exit their businesses as part of a planned exit/ retirement.

Motives for starting a business

There are relatively high levels of necessity-driven entrepreneurial activity among the MENA countries - in six of the nine countries, the proportion of necessity-driven entrepreneurs is over 25%. Lebanon, Iran and Egypt have the highest proportion of necessity-driven entrepreneurs. Although Lebanon has the highest TEA rate in the MENA region, almost 40% of this activity is necessity-motivated. In Iran, a third of entrepreneurs are motivated by necessity.

“Lebanon, Iran and Egypt have the highest proportion of necessity-driven entrepreneurs...”

Saudi Arabia, Qatar and Tunisia report encouragingly high levels of opportunity-motivated TEA. Tunisia and Qatar also stand out in terms of their proportion of improvement-driven opportunity (IDO) entrepreneurs – close to two-thirds of early-stage entrepreneurs in these two countries fall into this category. In Qatar and Saudi Arabia, entrepreneurs are around six times as likely to be improvement-driven opportunity entrepreneurs rather than necessity-driven entrepreneurs. Egypt has the lowest proportion of IDO entrepreneurs – in this country, early-stage entrepreneurs are as likely to be motivated by necessity as they are to IDO entrepreneurs.

Influence of gender and age on entrepreneurial activity

The MENA region as a whole exhibits the widest gender gap (compared to other geographical regions) in terms of early-stage entrepreneurial activity – in 2016, women in this region were only half as likely to be engaged in TEA as their male counterparts. In Africa and Latin America & the Caribbean, by contrast, eight women were engaged in TEA for every ten male entrepreneurs. At the country level, the MENA region shows divergent results. Gender parity is positive in Qatar and Saudi Arabia – in these two countries, there are around eight women entrepreneurs for every ten male entrepreneurs. Jordan reports the widest gender gap, with fewer than three women engaged in entrepreneurial activity for every ten men. Gender gaps are also significant in Tunisia and Egypt.

In terms of reason for starting a business, an encouraging finding is that on average, men and women in the MENA region are equally likely to be motivated by opportunity. Male entrepreneurs in the MENA region and Africa report the highest levels of necessity motivation – a quarter of men in these two regions are pushed into entrepreneurship because of no better options to earn a livelihood. Female entrepreneurs in the MENA region, on the other hand, paint a more positive picture – they are more likely to be motivated by opportunity than are their counterparts in Africa and Latin America & the Caribbean, and are on a par with female entrepreneurs in Europe. Women are more likely to be opportunity-motivated than their male counterparts in six of the nine MENA countries. Jordan is a significant outlier in the region in this respect, exhibiting a wide gender gap in opportunity motivation. In Saudi Arabia and Qatar opportunity motivation is particularly high in both genders. Male necessity motivation is highest in Lebanon (at 41% of overall TEA by males), while the United Arab Emirates, Lebanon and Jordan all report female necessity entrepreneurship levels of just under 40%.

“Lebanon and Jordan all report female necessity entrepreneurship levels of just under 40%...”

The influence of age on entrepreneurial activity tends to be very similar throughout the world, with the highest prevalence of entrepreneurial activity among the 25 – 34 and 35 - 44 year olds across all three development phases. Most of the countries in the MENA region follow the general global pattern with respect to the influence of age on entrepreneurial behavior. Egypt and the United Arab Emirates are exceptions: Egyptians display almost identical levels of entrepreneurial participation in the first three age cohorts, while in the UAE peak entrepreneurial activity – by a substantial margin - is in the 45-54 year age cohort. Entrepreneurial activity among 18 – 24 year olds is highest in Lebanon (double the regional average) and Egypt; the UAE and Morocco report very low TEA activity (3% or less) in this age group. The relatively low levels of entrepreneurial activity among the youth in the MENA region is of concern in the context of the high level of un- and underemployment among this age group. Senior entrepreneurship (55 years and older) is low in the majority of the MENA countries. Lebanon has the highest TEA rate in this age cohort (double the regional average). In Jordan, seniors are more likely to be involved in entrepreneurship than are the 18 – 24 year olds; Qatar also shows a positive level of entrepreneurial activity by seniors.

Entrepreneurship impact characteristics

On average, just over half of all early-stage entrepreneurs in the MENA region are active in the wholesale/ retail sector. Saudi Arabia, the United Arab Emirates and Lebanon have

the highest proportion of TEA activity in this sector – two-thirds of early-stage entrepreneurs in these countries are in wholesale/ retail. Tunisia and Iran have the lowest proportion of TEA activity in the wholesale/ retail sector. Iran has a particularly balanced industry profile, with robust participation in manufacturing & transportation, as well as the professional and other services sector. Iran also reports the second highest proportion of early-stage entrepreneurs in the ICT & finance sector. Morocco and Iran have the highest involvement in manufacturing and transportation – double the regional average – while mining accounts for a quarter of Tunisia’s early-stage entrepreneurial activity (almost four times the regional average). Saudi Arabia has a particularly unbalanced industry profile, with more than 90% of entrepreneurs concentrated in wholesale/retail and professional/ other services. Saudi Arabia has the highest proportion of entrepreneurs in the health/ education/ government and social services (22%). The most resilient sectors tend to be communication, financial services and information technology (IT). Jobs in these sectors comprise the type of high-level skills that countries need to compete in the global economy. Qatar is the only country in the region with more than 10% of early-stage entrepreneurs in ICT and finance.

“The most resilient sectors tend to be communication, financial services and information technology (IT)...”

The MENA region as a whole has a relatively high proportion of entrepreneurs who do not expect to create any new jobs in the next five years. Just over half of entrepreneurs in the MENA region expect to add at least one new job. An encouraging finding is that the MENA region has one of the highest proportions of medium-to-high growth entrepreneurs (i.e. those projecting to employ six or more people in the next five years). In both North America and the MENA region, a quarter of entrepreneurs exhibit these higher-growth aspirations.

At the country level, the MENA region shows divergent results in terms of job creation aspirations. Over 80% of entrepreneurs in Saudi Arabia have no future hiring expectations; in Tunisia and Qatar, on the other hand, only a fifth of entrepreneurs anticipate creating no new jobs in the next five years. Qatar has the highest high-growth expectations, with half of the entrepreneurs in this country expecting to create six or more new jobs in the next five years. Tunisia and the United Arab Emirates also have robust high-growth expectations. These job-creation aspirations must, however, be seen in the context of the MENA region’s low established business rate – which needs to be addressed if these economic benefits are to be realized.

The MENA region exhibits a relatively positive level of innovation, with a quarter of early-stage entrepreneurs in the region offering products that are new to all/some customers AND offered by few/ no other businesses. This level of innovation is on a par with Latin America & the Caribbean, higher than for Africa and Asia & Oceania, and only marginally lower than for Europe. At the individual country level, Lebanon reports the highest innovation levels by a substantial margin (more than double the regional average). At the other end of the scale, Saudi Arabia reports the lowest levels of innovation – only half the regional average.

“An encouraging finding is that the MENA region has a high technology orientation...”

Innovation in entrepreneurial businesses can also be assessed by determining the use of new technologies by the business. An encouraging finding is that the MENA region has a high technology orientation. Compared to the other geographical groups, the MENA region tops the ranks, by a substantial margin, in terms of the use of both latest and new technology. Only a third of entrepreneurs in the region, on average, use no new technology. At the individual country level, Morocco stands out with respect to use of the latest technology – almost three-quarters of entrepreneurs in this country use technology that has only been available since the previous year. A mere 5% of Moroccans use no new technology. Tunisia and Lebanon also exhibit a high technology orientation, with over 60% of entrepreneurs in these two countries having access to latest technology. Iran, on the other hand, lags conspicuously with only 4.5% of entrepreneurs using latest technology, while a substantial majority of entrepreneurs (79%) use no new technology.

The entrepreneurial framework conditions

The National Expert Survey (NES) helps to identify key weaknesses in national entrepreneurial environments, in order to provide policy makers and business leaders with information that enables them to put into place precise, practical and targeted recommendations. On average, the experts in the MENA region rated school-level entrepreneurship education and R&D transfer as the two main areas constraining entrepreneurship in the region. The MENA experts also report average ratings (below 4.0) for government policy (taxes and bureaucracy), government entrepreneurship programs, and market burdens/ entry regulations. In ten of the twelve entrepreneurship areas assessed, the MENA experts report scores below the GEM average.

Physical infrastructure is the entrepreneurial framework condition (EFC) which is ranked most positively, overall, among the MENA countries. With the exception of Lebanon

(with a mean score of 3.7) the rest of the countries all rate physical infrastructure as good, with the United Arab Emirates rating it as very good.

The country which the experts assessed as the weakest entrepreneurial framework is Iran. Experts in Iran gave only two EFCs mean scores of above 4.0 – access to physical infrastructure, and market dynamics. Five EFCs were judged as very weak, receiving mean scores of below 3.0. Iran is the only country in the region with mean scores below 3.0 for government programs and access to finance. Saudi Arabia's experts also regard the country's entrepreneurial framework conditions as generally insufficient – seven EFCs were given ratings below 4.0. The countries with the most enabling entrepreneurial frameworks are the United Arab Emirates and Qatar – the two innovation-driven economies in the region. In both these countries, all the EFCs receive mean scores above 4.0 – in the case of the UAE, seven of the EFCs receive ratings of 5.0 or higher.

“On average, almost three-quarters of people in the region see entrepreneurship as a good career choice...”

In order to facilitate a deeper understanding of entrepreneurship development within the MENA countries, GEM National Teams were asked to provide information about the status of entrepreneurial conditions in their countries. This could include the way in which people who want to be entrepreneurial would perceive the national framework, in terms of limitations and opportunities; critical focus areas; as well as best policy practices or strategies that the government, NGOs and private sector have introduced to encourage entrepreneurship. Their insights are provided in Chapter 4.

CHAPTER ONE:

BACKGROUND TO THE MENA REGION



General characteristics of the MENA region

The term MENA refers to the Middle East and North Africa. The MENA region includes the area from Morocco in Northwest Africa to Iran in Southwest Asia and down to Sudan in Africa. It comprises 19 countries, and accounts for approximately 6% of the world's population. The following countries are typically included in MENA: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, UAE, Yemen. Afghanistan, Armenia, Azerbaijan, Chad, Cyprus, Djibouti, Eritrea, Ethiopia, Georgia, Mauritania, Pakistan Somalia, Sudan, Turkey and Western Sahara are sometimes included. The population of the MENA region is about 436 million people, the vast majority living in middle-income economies with a GDP in the region of USD 3.111 Trillion (World Bank, 2016). The region accounts for 60% of the world oil reserves and 45% of the world's natural gas reserves. Due to the region's substantial petroleum natural gas reserves, MENA is an important source of global economic stability.

There are two important characteristics among MENA countries: the availability of oil resources and the size of their native populations. Based on these two factors, MENA countries can be classified into three main groups (O'Sullivan et al., 2016).

1. Resource-rich, labour-abundant: these countries are producers and exporters of oil and gas and have large native populations, which represent almost the totality of their residents. This group of countries includes Algeria, Iraq, Syria, and Yemen.
2. Resource-rich, labour-importing: these countries are producers and exporters of oil and gas and have large shares of foreign or expatriate residents, who represent a significant percentage of the total population, even the majority in some cases. This group of countries comprises the Gulf Cooperation Council (GCC) members (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) and Libya.
3. Resource-poor: these countries are small producers or importers of oil and gas, and include Djibouti, Egypt, Jordan, Lebanon, Mauritania, Morocco, Tunisia, and the Palestinian Authority.

The economic situation in the MENA region

Since the 2011 Arab Spring, political and economic crises have overwhelmed large segments of the MENA region, with disastrous human and economic consequences. According to Fardoust (2016), the region has witnessed huge economic and social losses from poor economic management and conflicts requiring massive military outlays. There is an urgent need to deploy its substantial human, natural, and financial assets more efficiently

through adopting economic and social policies that lead to more rapid and inclusive economic growth for the region. Saudi Arabia, Egypt, Iran, and Turkey are the most influential countries in the region.

The growth in MENA region slowed to 2.7% in 2016, reflecting fiscal consolidation in some countries and oil production constraints in others (MENA Economic Monitor, 2017). Growth is expected to reach a rate of 3.1% this year, with oil importers registering the strongest gains. Due to ongoing reforms, growth could exceed 3% in 2018 and 2019 in the region (World Bank, 2017). **Table 1.1** presents the projected forecasts for the MENA countries.

However, there are some risks associated with oil price volatility, such as spillovers from existing conflicts in several countries as well as terrorism, which are risks to regional economic activity. Consequently, economic uncertainty will increase and investment will slow.

Table 1.1: Middle East and North Africa estimated forecasts (annual % change unless otherwise indicated)

GDP At market prices (2010 US\$)	2014	2015	2016	2017	2018	2019
Algeria	3.8	3.9	3.6	2.9	2.6	2.8
Bahrain	4.4	2.9	2.0	1.8	2.1	2.4
Djibouti	6.0	6.5	6.5	7.0	7.0	7.0
Egypt, Arab Rep.	3.7	4.4	4.2	4.4	5.1	5.4
Iran, Islamic Rep.	4.3	1.7	4.6	5.2	4.8	4.5
Iraq	0.1	2.9	10.2	1.1	0.7	1.1
Jordan	3.1	2.4	2.3	2.6	3.1	3.4
Kuwait	0.5	1.8	2.0	2.4	2.6	2.8
Lebanon	1.8	1.3	1.8	2.2	2.3	2.5
Morocco	2.6	4.5	1.5	4.0	3.5	3.6
Oman	2.5	5.7	2.5	2.9	3.4	3.6
Qatar	4.0	3.6	1.8	3.6	2.1	1.3
Saudi Arabia	3.6	3.5	1.0	1.6	2.5	2.6
Tunisia	2.3	0.8	2.0	3.0	3.7	4.0
United Arab Emirates	3.1	3.8	2.3	2.5	3.0	3.3
West Bank And Gaza	-0.2	3.5	3.3	3.5	3.5	3.6

Source: World Bank, 2017.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.

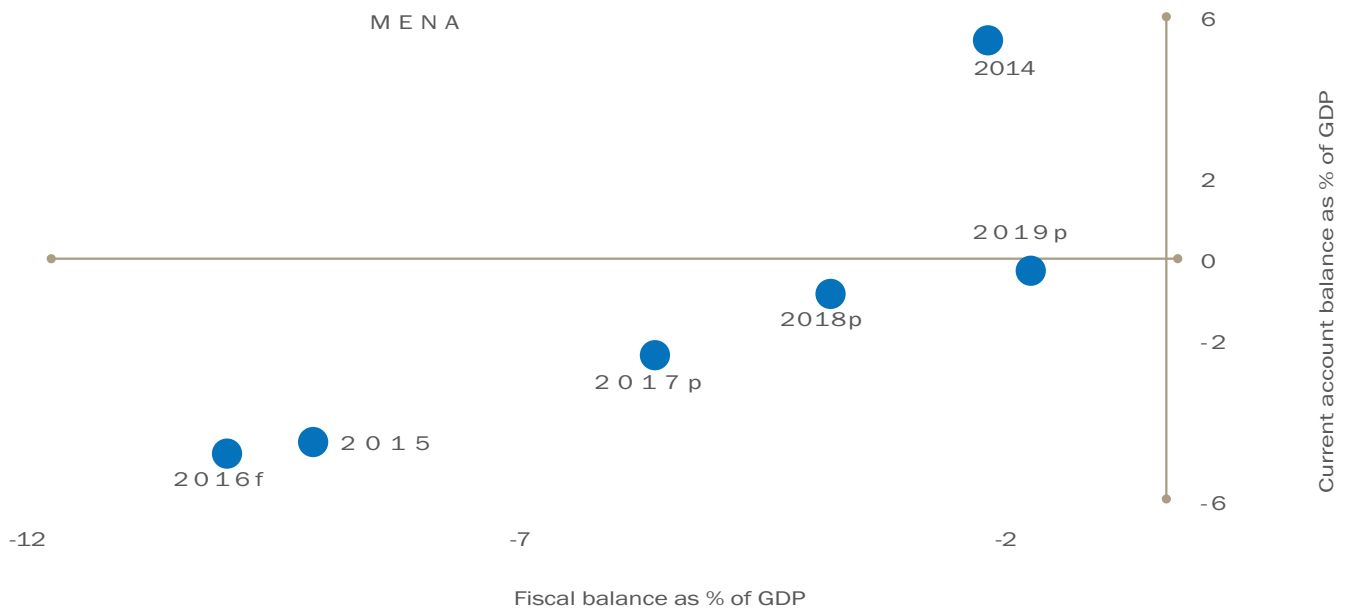
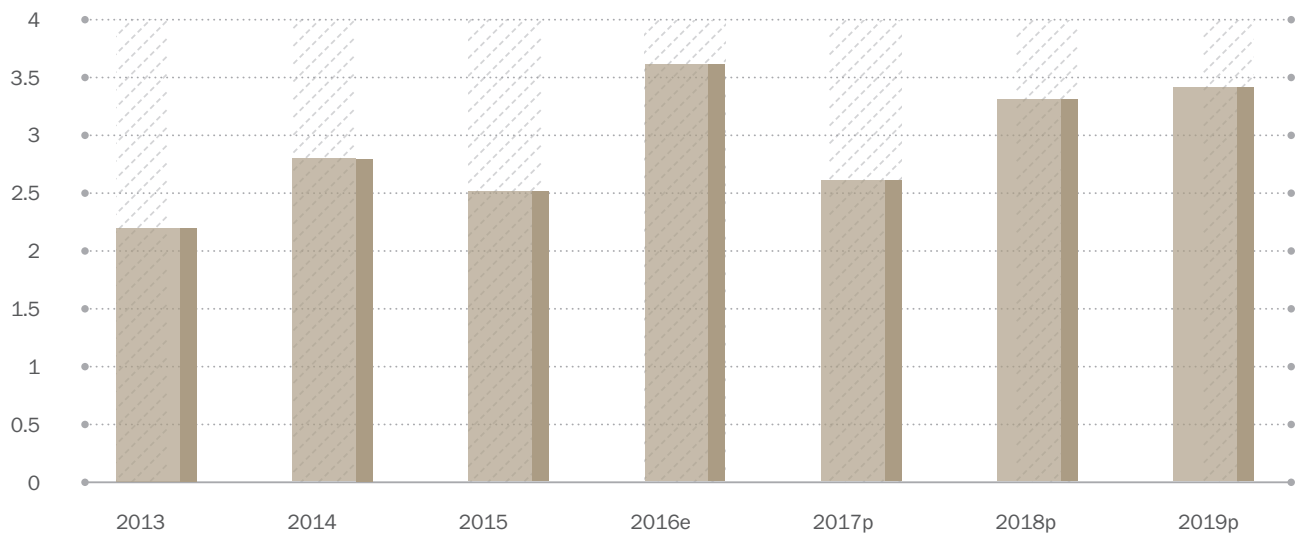
Figure 1.1 shows the forecast macroeconomic situation in the region. Though still below potential, the improvement in growth offers hope. MENA countries are expected to grow; the main driver of regional growth is quadrupled in 2016 - reaching 4.9 percent from its 2015 level of 1.1 percent - and is projected to remain around 4 percent by 2019.

According to Rouis and Tabor (2013), oil and gas are the primary commodities in the region (76% in 2008–10). On the other hand, manufactured goods account for just over 11% with other sectors accounting for the remaining 13%. The exports are highly concentrated in spite of recent efforts, with Egypt, Jordan, Lebanon, Morocco, and Tunisia faring better than the rest. Medium or high-technology products exports in these five countries represent only 21%, compared to 37% in other middle-income economies.

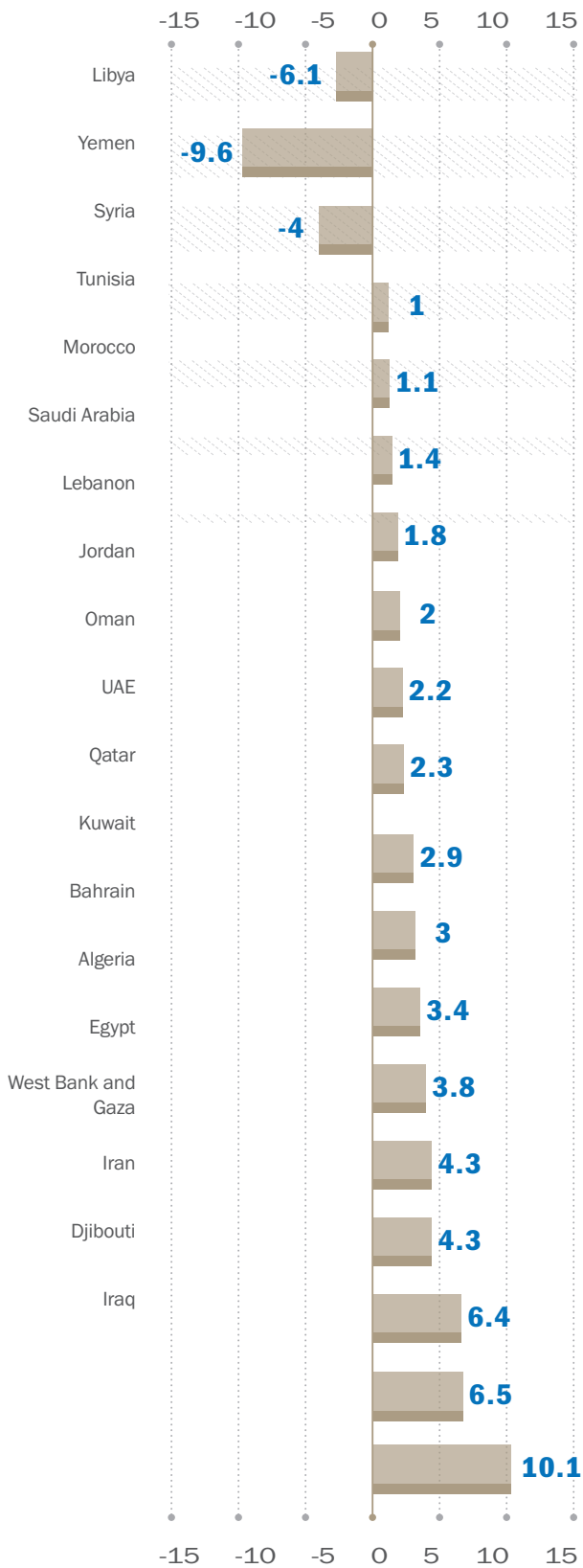
“The exports are highly concentrated in spite of recent efforts, with Egypt, Jordan, Lebanon, Morocco, and Tunisia faring better than the rest...”

Figure 1.1: MENA region's macroeconomic situation

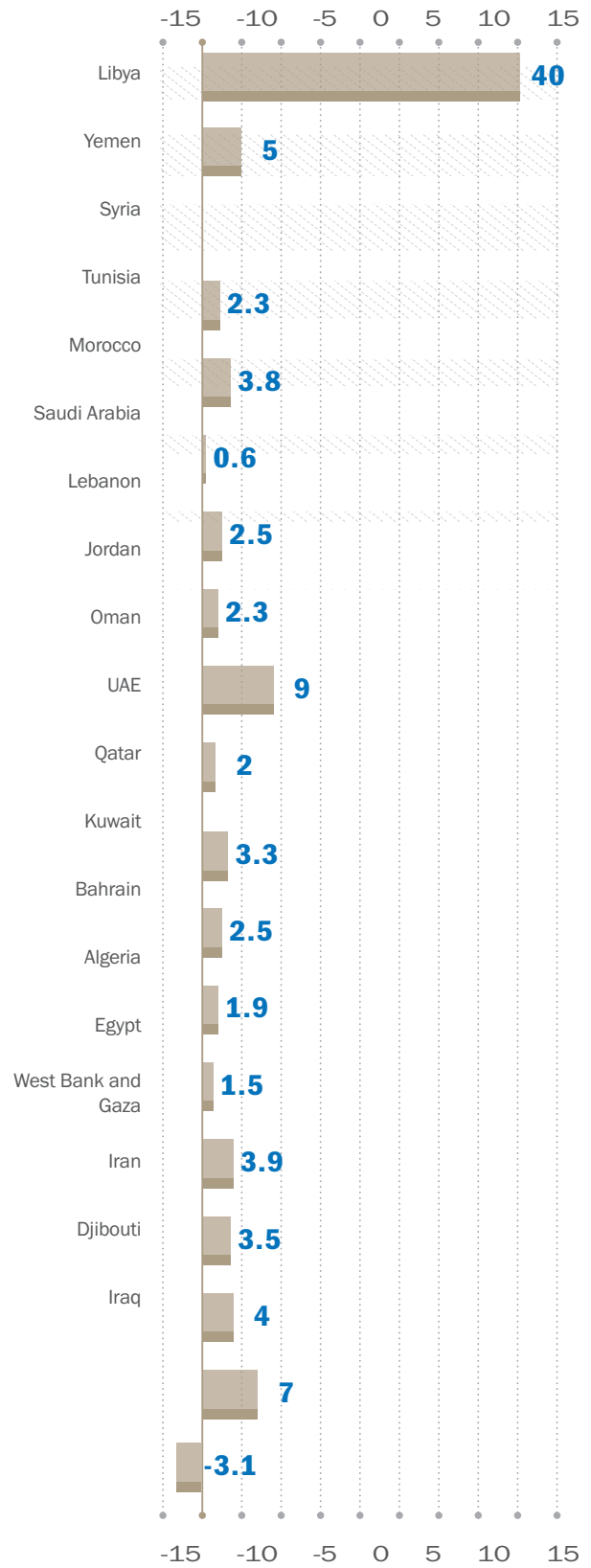
Source: MENA Economic Monitor Report, 2017



**Figure 1.1 (continued):
2016 Real GDP Growth, percent**



**Figure 1.1 (continued):
2017 Real GDP Growth, percent**



The social situation in the MENA region

Over the past two decades, the poverty rate in MENA has been declining. However, the number of people in poverty has not declined since 1990 due to rapid population growth, and in 2005 still remained around 50 million at under \$2 a day (**Table 1.2**) (Najat, 2010). Five percent of the MENA population are below the lowest (\$1.25 a day) poverty line and suffer from many forms of social and economic deprivation, including malnutrition. Moreover, 17% of Egyptians, 15% of Yemenis and 10% of Moroccans consume less than 50 cents per day above \$2 a day. The events of 2011 resulted in the poverty of 2.6 million people. GDP per capita growth (annual %) in Middle East and North Africa (developing only) was reported at 1.0482 % in 2014, according to the World Bank collection of development indicators, compiled from officially recognized sources (**Figure 1.2**).

According to Moghadam and Decker (2010), income inequalities in the region are very obvious. Those from the upper middle classes live very comfortable lives while the lower-income groups struggle to survive and earn a livelihood. Youth can't afford the high costs of living, especially with the current unemployment levels, and may engage in social protest either for jobs, housing, and income or for cultural change and freedom.

The MENA region has a rich historical, cultural and religious heritage (Jawad, 2015; Khalidi-Byhum, 2000). It is blessed with human, natural, and financial resources,

has valuable biodiversity, and exhibits a high level of infrastructure development. However, there are a number of social development challenges in the MENA region such as issues relating to youth, women, and vulnerable groups); social cohesion in urban and rural areas; and greater accountability of governments and other service providers to citizens (World Bank, 2008).

“Five percent of the MENA population are below the lowest (\$1.25 a day) poverty line...”

The Millennium Development Goals (MDGs) have made a noticeable contribution of social protection policies in the region in the 2000s (MDGs) and the post-2015 UN development agenda (UN/LAS, 2013). Additionally, there is a wider global development policy shift (Silva et al., 2012). These developments contribute to the cash transfer programs and the exploration of the concept of shared prosperity. There has also significant progress in the MENA countries when it comes to social development such as: (i) the inclusion of youth, women and other vulnerable groups; (ii) the reinvigoration and empowerment of local communities; and (iii) improving citizen and private sector access to information on government-related opportunities and benefits.

Figure 1.2: Middle East and North Africa (developing only) - GDP per capita growth (annual %)

Source: Trading Economics, 2014

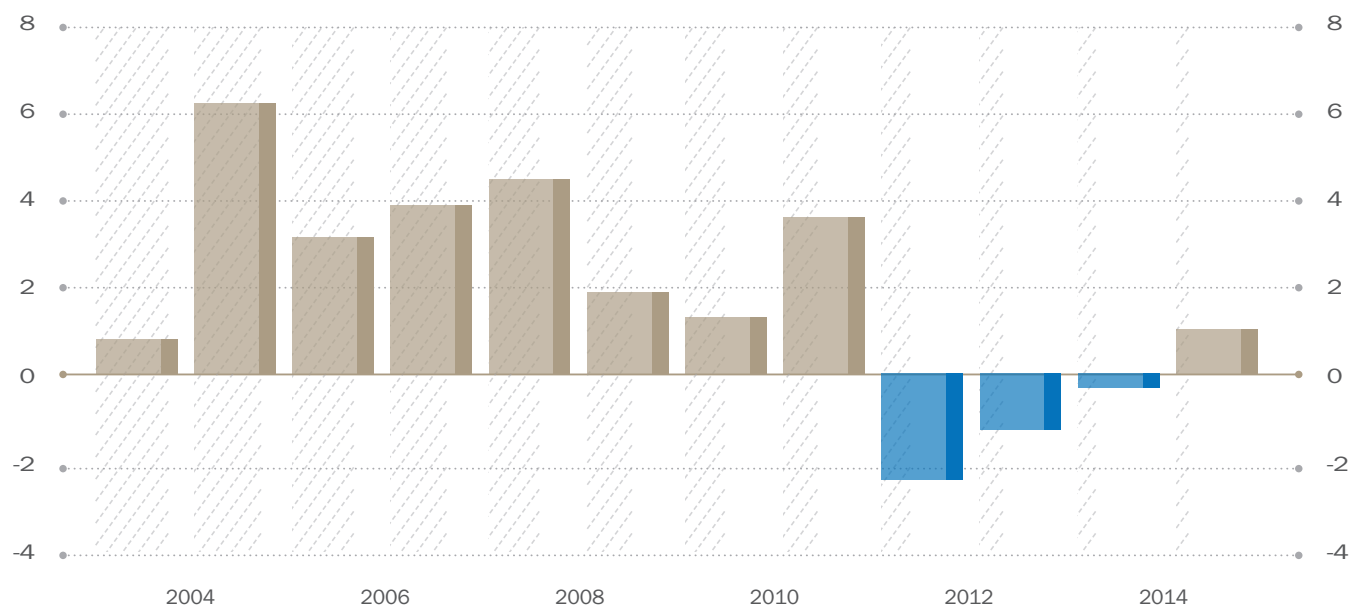


Table 1.2: Poverty and inequality in the Middle East and North Africa

Source: Trading Economics, 2014

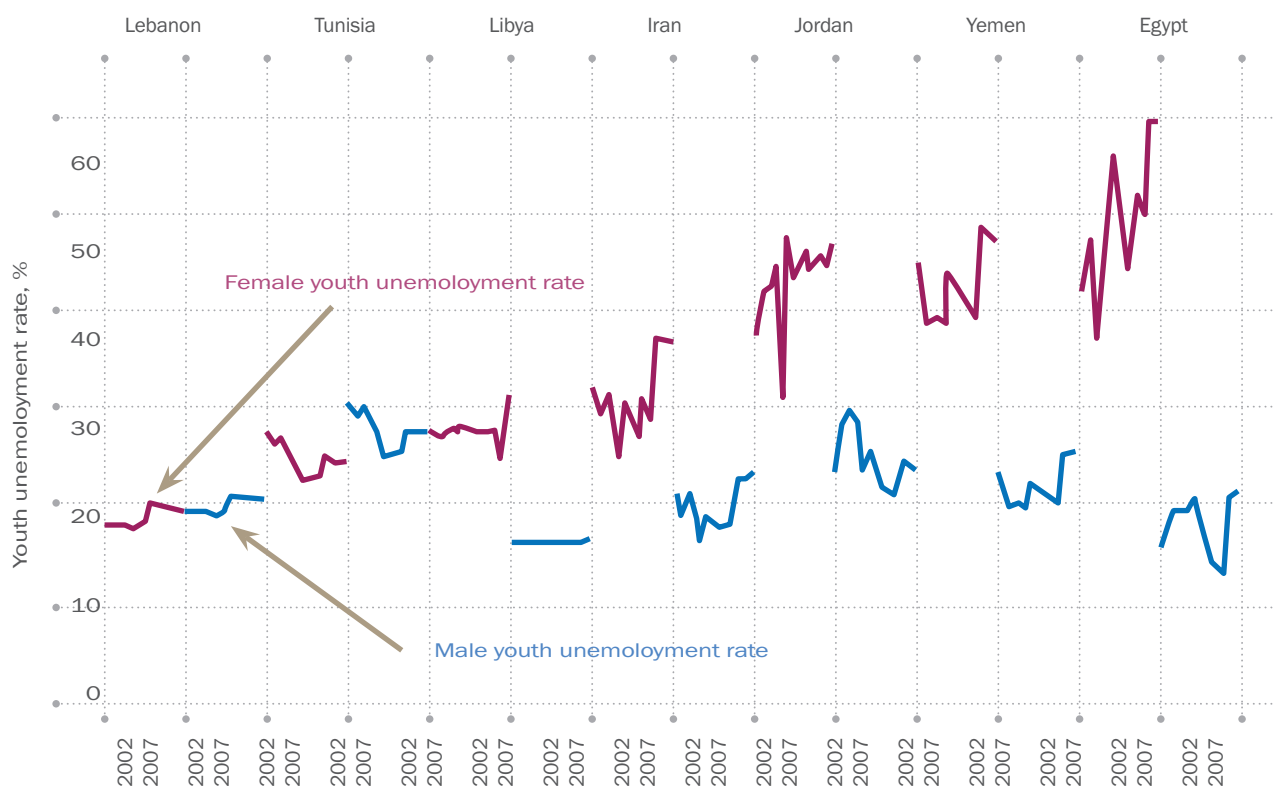
Country	Population living below the national poverty line, 2000-2006 (percentage)	Income share held by poorest 20 percent of population (percentage)	Population living on less than US \$2 per day 2000-2007 (percentage)	Gini index 2000-2006
Egypt	40.93	9	18.4	32.1
Iran	–	6.4	8	38.3
Israel	–	5.7	–	39.2
Jordan	11.33	7.2	3.5	37.7
Lebanon	28.6	–	–	–
Morocco	39.65	6.5	14	40.9
Saudi Arabia	–	7.8	–	33
Syria	30.1	–	–	–
Tunisia	23.67	6	12.8	39.8
Turkey	–	5.2	9	43.2
Yemen	59.9	7.2	46.6	37.7

Source: Data for percentage of population living below national poverty line: Arab Human Development Report 2009 (New York: United Nations Development Program, 2009), Table 5-6; data for percentage of population living on less than two U.S. dollars per day: Human Development Report United Nations Development Program, various years, <http://hdr.undp.org/en/statistics/data/>; all other data from “Key Development Data and Statistics,” World Bank, 2000–2006.

Note: Data for Algeria, Bahrain, Iraq, Kuwait, Libya, Oman, Qatar, United Arab Emirates, and the West Bank and Gaza are not available

Figure 1.3: Unemployment rates in the MENA region by gender

Source: World Bank, 2014



Employment and job creation is a primary issue for the MENA countries. Some countries experience high unemployment rates among youth (15-24 years of age) – these include Egypt, Iran, Jordan, Lebanon, Libya, Tunisia and Yemen. Women have the highest unemployment rate of 39% compared to 22% of males. Tunisia has an unemployment rate of 40% while Iran is the lowest with 25%. Lebanon recorded the highest gender gap in unemployment compared to the other countries in the region. **Figure 1.3** indicates the youth unemployment rates for the MENA region. The female youth unemployment rate is almost three times the male unemployment in Egypt and double in Iran, Jordan and Yemen. In Egypt, female unemployment is 65%, Jordan and Yemen 55%, and 40% in Iran (Mottaghi, 2014).

Education remains of central concern to MENA region. The regional challenges affect education; conversely, education can contribute to the solution of these challenges. Although the current problems and weaknesses in the educational system represent a huge challenge, educational progress in the region has also taken place.

A concern is that 4.5 million children are not enrolled in schools while 2.9 million youth don't have access to secondary schools. Syrian children face the greatest education crisis as 2.8 million of them do not have access to education in their home or in neighboring countries. Many children in other countries such as Sudan, Iraq, Libya, the Palestinian Territories, Egypt and Yemen face similar educational challenges (World Economic Forum, 2015). According to Hoel (2014), school systems in the MENA region are generally of

low quality. Students do not even learn basic skills, a fact clearly highlighted by international standardized tests whose results reveal that the region is still below the level expected, given MENA countries' per capita income (**Figure 1.4**).

Social and political instability represent negative impacts in the MENA countries. However, they also represent a unique opportunity for political and economic change and progress. The Arab Spring has put the weaknesses of MENA countries into the spotlight. Although high unemployment rates, corruption, lack of government transparency, education, and lack of political representation have been critical problems in the region, there is now an urgency in addressing those issues.

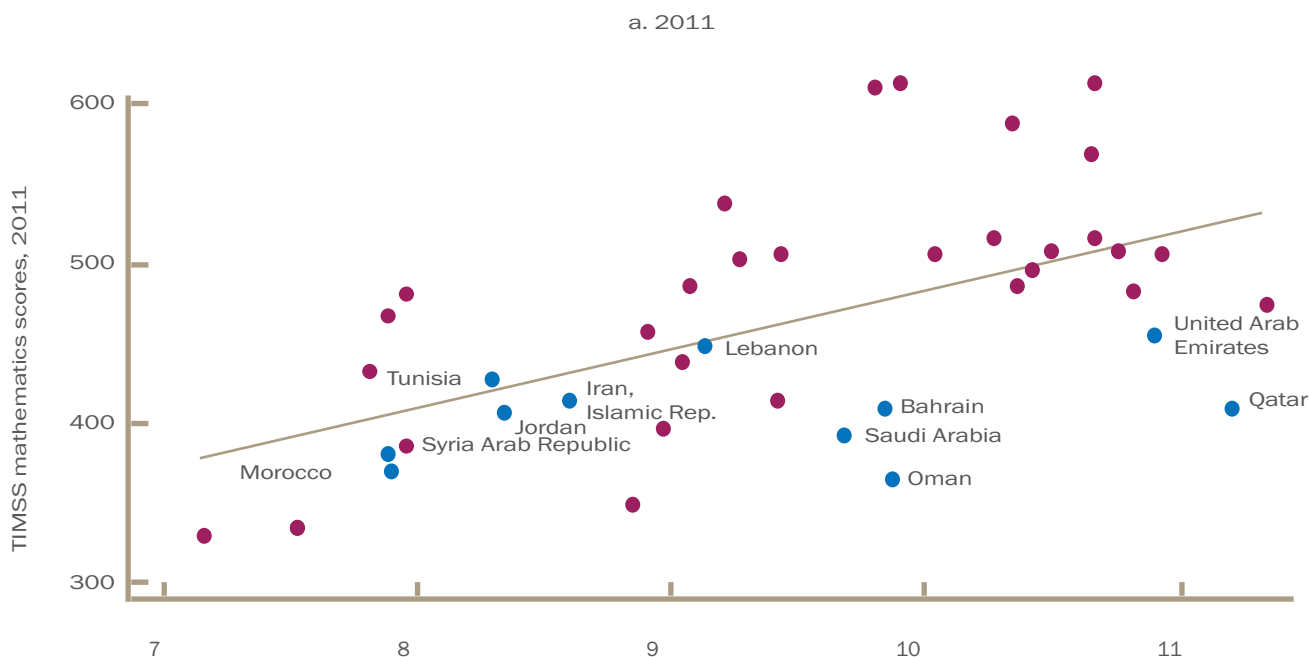
This social and economic situation in MENA is the background for entrepreneurship. The following chapters offers an account of:

- people's involvement in entrepreneurship (Chapter Two);
- entrepreneurs' motives and contribution to society (Chapter Three);
- the national eco-systems of institutions supporting entrepreneurship; and
- some options for policies for promoting entrepreneurship.

Issues of inclusion of women, youth, and unemployed, and policies for inclusion are elaborated in a new article by GEM scholars in MENA (Ismail et al., 2017).

Figure 1.4: Quality of education in the MENA countries, relative to international standards

Source: World Bank. 2013a. *Jobs for Shared Prosperity: Time for Action in the Middle East and North Africa*. Washington, DC: MNSHD, World Bank, page 172



ENTREPRENEURS' STORIES



NADIA GAMAL EL DIN (EGYPT)

Nadia Gamal El Din is a remarkable example of an entrepreneur who had to hustle her way through and juggle a huge number of responsibilities at the same time.

Nadia graduated from The American University in Cairo with a BA in Finance [Business Administration] and a minor in Economics. She graduated with highest honors, at the top of her class. Her entrepreneurial journey only began, though, when she gave birth to Yassin.

"I don't have siblings and none of my friends have kids yet," she says. "I was looking for a place that could answer my many questions and offer me some much needed new-mom support. I was surprised to find that there wasn't a single trusted support platform for new moms." And that was the trigger - Rahet Bally was born.

Nadia did not want any woman to go through her difficult experience of feeling lost as a new mom. With her baby just a few days old, she single-handedly built her entrepreneurial venture. "I had to have a lot of self-belief," she says. "I guess you could call my vision of giving moms all across Egypt some well-deserved peace of mind the muse that kept me going."

"She graduated with highest honors, at the top of her class..."

She started off by visiting countless doctors and experts to bring them on board. As part of Rahet Bally, they would offer moms on the spot answers to all their questions, free of charge, through social media. "I chose social media to start with as it is definitely the easiest and fastest way for moms to communicate with the doctors, and with one another," she notes. Within one month, she managed to recruit over a hundred doctors and experts.

Her vision of what Rahet Bally could offer did not end there, though. Her next initiative was to come up with a number of pillars to support moms - mentally, physically, spiritually and emotionally. "My baby boy was with me every step of the journey," she smiles. "I took him to meetings, working on my laptop with one hand and hugging him with the other." Her passion and willpower motivated her to provide every mom the peace of mind that she deserved.

"Her passion and willpower motivated her to provide every mom the peace of mind that she deserved."

The mental support pillar took the form of crisp, short reads (including tips, articles, and guides) for moms to prepare them for motherhood, coupled with Rahet Bally's 24/7 access to doctors and expert support. Nadia then realized that moms' spending patterns increased rapidly due to all the baby necessities: doctors, care products, nurseries and so on. This triggered the birth of Rahet Bally's financial support pillar: The Rahet Bally Card.

The Rahet Bally Card is Egypt's first and biggest premium benefit card, giving moms access to discounts at a variety of stores and on numerous services related to a mother and her child. These include Egypt's best hospitals, pharmacies, children's stores, nurseries, schools, bookstores, spas, educational workshops, support groups, groceries, party planning, and catering. "The aim of the card was not just on the spot discounts, but also to encourage moms to explore stores/services that they never knew existed and that could make their lives so much easier, healthier and happier," Nadia adds.

Only a year and a half after its launch, Rahet Bally already has 34,000 active mothers on the platform. Continuously responding to her customers' needs, Nadia noticed that a significant

number of moms lose their physique and gain weight after giving birth. In response, she launched Egypt's first fitness and nutrition program for mothers where they can work out, enjoy babysitting services for all ages, eat healthily and socialize. This program now operates across Egypt, and is a life-changer for all the moms who join.

Nadia relies on bootstrapping to fund her business and support its growth. She has been approached by numerous investors and has been interviewed on international channels, but she still believes that the essence of what she does is in her genuine approach to things and intends to keep it that way for the time being. What is the secret of her success? "I am a mother who decided to be the change I wanted to see, to change lives and rely on my own strength and hard work to do so," she says.

SAIF AL SAUDI (JORDAN)



Returning to Jordan after a stint of living abroad, Saif Al Saudi was disturbed by the amount of deforestation that had devastated the Gila'ad area. "Being a vocal advocate of environmental causes, I decided to take action and purchased a large plot of land in the area," he says. The land, which later became the Mountain Breeze Country Club, was planted with more than 4,300 trees and returned to its former green glory.

Located 32 km north-west of Amman, the Mountain Breeze Country Club first opened its doors in 2007. To be able to secure the cash flow to maintain it, Saif decided he would use part of the land to build and rent out a paintball arena. In a short space of time, the Club became very popular, which helped Saif to further develop the Club.

With the increasing number of visitors, it became obvious that a restaurant needed to be established to cater to their needs. Saif established his restaurant in a lush part of the property, followed closely by a small inn for overnight stays. After careful consideration, Saif decided to build log cabins to accommodate more visitors. His search for funding took him to the European Union (EU) and Jordan Enterprise Development Corporation (JEDCO).

With the grant he was awarded by JEDCO and the EU, Saif built nine log cabins complete with kitchenettes, bathroom utilities and electricity, and laid the foundation for a tent. He also created paths between the cabins and landscaped the area to amplify its aesthetic appeal. "A real bonus was that JEDCO and the EU provided the project with a promotional website that has since helped increase the number of Mountain Breeze Country Club's visitors and helped make it into a tourist landmark in the area," notes Saif.

The Club has successfully created work opportunities for the locals, revived Gila'ad by increasing tourist traffic, and attracted students, outdoor enthusiasts and employees participating in team building exercises. Driven by his passion for nature and environmental sustainability, Saif is currently working on using green energy, like solar paneling, to power his cabins, as well as recycling used water from the cabins.

"His search for funding took him to the European Union (EU) and Jordan Enterprise Development Corporation (JEDCO)."



SAIDEH GHODS (IRAN)

Mrs Saideh Ghods was born at Shemiran, Tehran, in 1951. From her early childhood, she was raised in a family characterized by a blend of integrity, kindness and grace in general, and a core of charity, culture, and dedication in particular. Her father, a teacher and a philanthropist, founded a school for boys from underprivileged families. His students often credit their success to the disciplined education they received at this school. “The milieu of my upbringing immersed me in the works of renowned Iranian poets like Saadi, Moulavi, Ferdowsi, and Hafiz, encouraged and supported by my mother,” she remembers.

Saideh matriculated at the University of Tehran in Geography in 1969. A year later, her father passed away suddenly. Only 19 years old, she took on the heavy responsibility of caring for her younger siblings. Despite this early tragedy, the family thrived in the coming years and each member has achieved a great level of success in their own right.

In 1975, Saideh married an Iranian diplomat and spent a few years in Germany during her husband’s diplomatic mission there. During her time in Germany, a number of chemically

wounded victims of the Iran-Iraq war were dispatched to this country for treatment. Saideh was involved in caring for these victims on humanitarian grounds. After returning to Iran, she faced the most trying experience of her life. Her young daughter, Kiana, was diagnosed with cancer.

“Despite this early tragedy, the family thrived in the coming years and each member has achieved a great level of success in their own right.”

While Kiana was undergoing treatment, Saideh met many underprivileged families in the hospitals of Tehran whose children were also suffering from cancer. “These families often came from remote provinces of Iran and did not have sufficient funds or proper lodging in the capital,” she recalls. “They

struggled with the cost and complications of the treatment and lost their children, sometimes to entirely preventable causes.”

In response to this need, Saideh founded Mahak in 1991 with the vision of providing full cost of treatment and rehabilitation for children with cancer. From the initial handful of volunteers, the charity has grown to one of the largest NGOs in Iran with a 120-bed pediatric oncology hospital. Since its inception a quarter of a century ago, Mahak has helped over 25,000 Iranian children as well as hundreds of Iraqi and Afghan refugee children. Today in Iran, no child dies of cancer due to lack of funds or access to treatment.

Saideh also co-founded other non-profit organizations including ISCC, BCSI, and the GFI to advance Iran’s cancer treatment and promote environmental causes important to prevention. She has been recognized by IDB, CCI, *Wall Street Journal*, and other international bodies for spearheading the expansion of NGOs in Iran as well as her contributions to the civil society in the region. She has become a role model and a mentor for young Iranian women who want to take an active role in society.

In addition to her philanthropic endeavors, Saideh is the best-selling author of the award-winning novel *Kimia Khatoon* which has been republished thirty times in Iran and translated into four languages.

CHAPTER 2:

ENTREPRENEURIAL ACTIVITY IN THE MENA REGION



In the current economic climate, it is becoming increasingly important for policy makers, business and civil society leaders to work together, in order to identify and strengthen the forces that drive future economic growth. In particular, it is imperative that governments focus on reforms that help to create enabling environments that foster innovation, facilitate more productive economies and, critically, open up new and better job opportunities for all segments of the population. Academics and policy makers agree that entrepreneurs, and the new businesses they establish, play a critical role in the development and well-being of their societies. As such, there is increased appreciation for and acknowledgement of the role played by new and small businesses in an economy. GEM contributes to this recognition with longitudinal studies and comprehensive analyses of entrepreneurial attitudes and activity across the globe. Since its inception in 1997 by scholars at Babson College and London Business School, GEM has developed into one of the world's leading research consortia concerned with improving our understanding of the relationships between entrepreneurship and national development.

Table 2.1: MENA economies by economic development level, GEM 2015 & 2016

Factor-driven economies	Efficiency-driven economies	Innovation-driven economies
Iran	Egypt, Jordan, Lebanon, Morocco, Tunisia, Saudi Arabia	Qatar, United Arab Emirates (UAE)

Table 2.2: Societal values about entrepreneurship in the MENA countries, with global comparisons, GEM 2016

	Entrepreneurship as a good career choice (% of adult population)	High status to successful entrepreneurs (% of adult population)	Media attention for entrepreneurship (% of adult population)
Egypt	83.4*	87.1	62.1
Iran	52.4	80.5	57.9
Jordan	73.5	82.3	74.7
Morocco	79.3	58.7	60.7
Qatar	71.2	80.4	66.7
Saudi Arabia	81.3	78.7	75.9
Tunisia (2015)	71.1	72.1	48.3
UAE	75.1	82.3	83.8
Average (MENA)	73.4	77.8	66.3

Regional averages			
Africa	70.2	79.3	67.2
Asia & Oceania	62.5	68.5	66.2
Latin America & Caribbean	65.3	64.6	62.7
Europe	57.5	66.7	54.8
North America	64.6	74.0	72.5

*Read as: 83.4% of Egyptian adults in 2016 regarded entrepreneurship as a good career choice

Eight countries in the MENA region – namely Egypt, Iran, Jordan, Lebanon, Morocco, Qatar, Saudi Arabia and the United Arab Emirates – participated in the 2016 GEM survey. Although Tunisia did not participate in the 2016 GEM survey, it did participate in 2015. Tunisia's data from the 2015 GEM survey has therefore been included in the analysis. The remainder of this report will focus on these countries, providing macro-level insights across the region as well as country-level insights into the people who participate in different phases of entrepreneurial activity. Although these nine countries fall within the same geographic region, they are diverse in terms of social and economic development, as indicated in **Table 2.1**.

The GEM model recognises entrepreneurial attitudes, activity and aspiration as dynamic interactive components of national entrepreneurial environments. Entrepreneurial activity does not take place in a vacuum, and entrepreneurial attitudes and perceptions (both societal and individual) play an important part in creating an entrepreneurial culture.

GEM sees entrepreneurial activity as a continuous process rather than as individual events. As such, the Adult Population Survey (APS) is designed to allow for the measurement and assessment of individual participation across the range of phases comprising entrepreneurial activity: potential entrepreneurship, entrepreneurial intentions, nascent and new business activity, progression into established business ownership, and the reasons for business discontinuance. This process can be viewed as a pipeline, where people participating in each phase are the source of those potentially advancing to the next phase.

2.1 Societal attitudes and perceptions¹

Although not a direct step in the entrepreneurial process, societal attitudes and perceptions play an important part in creating an entrepreneurial culture. Entrepreneurial activities are carried out by people living in specific cultural and social conditions, and the positive or negative perceptions that society has about entrepreneurship can have a strong influence on the entrepreneurial ambitions of potential and existing entrepreneurs, as well as the extent to which this activity will be supported. GEM assesses what people think about entrepreneurship as a good career choice, whether entrepreneurs are considered to have high status, and whether entrepreneurs garner significant levels of positive media attention.

Table 2.2 indicates that overall, people in the MENA region have strongly positive societal attitudes towards entrepreneurship. On average, almost three-quarters of people in the region see entrepreneurship as a good career choice – substantially higher than the averages for all the other regions, with the exception of Africa. In terms of status for successful entrepreneurs, only Africa scores marginally higher.

1 The questions in this section were optional and were not answered by Lebanon.

At the individual country level, the United Arab Emirates, Saudi Arabia and Jordan show consistently high levels of societal attitudes across all three measures. Despite relatively low levels of media attention for entrepreneurs, Egyptians have the most positive perceptions of entrepreneurship as a career choice as well as the highest regard for entrepreneurs. In Iran, on the other hand, only half the population see entrepreneurship as a good career choice - the lowest regional score and perhaps surprising for the only factor-driven economy in the sample. Iran also has the second lowest regional score for media visibility for entrepreneurs.

2.2 Entrepreneurial propensity

GEM research has confirmed the importance of individuals' perceptions of their entrepreneurial ability, their recognition of start-up opportunities, how risk-averse they are, and the extent to which their social networks include entrepreneurs as being instrumental in whether or not they become involved in starting new businesses.

“Fear of failure can be influenced by intrinsic personality traits, as well as by societal norms and regulations.”

GEM considers those who perceive good opportunities for starting a business, as well as believe they have the required skills, the potential entrepreneurs in a society. Opportunities (or the perception of good opportunities) play an important role in determining whether an individual will even consider starting a business. The quantity and quality of the opportunities that people perceive and their belief about their own capabilities may well be influenced by various factors in their environment, such as economic growth, culture and education. While opportunity perceptions demonstrate people's views of the environment around them, beliefs about capabilities are more reflective of self-perceptions.

Another factor taken into account is the fear of failure, assessed as the percentage of the adult population (aged 18-64 years) perceiving good opportunities, who indicate that fear of failure would prevent them from setting up a business. Fear of failure can be influenced by intrinsic personality traits, as well as by societal norms and regulations. For the risk-averse person, the downside risk of failure often outweighs the most promising opportunities, while in some countries the legal and social ramifications of business failure may act as a strong deterrent, reducing the pool of potential entrepreneurs.

Table 2.3 shows that, from a regional perspective, the MENA countries report average scores in terms of perceived

opportunities and capabilities (despite the highly positive societal attitudes towards entrepreneurship shown in **Table 2.2**). North America and Africa report higher averages in terms of perceived opportunities, while individuals in Africa and Latin America & Caribbean (LAC) have more confidence in their own ability to start a business. An encouraging finding is that on average, close to half of people in the MENA region know a start-up entrepreneur – only Africa reports a (marginally) higher score for this indicator.

At the individual country level, the MENA countries show divergent results. **Table 2.2** indicates that entrepreneurship is particularly highly regarded in Saudi Arabia, and the trend continues here with Saudi Arabia displaying the highest level of perceived opportunities, by a significant margin, as well as the highest level of confidence in their entrepreneurial capabilities. Seventy percent of Saudi Arabians have access to entrepreneurial role models in their social networks – 1.5 times the regional average. Lebanon reports encouragingly positive levels of entrepreneurial perceptions and competencies

Table 2.3: Entrepreneurial perceptions and competencies in the MENA countries, with global comparisons, GEM 2016

	Perceived opportunities	Perceived capabilities	Know a start-up entrepreneur*	Fear of failure
Egypt	53.5**	46.4	18.9	27.6
Iran	34.4	59.3	50.6	43.8
Jordan	30.5	48.4	30.6	44.3
Lebanon	59.6	68.0	66.8	22.5
Morocco	45.0	56.1	43.6	32.9
Qatar	48.4	50.6	30.2	35.4
Saudi Arabia	81.5	70.7	71.7	39.4
Tunisia (2015)	48.8	59.9	48.9	40.3
UAE	25.8	55.2	61.7	54.4
Average (MENA)	47.5	57.2	47.0	37.8

Regional averages				
Africa	53.6	63.5	51.9	24.0
Asia & Oceania	40.1	40.7	41.7	40.1
Latin America & Caribbean	46.8	64.3	40.9	27.5
Europe	36.7	44.0	33.7	39.4
North America	58.1	54.6	33.5	36.2

* The extent to which individuals' social networks include entrepreneurial role models is assessed through the question: Do you know someone personally who started a business in the past two years?

**Read as: 53.3% of Egyptian adults in 2016 perceived good entrepreneurial opportunities in their area

across all parameters – 60% of individuals perceive good entrepreneurial opportunities, while two-thirds believe they have the skills to run a business and a similar proportion have access to entrepreneurial role models.

On the other hand, despite strongly positive societal attitudes towards entrepreneurship in the United Arab Emirates, only a quarter of the population perceive good opportunities in their area (the lowest regional rate of opportunity perception). This is substantially below the regional average, as well as the average for all innovation-driven economies that participated in the 2016 GEM survey (41%). The UAE also has the highest fear of failure rate for the region, with more than half of adults indicating that this factor would constrain them from pursuing entrepreneurial opportunities. However, it must be noted that fear of failure tends to be more common in developed economies, where the greater prevalence of alternative career options can create the impression that people have more to lose by forgoing these other opportunities. Less than half of Egyptians believe they have the skills to pursue entrepreneurial opportunities; Egyptians are also least likely to know a start-up entrepreneur (19%, which is less than half the regional average).

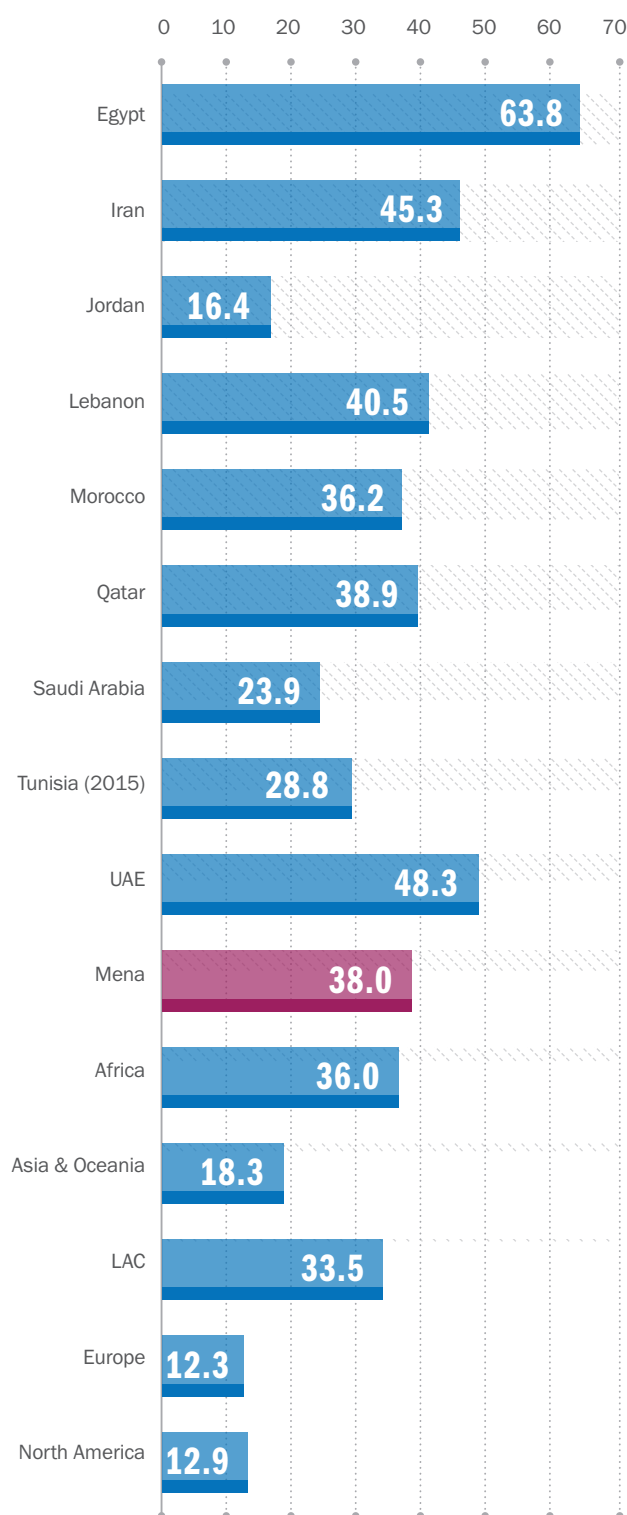
2.3 Entrepreneurial intentions

Potential entrepreneurs see good opportunities for starting a business and believe that they have the necessary skills, knowledge and experience to start a business. However, perceiving a good opportunity and having the skills to pursue it will not necessarily lead to the intent to start a business. Individuals will assess the opportunity costs, and risks and rewards, of starting a business versus other employment preferences and options, if these are available. In addition, the environment in which potential, intentional and active entrepreneurs exist needs to be sufficiently enabling and supportive. A variety of national characteristics could act as deterrents for potential entrepreneurs, for example, “red tape” which could present unfavorable administrative burdens or high costs to those thinking about starting a business; access to resources and technical assistance; the attractiveness of the market; and the competitive environment.

GEM defines entrepreneurial intention as the percentage of the 18 – 64 year old population (individuals already engaged in any stage of entrepreneurial activity excluded) who are latent entrepreneurs and who intend to start a business within the next three years.

The percentage of intentional entrepreneurs in the MENA region is, along with Africa, higher than the average for the other geographical groups - more than a third of working-age individuals in the MENA countries express entrepreneurial intentions (**Figure 2.1**). This is in line with the strongly positive societal as well as self-perceptions regarding entrepreneurship in the region as a whole.

Figure 2.1: Entrepreneurial intentions (% of adult population)



From an individual country perspective, the MENA countries again report widely divergent results. Egypt tops the rankings, with almost two-thirds of adults expressing an intention to start a business within the next three years. This is in line with Egypt’s highly positive societal attitudes towards entrepreneurship – as indicated in **Table 2.2**, more than 80% of Egyptians feel that entrepreneurs are well-regarded and that it is a good career choice. Adults in the

United Arab Emirates show the second highest levels of entrepreneurial intention – despite being least likely to report that they perceive opportunities in the areas in which they live.

The lowest level of entrepreneurial intention is in Jordan – at 16% less than half the regional average. Jordan also reported among the lowest levels of both opportunity and capability perception in the region. In Saudi Arabia, despite reporting among the most positive levels of both societal and self-perceptions regarding entrepreneurship, only a quarter of adults intend to start an entrepreneurial venture in the next three years.

2.4 Entrepreneurial activity

2.4.1 Early-stage entrepreneurial activity

Entrepreneurial activities are presented by using the organisational life-cycle approach (nascent and new businesses, established businesses and business discontinuation). The central indicator of GEM is the Total Early-stage Entrepreneurial Activity (TEA) rate, which measures the percentage of the population that are in the process of starting or who have just started a business. This indicator measures individuals who are participating in either of the two initial processes of the entrepreneurial process:

- Nascent entrepreneurs – those who have committed resources to starting a business, but have not paid salaries or wages for more than three months, and
- New business owners - those who have moved beyond the nascent stage and have paid salaries and wages for more than three months but less than 42 months.

Measuring these two types of entrepreneurs is important as it provides the level of early-stage activity that will hopefully be transformed into established businesses– i.e. mature businesses, in operation for more than 42 months.

Even when individuals have favorable perceptions of entrepreneurship and exhibit entrepreneurial intentions, it is by no means certain that this will be translated into actually starting businesses. It is useful for policy makers to determine the factors that contribute to the fall off between intentional and active entrepreneurs, as this has a strong influence on the next stage of the entrepreneurial pipeline - actually starting a business. The entrepreneurship process is a complex endeavour carried out by people living in specific cultural and social conditions. A variety of entrepreneurship factors could contribute to individuals’ willingness to engage in entrepreneurial activity, for example, “red tape” which could present unfavorable administrative burdens or high costs to those thinking about starting a business; access to resources and technical assistance; the openness of the market; and cultural values with regard to entrepreneurial behaviour.

Figure 2.2: TEA (% of adult population)

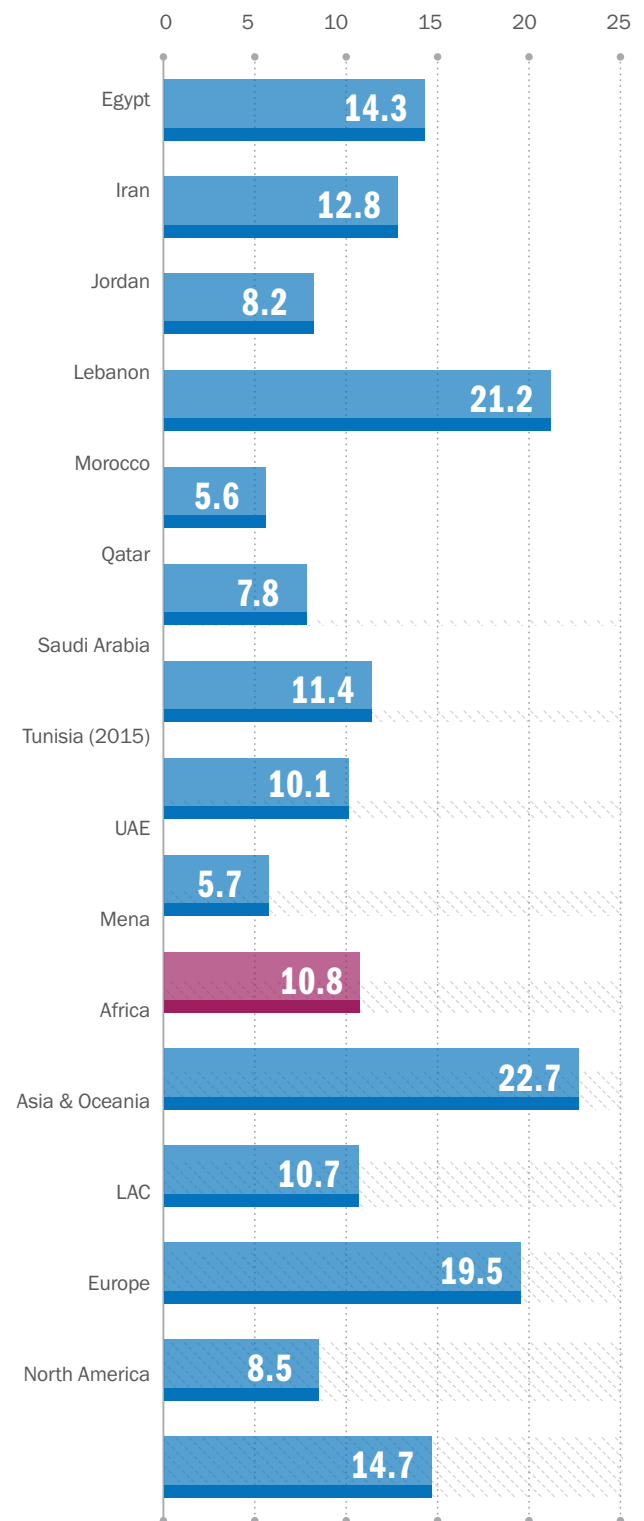


Figure 2.2 shows that there is a marked fall off between intentional and active entrepreneurs in the MENA region as a whole. In terms of entrepreneurial intention, the MENA region as a whole reported amongst the highest levels when compared to the other geographical regions. The average for the MENA region was on a par with the averages for Africa and Latin America & the Caribbean – however, both these regions report early-stage entrepreneurial rates

that are double those for the MENA region. Although the MENA region has, on the whole, positive societal attitudes towards entrepreneurship, the proportion of early-stage entrepreneurs is 70% lower than the number with entrepreneurial intentions.

For the majority of MENA countries, there is a fall off between intentional and active entrepreneurs. This is of greatest concern in Egypt and the United Arab Emirates. Both these countries have highly positive attitudes towards entrepreneurship, and healthy pools of intentional entrepreneurs. The level of early-stage activity, however, is less than a fifth the number with entrepreneurial intentions. Egypt reported the lowest score for capabilities perceptions. Capabilities perceptions may reveal not only people's skills, but also confidence in their ability to start a business – as such, they are likely to play a significant role in the transition from potential to intentional entrepreneur. Low TEA rates in the United Arab Emirates are likely to be influenced by the low opportunity perceptions and high fear of failure rates in this country.

From an individual country perspective, Lebanon has the highest TEA rate by a substantial margin. A fifth of Lebanese adults are engaged in early-stage entrepreneurial activity – double the regional average. This is in line with Lebanon's encouragingly positive levels of entrepreneurial perceptions and competencies across all parameters (**Table 2.2**). Morocco and the United Arab Emirates have the lowest TEA rates (half the regional average).

A discouraging finding is that the MENA region has among the lowest proportions of nascent entrepreneurs, compared to the other geographic groups (**Table 2.4**).

Africa, which was on a par with the MENA region in terms of entrepreneurial intention, has three times as many nascent entrepreneurs. Although the nascent entrepreneurship rate for the MENA region is disappointingly low, this is offset to some extent by a more robust new business rate.

From an individual country perspective, the three countries with the lowest nascent entrepreneurship rates all have new business rates that are substantially higher than the nascent rates – more than three times higher for Morocco and the United Arab Emirates, and twice as high for Saudi Arabia. Lebanon also reports a positive ratio of new to nascent businesses.

2.4.2 Established business activity

The established business rate is the percentage of the adult population that are owners/managers of businesses that have been in operation for more than 42 months. Information on the level of established businesses is important as it provides some indication of the sustainability of entrepreneurship in an economy. These businesses have moved beyond the nascent and new business phases, and are able to contribute to a country's economy through the ongoing introduction of new products and processes and a more stable base of employment.

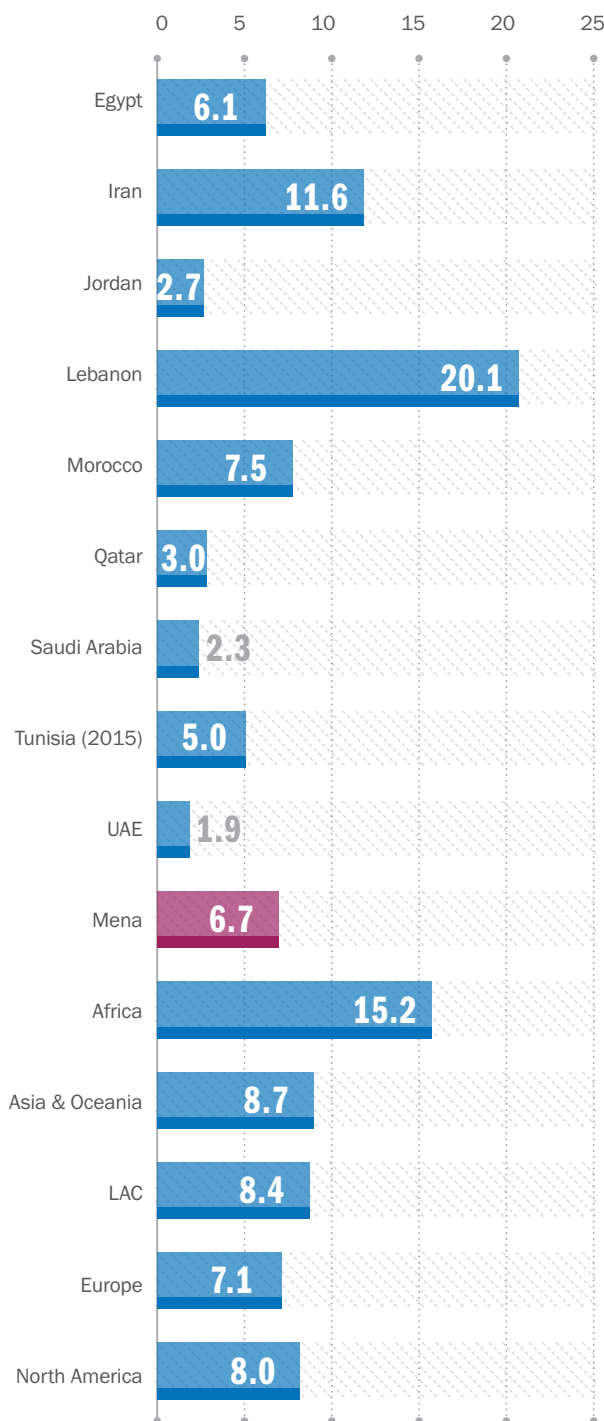
The GEM survey is a point-in-time snapshot of entrepreneurial and business activity around the world. It does not follow individual entrepreneurs over time, to see how many of them progress to the established business phase. However, the GEM survey does provide a means through which the level of mature business activity relative to start-up activity can be examined.

Table 2.4: Early-stage entrepreneurial activity (% of population) in the MENA countries, with global comparisons, GEM 2016

Country	Opportunity to sell	Unprofitable	Problem getting finance	Another job/opportunity	Exit planned	Retirement	Personal reason	Incident	Bureaucracy
Egypt	0.3*	47.7	11.7	7.6	1.3	0.9	20.5	2.4	6.7
Iran	2.4	44.6	12.4	6.1	2.4	1.2	20.6	2.3	2.2
Jordan	3.4	55.4	16.1	8.2	1.7	0.0	7.8	0.0	7.2
Lebanon	2.5	43.7	6.4	11.1	3.5	2.1	18.6	10.3	1.8
Morocco	0.0	51.7	19.0	1.4	0.0	0.0	21.3	0.0	6.6
Qatar	8.6	28.6	16.3	11.4	1.1	3.0	26.2	1.8	3.0
Saudi Arabia	24.7	25.5	18.2	11.5	7.9	6.1	6.0	0.0	0.0
Tunisia	2.3	24.2	25.6	13.3	0.0	1.5	27.1	2.9	2.3
UAE	28.7	39.9	8.4	10.6	1.0	4.6	6.9	0.0	0.0
AVERAGE	8.1	40.1	14.9	9.0	2.1	2.2	17.2	2.2	3.3

Figure 2.3 indicates that the MENA region has among the lowest proportions of established business owners, compared to the other geographic groups – a discouraging finding. The poor sustainability of start-ups and new firms in this region therefore highlights the need for policy interventions aimed at supporting and mentoring entrepreneurs through the difficult process of firm growth. From an individual country perspective, Lebanon reports the highest rate of established business ownership. A fifth of the adult population are established business owners – three times the regional average. What is particularly encouraging is that

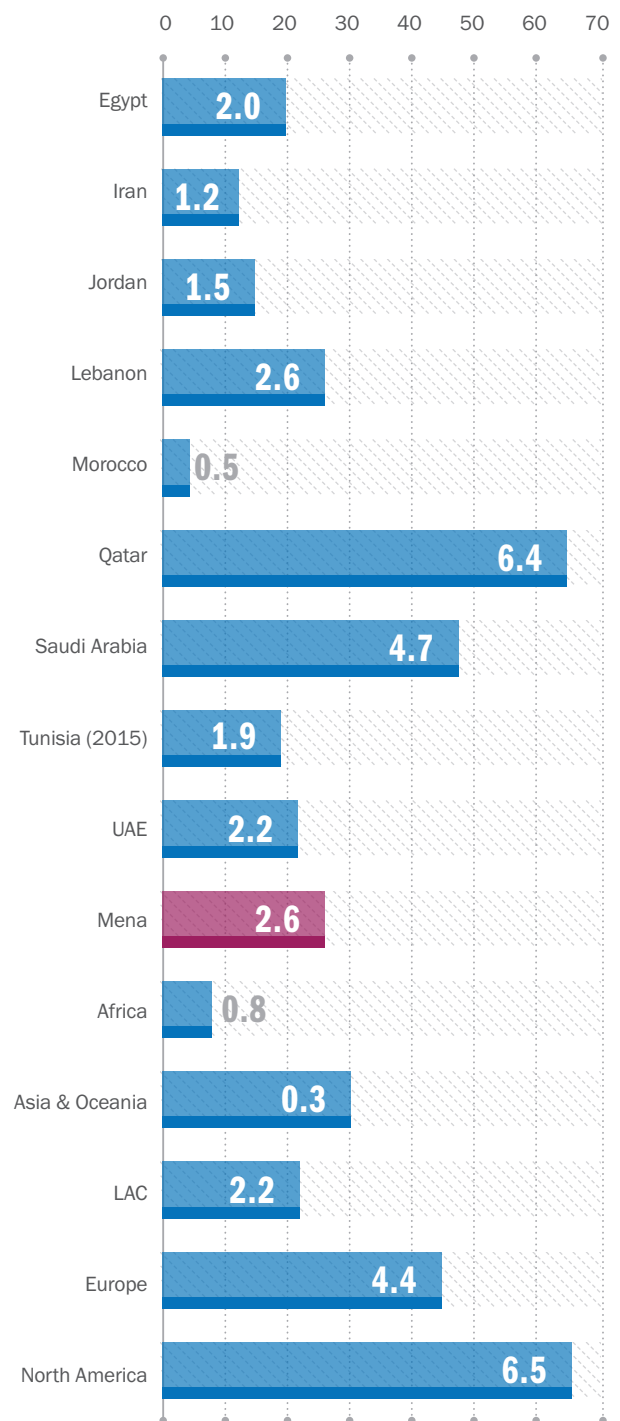
Figure 2.3: Established business ownership (% of population)



the TEA rate and established business rate in Lebanon are the same – this suggests that support structures for start-ups/ new firms in Lebanon are effective, or that the quality of early-stage entrepreneurs is good. Iran also reports a robust established business ownership rate and good firm sustainability.

The United Arab Emirates and Saudi Arabia have the lowest rates of established business ownership in the MENA region. This is of particular concern in Saudi Arabia, whose TEA rate is five times higher than the established business rate, suggesting a poor level of new firm sustainability in this country.

Figure 2.4: Entrepreneurial employee activity (% of population)



2.4.3 Entrepreneurial Employee Activity (EEA)

The Entrepreneurial Employee Activity (EEA) indicator includes the development of new activities for an individual’s main employer, such as developing or launching new goods or services, or setting up a new business unit, a new establishment or subsidiary.

Entrepreneurial Employee Activity (EEA) tends to be negligible in both the factor- and efficiency driven economies; however, it accounts for a substantial portion of entrepreneurial activity in the innovation-driven group. It is clear that although the presence of formal job options may decrease start-up activity in these developed economies, entrepreneurial behaviour finds a place within existing organisations. From the employee’s perspective, conducting entrepreneurial activities from within the safety of a larger organisation may present a more viable option than risking a start-up, particularly where the organisational leadership, culture and systems foster these efforts.

Figure 2.4 shows that the above holds true for one of the innovation-driven economies in the MENA region. Qatar reports an EEA rate that is the highest in the region by a substantial margin (almost three times the regional average) and very similar to its TEA rate of 7.8%. In the United Arab Emirates, on the other hand, the low TEA rate is not offset by high employee entrepreneurial activity. The United Arab Emirates EEA rate is lower than the regional average, as well as less than half the average EEA rate for all innovation-driven economies in the GEM sample (5.1%). Saudi Arabia shows a robust level of Employee Entrepreneurial Activity – double the average for the efficiency-driven economies.

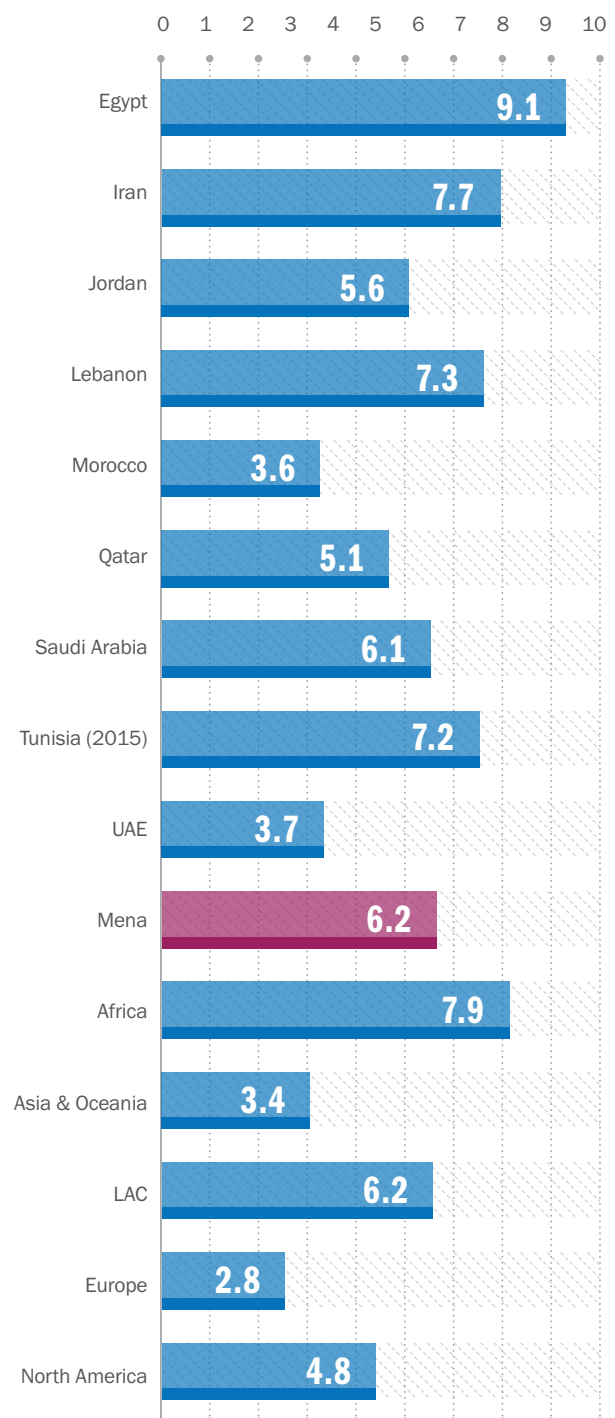
2.4.4 Business discontinuance

Figure 2.5 shows the business discontinuance rates, defined as the percentage of adults who for any reason (personal, sale, financial, market, health, business failure, death, etc.) in the last 12 months decided to exit one or more entrepreneurial activities in which he/she was involved. Information on the rate of business discontinuance is another potential indicator of the sustainability of entrepreneurship in an economy. Entrepreneurship is inherently risky, and a certain level of business closure is inevitable when there are numerous start-ups. However, an excessively high business closure rate could mean that few entrepreneurs are starting viable businesses, or that they are unable to sustain these businesses. In addition, the entrepreneurship environment may not be sufficiently supportive or enabling. However, it must be remembered that closure does not necessarily equate to failure.

From a regional perspective, the MENA region has a high rate of business discontinuance. Although Africa has a higher rate of discontinuance, it also has a substantially higher TEA rate. The MENA countries also have a ratio of TEA to business discontinuance that is of concern. Across

“It is clear that although the presence of formal job options may decrease start-up activity in these developed economies, entrepreneurial behaviour finds a place within existing organisations.”

Figure 2.5: Business discontinuance rate (% of adult population)



all the other geographic groups, for every person exiting a business in 2016 approximately three were engaged in early-stage entrepreneurial activity. For the MENA region, however, for every person exiting a business there were only 1.7 people engaged in early-stage entrepreneurial activity. Lebanon is the exception, with three people engaged in TEA for every individual discontinuing a business.

It must be noted that the interpretation of the business discontinuation rate is often highly contextualised. A high rate could indicate low levels of preparations for venturing (capabilities, wrong perceptions about an opportunity, low level of motivation, etc.). A low rate, on the other hand, is not necessarily a positive indicator as entrepreneurs may be stuck in “dead” ventures because of complicated exit regulations, taxation policy, etc. The reasons for business discontinuance are many and varied. Some reasons could be seen as positive, such as the opportunity to sell, pursuing another opportunity or planned retirement. On the other hand, discontinuation may be due to lack of business profitability, problems with accessing finance and running out of working capital. **Table 2.5** shows some of the reasons given for discontinuing businesses, for the MENA countries.

The most common reason for business discontinuance in the MENA region as a whole is lack of profitability. A

lack of business profitability is consistently cited as the major reason for business discontinuance across the GEM sample, with a third of business exits in 2016 due to this reason, on average, across all three development phases. Personal reasons and problems accessing finance are also fairly common reasons for business exits in the MENA region. In terms of reason for business exit, therefore, the MENA countries are no different to all other GEM countries, irrespective of geographic location or economic development level.

From an individual country perspective, financial issues are a particularly pernicious problem in Jordan and Morocco, with lack of profitability or problems getting finance together accounting for over 70% of business exits in these countries. Access to finance, specifically, is a significant problem in Tunisia, with a quarter of respondents citing this reason. Bureaucracy is an issue in Jordan, Egypt and Morocco, while incidents account for 10% of business exits in Lebanon.

Business exits because of an opportunity to sell are relatively common in the UAE and Saudi Arabia, with a quarter of businesses discontinued for this reason. Saudi Arabians are most likely to exit their businesses as part of a planned exit/ retirement.

Table 2.5: Reason for business exit in MENA countries, GEM 2016

Country	Opportunity to sell	Unprofitable	Problem getting finance	Another job/ opportunity	Exit planned	Retirement	Personal reason	Incident	Bureaucracy
Egypt	0.3*	47.7	11.7	7.6	13	0.9	20.5	2.4	6.7
Iran	2.4	44.6	12.4	6.1	2.4	1.2	20.6	2.3	2.2
Jordan	3.4	55.4	16.1	8.2	1.7	0.0	7.8	0.0	7.2
Lebanon	2.5	43.7	6.4	11.1	3.5	2.1	18.6	10.3	1.8
Morocco	0.0	51.7	19.0	1.4	0.0	0.0	21.3	0.0	6.6
Qatar	8.6	28.6	16.3	11.4	1.1	3.0	26.2	1.8	3.0
Saudi Arabia	24.7	25.5	18.2	11.5	7.9	6.1	6.0	0.0	0.0
Tunisia	2.3	24.2	25.6	13.3	0.0	1.5	27.1	2.9	2.3
UAE	28.7	39.9	8.4	10.6	1.0	4.6	6.9	0.0	0.0
AVERAGE	8.1	40.1	14.9	9.0	2.1	2.2	17.2	2.2	3.3

*Read as: 0.3% of Egyptian early-stage entrepreneurs in 2016 exited their business because of an opportunity to sell

ENTREPRENEURS' STORIES



EVE TAMRAZ NAJJAR (LEBANON)

A graduate of the Ecole Normale Supérieure de Paris, Dr Eve Tamraz Najjar has a scientific background in toxicology, health and environment. Opting to specialize in synthetic biology, Eve found herself exploring an emerging research area that fused chemistry and biology with computer science and engineering.

Now an ambassador for Allergy UK, Eve works alongside architect and industrial designer Cyrille Najjar to promote allergy and asthma prevention. “Having both suffered from respiratory conditions for the majority of our lives, we decided to utilize our skills and experience and found White Lab - a healthcare analytics start-up that develops cutting-edge technology for air quality monitoring and allergen identification,” says Eve. The co-founders and their team work together to provide similar individuals with the means to predict, prevent and manage their symptoms.

“Sensio AIR has already caught the attention of international organizations and won an array of awards...”

The start-up went on to unveil Sensio AIR – a mobile application that enables users to log their respiratory symptoms, monitor their health over days, weeks or months and view real-time air quality statistics. Sensio AIR has already caught the attention of international organizations and won an array of awards from Harvard MIT, Mass Challenge UK and more.

More recently, the start-up partnered with Lebanon’s Ministry of Environment in order to provide air quality information to the public. This collaboration means White Lab will play a major role in raising awareness when it comes to air quality issues and respiratory diseases. In addition to working with the ministry, White Lab’s clientele include the United Nations, Renault and other car manufacturers.



MOHAMMAD REZA ANSARI (IRAN)

Mohammad Reza Ansari is the founder and board chairperson of Kayson International Company. His success in life he attributes to two key factors: first, a love of work in civil and structural engineering that dates from his childhood and second, his love of mankind in a caring and humane society.

Mohammad Reza was the last sibling in a ten-member family. He was born in Arak but moved to Tehran at the age of 70. He notes that in his childhood, he was restless and difficult and often a recalcitrant boy in the school. Despite this, he was often was a top student during his secondary school days. "I certainly had an athletic spirit as a child, and was involved in swimming, horse-racing, track and field, water-skiing and more," he recalls. "I believe that this can help a person control his excitement and stresses." He experienced earning his first income at the age of 12 during which he started to work as a shop assistant. In 1968, he graduated from the Engineering Faculty of University of Tehran in the field of civil engineering.

“He experienced earning his first income at the age of 12...”

During his college education, Mohammad Reza worked with National Construction Company. This paved the way for him to get involved in the design and execution of large civil construction projects, including projects such as the Prime Minister’s palace; Ghazvin Industrial Township; three bridges on the Dez and Maroon Rivers; and the Fooman Plain Drainage and irrigation projects.

Engineer Mohammad Reza created the Kayson Company in 1975 with a number of foreign engineers and skilled manpower among his staff members. He employed an innovative construction method which helped to accelerate the success of a reinforced concrete method. For this innovative system, he conducted studies on the concrete construction method in Germany, France, United Kingdom, Switzerland, Italy and the U.S.A.

Kayson Company recently executed the design and construction of tens of thousands of dwellings. In addition, Kayson has carried out numerous projects building schools, clinics and centers for disabled people in disadvantaged areas in Iran, as well as participated in construction projects in other countries such as Venezuela. "I believe that it is important for us all to take our social responsibilities seriously," he says.

“I believe that it is important for us all to take our social responsibilities seriously...”

Engineer Mohammad Reza is now considered a successful Iranian entrepreneur leader and forerunner of the Fourth Festival of Entrepreneurial Leaders. He has a deep belief in the interconnectedness of lofty human values and success in a business. Promotion of this life style among entrepreneurs, in his view, could result in sustainable development in a country.



ABEER DAUDIYEH (JORDAN)

After the passing of her husband, Abeer Daoudiyeh chose to dedicate her life to caring for orphaned children. Her passion spurred her to create Fenan Kindergarten, an institution that serves children residing in Tafileh and nearby areas. “I turned to Sameeha Al Mahasneh, a colleague who had longstanding experience in the fields of teaching and management, and presented my project idea to her,” says Abeer. “Together, we began the complex journey of securing funding.”

During their search, it was brought to Abeer and Sameeha’s attention that the European Union (EU) and Jordan Enterprise Development Corporation (JEDCO) were conducting field visits to various governorates in order to educate residents across the Kingdom about the types of grants they offer. After learning of this, both women decided to attend a meeting hosted by JEDCO, in hopes

of obtaining the support they needed. And so it was that after several studies and a grant application, the project was approved and was given the required funding from JEDCO and the EU in May 2013.

“Her passion spurred her to create Fenan Kindergarten, an institution that serves children residing in Tafileh and nearby areas...”

Abeer and Sameeha began by looking for a suitable location that would serve the largest number of residents possible, and finally found a plot of land that was ideally situated to serve four remote areas. These consisted of Bseria District, Gharandal Village, Om Sarab Village and Al Maqam area, all of which direly lacked the most basic of services.

“We allocated a portion of the grant to marketing the kindergarten by handing out flyers and brochures, as well as launching an official website,” recalls Abeer. The newly established kindergarten, which features four classrooms that can accommodate up to 70 students, was a resounding success and parents were rushing to enroll their children. The kindergarten provided an array of services that were previously unavailable in the area such as daycare and academic education for students between four and five years of age. It also catered for children suffering from learning disabilities, after appointing a qualified teacher specialized in this field.

Furthermore, the kindergarten organized multiple activities geared towards benefiting the children and broadening their horizons. These included visits to the Civil Defense Directorate, Public Security Directorate and Tafileh Women’s Centre, in addition to various entertainment and cultural functions. The kindergarten also carries out humanitarian and volunteer activities such as hosting and providing meals to underprivileged children, and distributing goodwill parcels among youngsters from the area at its own expense.

“It also catered for children suffering from learning disabilities, after appointing a qualified teacher specialized in this field.”

The kindergarten has also created jobs for the area’s residents, offering employment to four teachers, two drivers and a janitor. Abeer and Sameeha dream of expanding the kindergarten’s operations by increasing the number of classrooms and employees, and establishing a specialized department that is dedicated to caring for children with learning disabilities.

CHAPTER 3:

CHARACTERISTICS AND MOTIVES OF EARLY- STAGE ENTREPRENEURS IN THE MENA REGION



GEM's focus on individual-level participation enables this research to reveal a range of demographic and other characteristics about entrepreneurs. The research also makes possible an assessment of the level of inclusiveness in an economy—in other words, the extent to which various groups (for example age, gender or education level) engage in entrepreneurial activity. This information can assist policy makers in targeting effective interventions aimed at increasing participation as well as productivity in the economy.

3.1 Motives for starting a business

The relative prevalence of opportunity-motivated versus necessity-motivated entrepreneurial activity provides useful insights into the quality of early-stage entrepreneurial activity in a given country. The motives that drives entrepreneurs to start businesses is as important as the level of entrepreneurial activity in countries. GEM has shown that businesses started by opportunity-driven entrepreneurs are much more likely to survive and employ people than those started by necessity-driven entrepreneurs.

Necessity based early-stage entrepreneurial activity: This is defined as the percentage of those involved in early-stage entrepreneurial activity that claim to be driven by necessity (having no better choice for work) as opposed to opportunity. This is also described as survivalist-driven motivation.

Opportunity based early-stage entrepreneurial activity: This is the percentage of those involved in early-stage entrepreneurial activity driven purely or partly by opportunity, as opposed to finding no other option for work. This includes taking advantage of a business opportunity or having a job but seeking a better opportunity.

The *GEM Global Report 2016/17* notes that most entrepreneurs around the world are opportunity-motivated. On average, three-quarters of respondents in the 2016 survey stated they chose to pursue an opportunity as a basis for their entrepreneurial motivations. Two-thirds of entrepreneurs in the factor-driven economies were opportunity-motivated rather than starting out of necessity, because they had no better options for work. In efficiency-driven economies the figure was 71% while the innovation-driven economies show the highest proportion of opportunity-motivated entrepreneurs, at 79%.

Among entrepreneurs with opportunity-driven motives, a portion of these seek to improve their situation, either through increased independence or through increased income (versus maintaining their income). GEM calls these individuals improvement-driven opportunity (IDO) entrepreneurs. To assess the relative prevalence of improvement-driven opportunity entrepreneurs versus those motivated by necessity, GEM has created the Motivational Index.

Table 3.1 summarises the motives for starting a business for the MENA region. There are relatively high levels of necessity-driven entrepreneurial activity among the MENA countries - in

six of the nine countries, the proportion of necessity-driven entrepreneurs is over 25%. Lebanon, Iran and Egypt have the highest proportion of necessity-driven entrepreneurs. Although Lebanon has the highest TEA rate in the MENA region, almost 40% of this activity is necessity-motivated. In Iran, a third of entrepreneurs are motivated by necessity. Iran is a factor-driven economy – these economies tend to have lower GDP per capita, indicating that a large percentage of the population is either unemployed or underemployed (i.e. they earn very low wages). Individuals therefore start businesses because they are unable to find employment, or to supplement low wages. On the other hand, the United Arab Emirates is an innovation-driven economy – its third lowest proportion of opportunity-motivated TEA in the region is therefore a concern.

Table 3.1: Entrepreneurial motivation for TEA in the MENA countries, with global comparisons, GEM 2016

	Necessity-driven (as % of TEA)	Opportunity-driven (as % of TEA)	Improvement-driven opportunity (as % of TEA)	Motivational Index
Egypt	31.3*	61.2	30.8	1.0
Iran	33.9	63.5	49.3	1.5
Jordan	26.4	68.8	49.0	1.9
Lebanon	39.4	57.3	43.6	1.1
Morocco	27.4	72.6	50.3	1.8
Qatar	10.5	82.7	62.8	6.0
Saudi Arabia	7.5	92.3	40.8	5.4
Tunisia (2015)	18.0	79.3	64.1	3.6
UAE	29.2	61.8	40.8	1.4
Average (MENA)	24.8	71.1	47.9	2.6

Regional averages				
Africa	28.6	67.9	38.7	1.4
Asia & Oceania	21.6	75.3	49.4	2.5
Latin America & Caribbean	27.0	70.2	48.6	2.5
Europe	21.7	75.1	50.9	3.4
North America	12.9	83.7	61.0	4.9

*Read as: 31.1% of TEA activity in Egypt in 2016 was necessity-driven

Saudi Arabia, Qatar and Tunisia report encouragingly high levels of opportunity-motivated TEA. Tunisia and Qatar also stand out in terms of their proportion of improvement-driven opportunity (IDO) entrepreneurs – close to two-thirds of early-stage entrepreneurs in these two countries fall into this category. Qatar and Saudi Arabia's Motivational Index scores are particularly positive – in these two countries, entrepreneurs are around six times as likely to be improvement-driven opportunity rather than necessity-driven entrepreneurs. Egypt has the lowest proportion of IDO entrepreneurs – in this country, early-stage entrepreneurs are as likely to be motivated by necessity as they are to IDO entrepreneurs.

3.2 Profile of the MENA region entrepreneurs

3.2.1 Gender

Many studies maintain that women face greater difficulties in becoming entrepreneurial. These obstacles include: higher levels of domestic responsibility; lower levels of education (particularly in developing countries); lack of female role models in the business sector; fewer business-orientated networks in their communities; lack of capital and assets; lower status in society and a culturally-induced lack of assertiveness and confidence in their ability to succeed in business. These factors may prevent women from perceiving as well as acting on entrepreneurial opportunities.

“Many studies maintain that women face greater difficulties in becoming entrepreneurial.”

The International Labor Organization notes in its *World Employment and Social Outlook – Trends 2017* that despite improvements in educational attainment, women in North Africa remain twice as likely to be unemployed as their male counterparts. The gender gap in unemployment currently stands at just over 10 percentage points, meaning Northern Africa has the second highest gap worldwide, after the Arab States. The unemployment rate for women in the Arab States remained almost 13 percentage points higher than that for men in 2016 and the female labour market participation rate remained the lowest globally, at 21.2% in 2016, against a world average of 49.5%. The male participation rate, on the other hand, was slightly above the world average (76.5% in 2016, against a global rate of 76.1%). Such large gender disparities in labour market performance undoubtedly highlight the fact that although women have achieved high levels of education, this has not translated into their inclusion in the world of work.¹

The *2016 GEM Global Report* shows that although the ratio of male to female participation in early-stage entrepreneurial activity varies considerably across the total sample of GEM countries, reflecting differences in culture and customs regarding female participation in the economy, a consistent finding is that men are more likely to be involved in entrepreneurial activity, regardless of level of economic development. **Table 3.2** shows that the MENA countries follow this pattern: in all nine countries the propensity toward entrepreneurship, measured by TEA, is higher in males than in females. The MENA region as a whole exhibits the widest gender gap in terms of early-stage entrepreneurial activity – in 2016, women in this region

were only half as likely to be engaged in TEA as their male counterparts. In Africa and Latin America & the Caribbean, by contrast, eight women were engaged in TEA for every ten male entrepreneurs.

Table 3.2: TEA rates by gender in MENA countries, with global comparisons, GEM 2016

	Male TEA rate (as % of adult male population)	Female TEA rate (as % of adult female population)	Female to male ratio
Egypt	20.9*	7.5	0.36
Iran	16.6	8.9	0.54
Jordan	12.8	3.3	0.26
Lebanon	26.2	16.1	0.61
Morocco	6.7	4.5	0.67
Qatar	8.1	6.8	0.84
Saudi Arabia	12.9	9.7	0.75
Tunisia (2015)	15.0	5.3	0.35
UAE	6.6	3.7	0.56
Average (MENA)	14.0	7.3	0.52

Regional averages			
Africa	24.8	20.9	0.84
Asia & Oceania	12.7	8.8	0.69
Latin America & Caribbean	21.6	17.5	0.81
Europe	10.9	6.1	0.56
North America	17.5	11.9	0.68

*Read as: 20.9% of the adult male population in Egypt in 2016 were engaged in TEA activity

At the individual country level, the MENA region shows divergent results. Gender parity is positive in Qatar and Saudi Arabia – in these two countries, there are around eight women entrepreneurs for every ten male entrepreneurs. Jordan reports the widest gender gap, with fewer than three women engaged in entrepreneurial activity for every ten men. Gender gaps are also significant in Tunisia and Egypt.

In terms of reason for starting a business, an encouraging finding is that on average, men and women in the MENA region are equally likely to be motivated by opportunity (**Table 3.3**). In terms of regional comparisons, male entrepreneurs in the MENA region and Africa report the highest levels of necessity motivation – a quarter of men in these two regions are pushed into entrepreneurship because of no better options to earn a livelihood. Female entrepreneurs in the MENA region, on the other hand, paint a more positive picture – they are more likely to be motivated by opportunity than are their counterparts in Africa and Latin America & the Caribbean, and are on a par with female entrepreneurs in Europe.

At the individual country level, women are more likely to be opportunity-motivated than their male counterparts in six of the nine countries. Jordan is a significant outlier

1 http://www.ilo.org/global/research/global-reports/weso/2017/WCMS_541211/lang-en/index.htm

Table 3.3: Entrepreneurial motivation in the MENA countries, by gender, with global comparisons, GEM 2016

	Male opportunity (as % of male TEA)	Female opportunity (as % of female TEA)	Male necessity (as % of male TEA)	Female necessity (as % of female TEA)
Egypt	60.5*	63.1	32.9	26.7
Iran	61.7	66.8	36.6	29.0
Jordan	71.7	56.2	24.0	36.8
Lebanon	55.7	59.8	40.7	37.2
Morocco	71.3	74.6	28.7	25.4
Qatar	80.4	94.4	11.5	5.6
Saudi Arabia	91.2	94.1	8.5	5.9
Tunisia (2015)	80.8	75.1	16.9	21.1
UAE	62.4	59.4	26.8	38.5
Average (MENA)	70.6	71.5	25.2	25.1

Regional averages				
Africa	71.6	64.0	24.6	32.8
Asia & Oceania	75.2	75.4	21.7	21.4
Latin America & Caribbean	73.9	66.0	23.2	31.6
Europe	76.9	72.2	20.0	24.8
North America	83.3	84.2	12.7	13.1

*Read as: 20.9% of the adult male population in Egypt in 2016 were engaged in TEA activity

in the region in this respect, exhibiting a wide gender gap in opportunity motivation. In Saudi Arabia and Qatar opportunity motivation is particularly high in both genders; in Lebanon, on the other hand, opportunity motivation is below 60% for both genders. Male necessity motivation is highest in Lebanon (at 41%), while the United Arab Emirates, Lebanon and Jordan all report female necessity entrepreneurship levels of just under 40%. Narrowing the gender gap in terms of entrepreneurial activity must become a priority focus for policy makers in these countries.

3.2.2 Age distribution

The influence of age on entrepreneurial activity tends to be very similar throughout GEM, with the highest prevalence of entrepreneurial activity among the 25 – 34 and 35 - 44 year olds across all three development phases. Higher participation rates among those in their early to mid-careers could be attributed to the fact that these individuals have had time to develop their skills and knowledge through education as well as through work experience, building their confidence in their own abilities. A critical factor is that they may have accumulated other resources such as networks, personal savings and access to other financial resources.

Table 3.4: TEA rates by age group in the MENA countries, with global comparisons, GEM 2016 (% of adult population in each age category involved in TEA)

	18 – 24 years	25 – 34 years	35 – 44 years	45 – 54 years	55 – 64 years
Egypt	16.2*	17.7	15.4	9.3	5.5
Iran	11.3	18.3	13.0	7.8	6.1
Jordan	6.0	9.0	10.3	8.4	7.0
Lebanon	18.7	27.6	28.2	14.8	12.0
Morocco	3.2	8.4	7.1	4.5	3.5
Qatar	6.3	8.3	8.8	6.0	7.4
Saudi Arabia	11.7	14.3	10.0	9.7	4.9
Tunisia (2015)	6.5	14.9	10.1	10.6	4.4
UAE	2.6	4.6	6.3	11.4	5.5
Average (MENA)	9.2	13.7	12.1	9.2	6.3

Regional averages					
Africa	20.6	26.0	24.0	21.4	16.0
Asia & Oceania	8.0	13.5	12.3	10.4	7.3
Latin America & Caribbean	16.3	23.2	22.9	18.4	13.3
Europe	8.1	11.4	9.7	7.8	5.0
North America	12.6	19.0	18.1	14.0	9.0

*Read as: 16.2% of 18-24 year olds in Egypt in 2016 were engaged in early-stage entrepreneurial activity

Table 3.4 indicates that the MENA region follows the general GEM pattern with respect to the influence of age on entrepreneurial behavior. Egypt and the United Arab Emirates are exceptions: Egyptians display almost identical levels of entrepreneurial participation in the first three age cohorts, while in the UAE peak entrepreneurial activity – by a substantial margin - is in the 45-54 year age cohort.

Entrepreneurial activity among 18 – 24 year olds is highest in Lebanon (double the regional average) and Egypt; the UAE and Morocco report very low TEA activity (3% or less) in this age group. The relatively low prevalence of entrepreneurial activity in the 18-24 age cohort in the MENA region as a whole is in line with general GEM trends – however, the low levels of entrepreneurial activity among the youth is of concern in the context of the high level of un- and underemployment among this age group. The International Labor Organization notes in its World Employment and Social Outlook – Trends 2017 that tackling joblessness among youth in the MENA region will remain a particular challenge. Active youth remain almost five times more likely to be unemployed than their adult counterparts, experiencing an unemployment rate of above 31 per cent in 2016, against 6.8 per cent among adults. In North Africa, youth unemployment is more than three times higher than adult unemployment, with a gap of

almost 20 percentage points². There is no simple solution to the youth un- and underemployment challenge, but it is critical to identify and explore factors which contribute to strategies that enable economies to benefit from the talents, energy and ideas that young people bring to the labour market. Important elements of such strategies include education and skills development as well as entrepreneurship development.

Senior entrepreneurship (55 years and older) is low in the majority of the MENA countries. Lebanon has the highest TEA rate in this age cohort (double the regional average). In Jordan, seniors are more likely to be involved in entrepreneurship than are the 18 – 24 year olds; Qatar also shows a positive level of entrepreneurial activity by seniors.

Higher levels of entrepreneurial activity in this age category may be as a result of older workers who are made redundant, and are aware that they are likely to face insufficient prospects on the job market. Such individuals will start a business because it is their best chance of finding employment and overcoming age discrimination in hiring practices. An additional driver for unemployed individuals in this age group may be the need to supplement their retirement savings or because their pension is not sufficient to maintain their current standard of living. On the other hand, these may also be mature individuals who have had to put personal goals and dreams on hold when younger because of family obligations. They may now have the necessary resources as well as freedom to pursue their passions and work on their own terms.

2 http://www.ilo.org/global/research/global-reports/weso/2017/WCMS_541211/lang-en/index.htm

3.3 Entrepreneurship impact characteristics

In studying the impact of entrepreneurs, GEM recognizes that while all entrepreneurs are important, they have differing impacts on their societies. Key to economic development and growth are job creation, mix of industries and level of innovation. This section focuses on these factors with respect to the MENA countries.

3.3.1 Industry sector participation

Figure 3.1 shows the distribution of early-stage entrepreneurial activity, according to industry sector participation, for the geographic regions. The extractive sector is based on natural resources and includes agriculture, forestry, fishing and mining; the transforming sector involves the manufacturing of goods and is generally capital-intensive, but it may also be labour-intensive, including construction, manufacturing, transportation, communication, utilities and wholesale distribution; business services target the business customer and generally rely on greater knowledge intensity, which includes finance, insurance and real estate; and the consumer sector serves customers directly through products and services that include retail, motor vehicles, lodging and restaurants, personal services, education and recreational services.

The MENA region as a whole has a relatively balanced profile in terms of industry sector participation: just over half of the early-stage business activity in the region is in the consumer services sector, while the transforming sector shows the highest activity of all the geographical regions (28%). The proportion of business services oriented entrepreneurs is on a par with Asia & Oceania and the LAC region.

Figure 3.1: Geographical region averages for TEA by industry sector, GEM 2016

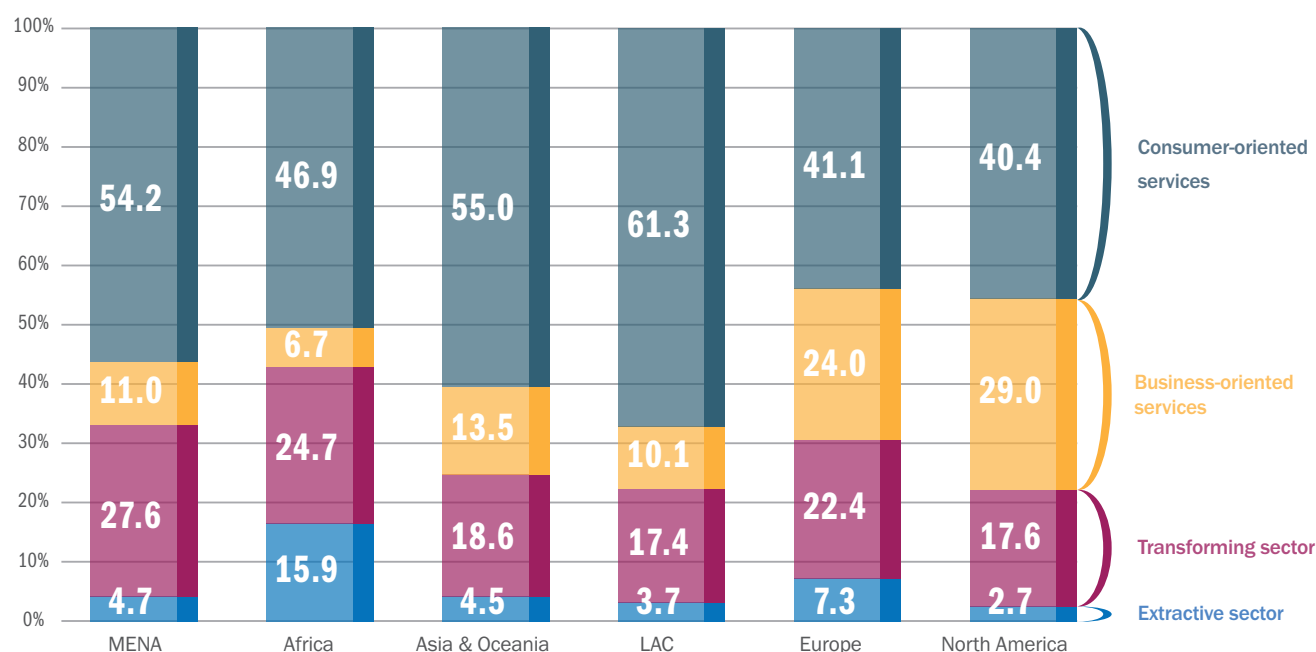


Table 3.5: Distribution of TEA by industry sector in the MENA countries, GEM 2016

	Agriculture	Mining	Manufacturing & transportation	Wholesale/ retail	ICT & finance	Professional & other services
Egypt	13.0*	3.8	18.6	50.3	1.8	12.5
Iran	7.5	4.4	21.2	33.0	8.3	25.7
Jordan	5.2	3.3	13.7	63.0	1.6	13.2
Lebanon	3.0	2.4	6.7	64.9	1.9	21.3
Morocco	2.1	0.7	22.5	58.2	0.9	15.7
Qatar	0.2	8.6	4.9	51.8	11.4	23.1
Saudi Arabia	0.2	1.7	2.9	68.3	2.2	24.7
Tunisia (2015)	9.6	25.5	11.0	28.0	3.0	23.0
UAE	0.0	9.8	6.1	66.9	5.3	11.9
Average (MENA)	4.5	6.7	11.9	53.8	4.1	18.9

*Read as: 13.0% of TEA activity in Egypt in 2016 was in the agriculture sector

Table 3.5 shows a more detailed distribution of early-stage entrepreneurial activity in the MENA region according to industry sector. On average, just over half of all early-stage entrepreneurs in the region are active in the wholesale/ retail sector. Saudi Arabia, the United Arab Emirates and Lebanon have the highest proportion of TEA activity in this sector – two-thirds of early-stage entrepreneurs in these countries are in wholesale/ retail. Barriers to entry in this sector, in terms of both skills and capital required, are low. As a result, however, this is often an over-traded sector populated by low profit margin businesses. The high level of competition for limited markets can threaten the sustainability of these businesses. Another factor to bear in mind is that the consumer services sector tends to be particularly vulnerable in periods of economic slowdown. Saudi Arabia and the UAE have the lowest rates of established business ownership in the region (**Figure 2.3**). The fact that a high proportion of TEA entities are concentrated in such a vulnerable sector is likely to exacerbate the poor sustainability of start-ups in these countries.

“The high level of competition for limited markets can threaten the sustainability of these businesses...”

Tunisia and Iran have the lowest proportion of TEA activity in the wholesale/ retail sector. Iran has a particularly balanced industry profile, with robust participation in manufacturing & transportation, as well as the professional and other services sector. Iran also reports the second highest proportion of early-stage entrepreneurs in the ICT & finance sector. Morocco and Iran have the highest involvement in manufacturing and transportation – double the regional average – while mining accounts for a quarter of Tunisia’s early-stage entrepreneurial activity (almost four times the regional average). Saudi Arabia has a particularly unbalanced industry profile, with more than

90% of entrepreneurs concentrated in wholesale/retail and professional/ other services. Saudi Arabia has the highest proportion of entrepreneurs in the health/ education/ government and social services (22%).

The most resilient sectors tend to be communication, financial services and information technology (IT). Jobs in these sectors comprise the type of high-level skills that countries need to compete in the global economy. Qatar is the only country in the region with more than 10% of early-stage entrepreneurs in ICT and finance, and this is the industry sector with the lowest average for the region. Further development of the services sector - especially sophisticated, high-productivity modern services such as finance, ICT and business services – is thus important, particularly in enabling the MENA region to participate in global value chains.

3.3.2 Job creation

A key focus in most countries’ development strategies is to facilitate growth that is sustainable and inclusive in order to generate widespread employment and to reduce poverty. The potential of the SME sector to create job opportunities is thus a crucial factor.

GEM asks early-stage entrepreneurs how many employees (other than the owners) they currently have and expect to have in the next five years. The difference between current and expected employees indicates growth expectations. It is important to note that the expressed growth potential has, as yet, not been tested – however, businesses that do not aspire to grow are significantly less likely to do so successfully.

Table 3.6 indicates the growth expectations, over the next five years, among the MENA region’s entrepreneurs. Growth expectations represent a future assessment of the expansion prospects for a business, as well as an entrepreneur’s ambitions to grow the enterprise.

The MENA region as a whole has a relatively high proportion of entrepreneurs who do not expect to create any new jobs in the next five years. The 2016/17 GEM Global Report notes that this

is a global phenomenon - there is very little difference, across the three phases of economic development, in terms of the proportion of entrepreneurs who do not anticipate creating any jobs in the next five years. The efficiency-driven economies have, on average, slightly more non-employer entrepreneurs (46%) while the factor- and innovation-driven economies are on a par at 44%.

Table 3.6: Job growth expectations for early-stage entrepreneurs in MENA countries, with global comparisons, GEM 2016

	0 jobs in five years	1 - 5 jobs in five years	6 or more jobs in five years
Egypt	55.3*	19.3	25.4
Iran	44.4	26.9	28.7
Jordan	39.1	50.9	10.0
Lebanon	52.4	39.9	7.7
Morocco	41.5	40.8	17.7
Qatar	22.8	25.7	51.5
Saudi Arabia	85.8	8.9	5.3
Tunisia (2015)	19.0	40.9	40.1
UAE	52.9	16.4	30.7
Average (MENA)	45.9	30.0	24.1

Regional averages			
Africa	26.4	53.9	19.7
Asia & Oceania	45.1	32.0	22.8
Latin America & Caribbean	41.9	40.3	17.8
Europe	47.4	30.6	21.9
North America	41.0	34.0	25.0

*Read as: 13.0% of TEA activity in Egypt in 2016 was in the agriculture sector

The *GEM Global Report* argues that the relatively high levels of entrepreneurs across all development phases with no future hiring expectations indicates that there are a number of factors which have an impact on entrepreneurs' growth ambitions. Sophisticated technology and communications may enable entrepreneurs, particularly in developed economies, to operate on their own, perhaps as part of a broader value network. Other factors such as types of businesses started, rigid labor regulations, poor availability of skilled/ educated labor and limited access to entrepreneurial finance may deter entrepreneurs from attempting to grow their ventures. In addition, in some legal contexts business owners may choose to remain small as they are then better able to avoid the complexities (such as taxes and other legal requirements) of formalization.

Just over half of entrepreneurs in the MENA region expect to add at least one new job. An encouraging finding is that the MENA region has one of the highest proportions of medium-to-high growth entrepreneurs (i.e. those projecting to employ six or more people in the next five years). In both North America and the MENA region, a quarter of entrepreneurs exhibit these higher-growth aspirations.

At the individual country level, the MENA region shows divergent results in terms of job creation aspirations. Over 80% of entrepreneurs in Saudi Arabia have no future hiring expectations; in Tunisia and Qatar, on the other hand, only a fifth of entrepreneurs anticipate creating no new jobs in the next five years. Qatar has the highest high-growth expectations, with half of the entrepreneurs in this country expecting to create six or more new jobs in the next five years. Tunisia and the United Arab Emirates also have robust high-growth expectations – which may be linked to the high levels of opportunity-motivated entrepreneurship in these three countries. These job-creation aspirations must, however, be seen in the context of the MENA region's low established business rate – which needs to be addressed if these economic benefits are to be realized.

3.3.3 Innovation

Innovation and entrepreneurship are closely connected concepts. It is argued that entrepreneurs disrupt market equilibrium by introducing new product-market combinations into a market, teaching customers to want new things and driving out less productive firms as their innovations advance the production frontier. Innovation goes beyond just creating novel products and services. To commercialize their innovations, entrepreneurs need to identify new market niches and develop creative ways to offer, deliver and promote their products. All of this requires an awareness of competitive offerings, and the ability to incorporate this knowledge into distinct products and services. Innovation capabilities are thus important to economies' ability to become competitive, particularly in higher-productivity sectors.

Innovation represents newness to a market and within an industry. GEM thus assesses the extent entrepreneurs are introducing products or services that are new to some or all customers, and that are offered by few or no competitors.

The MENA region exhibits a relatively positive level of innovation, with a quarter of early-stage entrepreneurs in the region offering products that are new to all/some customers AND offered by few/ no other businesses (**Figure 3.2**). This level of innovation is on a par with Latin America & the Caribbean, higher than for Africa and Asia & Oceania, and only marginally lower than for Europe.

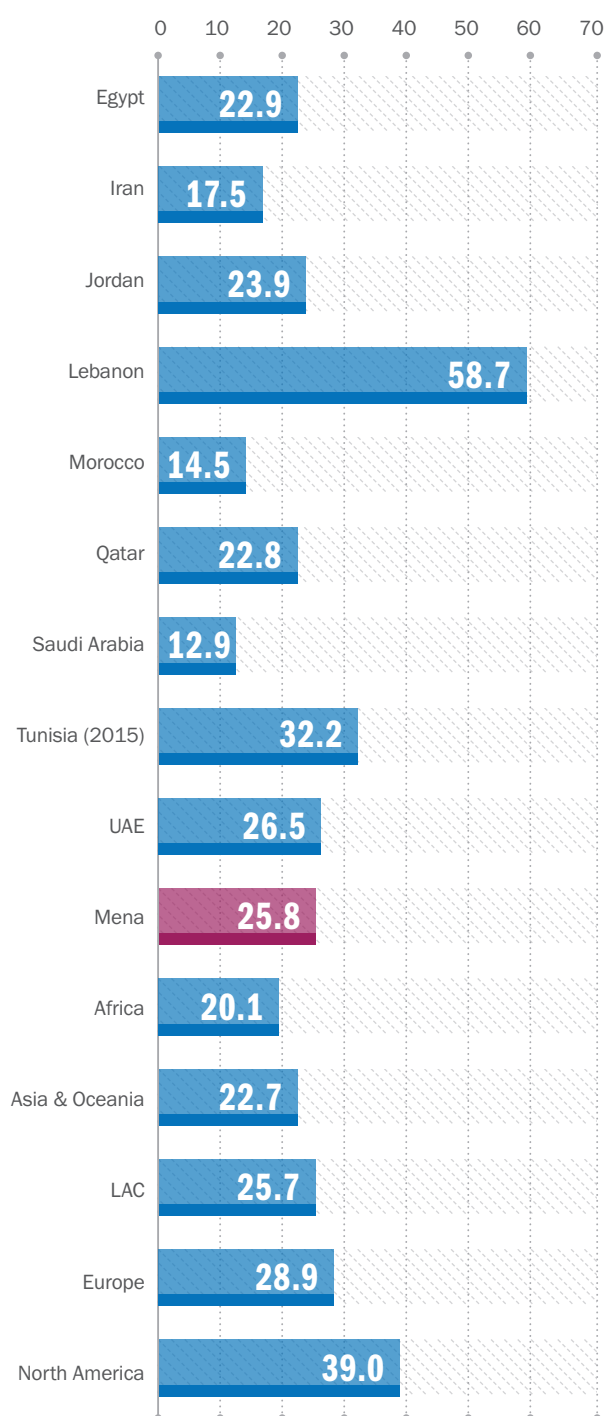
At the individual country level, Lebanon reports the highest innovation levels by a substantial margin (more than double the regional average). Lebanon has the highest TEA and established business rates in the region (double and triple the regional average, respectively) – the high levels of innovation are therefore particularly encouraging. However, the high proportion of Lebanon's TEA activity in the wholesale/ retail sector, as well as the high levels of necessity-driven entrepreneurship (for both genders), must be taken into account when assessing these innovation levels.

At the other end of the scale, Saudi Arabia reports the lowest levels of innovation – only half the regional average. As already discussed under the section on industry sector, TEA activity in

Saudi Arabia is heavily concentrated in the consumer services sector, particularly in wholesale/ retail. Although crowded competitive spaces may stimulate entrepreneurs to come up with novel options in order to compete successfully, and potentially lead to increased efficiency in the markets, they also increase the pressure on profit margins and lead to problems with business sustainability.

Innovation in entrepreneurial businesses can also be assessed by determining the use of new technologies by the business. For

Figure 3.2: Innovation levels (product is new to all or some customers AND few/ no businesses offer the same product)



businesses to become competitive, develop relationships with customers and suppliers and have easier access to business-related information, it is important that they have access to technology as well as have the capacity to use it effectively. **Table 3.7** depicts the degree to which businesses in the MENA region incorporate new technology into their products and services.

An encouraging finding is that the MENA region has a high technology orientation. Compared to the other geographical groups, the MENA region tops the ranks, by a substantial margin, in terms of the use of both latest and new technology. Only a third of entrepreneurs in the region, on average, use no new technology.

At the individual country level, Morocco stands out with respect to use of the latest technology – almost three-quarters of entrepreneurs in this country use technology that has only been available since the previous year. A mere 5% of Moroccans use no new technology. Tunisia and Lebanon also exhibit a high technology orientation, with over 60% of entrepreneurs in these two countries having access to latest technology. Lebanon and Tunisia also report the highest innovation levels among the MENA countries (**Figure 3.2**). Iran, on the other hand, lags conspicuously with only 4.5% of entrepreneurs using latest technology, while a substantial majority of entrepreneurs (79%) use no new technology. The lack of up to date technology negatively affects the capacity for countries to develop globally competitive networks of entrepreneurs, which in turn limits access to individuals with a broader knowledge of key market information, new technology, improved inputs and production practices.

Table 3.7: Use of new technology by early-stage entrepreneurs in MENA countries, with global comparisons, GEM 2016

	Uses latest technology (only available since last year)	Uses new technology (1 - 5 years old)	Uses no new technology
Egypt	22.1*	30.9	47.0
Iran	4.5	16.6	78.8
Jordan	40.8	29.5	29.6
Lebanon	60.4	30.8	8.8
Morocco	72.0	23.0	5.0
Qatar	33.2	28.4	38.4
Saudi Arabia	15.5	40.2	44.3
Tunisia (2015)	64.0	20.4	15.6
UAE	23.4	28.4	48.2
Average (MENA)	37.3	27.6	35.1

Regional averages			
Africa	12.2	14.4	73.4
Asia & Oceania	17.5	24.2	58.3
Latin America & Caribbean	9.7	17.1	73.2
Europe	15.1	20.0	65.0
North America	13.4	21.5	65.2

*Read as: 22.1% of early-stage entrepreneurs in Egypt in 2016 used latest technology in their businesses

ENTREPRENEURS' STORIES



NOORA BU-HELAIQUA (QATAR)

Noora Bu-Helaiqua was a Qatari communications manager in one of the leading organizations in Qatar when she noticed the lack of local PR agencies. After studying the market, she concluded that there was a gap in this service. "Despite a number of pessimistic comments, I decided to take the chance and quit my job to start the agency," Noora recalls.

She founded Qommunication in 2015 in the Qatar Business Incubation Centre (QBIC). The agency's main target was to serve the large SME sector with public relations, marketing and social media solutions. Qommunication sought to provide the highest level of PR standards to companies whose annual turnover was between 10-20 million. The agency's main services were to act as a communication department for SMEs, and to manage long/ medium length campaigns to boost brand awareness, positioning and sales.

Initially, the agency remained selective of its clients, using word of mouth as its marketing tool. They quickly acquired a stake in market share due to positive recommendations and the bundle packages they offered. Within the first months of operations Noora noticed another trend - namely social media influencers (SMI) - and quickly adopted it into the agency. "We identified and recruited a number of social media influencers in various sectors (food, travel, fashion, and technology) and helped them grow in popularity, before signing them up with endorsement deals with brands," says Noora.

Qommunication benefited as the first mover in the market as a SMI management agency and created a unique model which served the influencer, the brands and the agency itself. It has become the preferred choice for social media influencers: its clients include Starwood hotels, Ooredoo, Vocheron Constantine, and Samsung, among others. One of the factors which contributed greatly to the agency's success was its quick adaptation to market needs. Noora has been shortlisted in the MEPRAs awards (Middle East Public Relations Awards).

Qommunication is now in the scale-up phase, expanding outside Qatar and focusing on social media management with the goal of becoming the leading agency in that field. Noora also acts as a consultant for Qatar Development Bank, consulting SMEs on marketing needs. Qatar Development Bank has, in fact, recognized the importance of marketing for SMEs and has subsequently launched "Es teshara" marketing.



ARAB EXCELLENCE AND BEZEO (UNITED ARAB EMIRATES)

Arab Excellence is a non-profit organization that offers youth in the MENA region inspirational empowering programs that take into consideration the unique daily challenges they face, and provide them with opportunities to realize their full potential and excel in their respective professional fields. To do so, Arab Excellence aligns with industry leaders and role models from across the Arab world and enables them to share their personal success stories, lessons learned, and best industry practices with the region's youth. This encounter with role models from the region to whom they can relate culturally provides a tremendous amount of inspiration and empowerment to the youth, and inspires them to pursue their dream. Arab Excellence empowers youth by helping them set a concrete vision for themselves and build a concrete roadmap to achieve it. Arab Excellence also provides the region's youth with on-going mentorship and a professional network to utilize as they identify and implement their professional vision, roadmap and action-plan.

Alongside the UAEU-SIP, Arab Excellence partners with reputable companies and foundations from around the world including the J.P. Morgan Foundation and the Abraaj Group. As well as launching several of its own successful programs in the UAE, Saudi Arabia and Morocco, Arab Excellence's youth-focused training programs have also been delivered through institutions in MENA and globally including INSEAD, Stanford University, the

UAEU-SIP and the Moroccan Stock Exchange (for underprivileged Moroccan students). The organization has also successfully developed and delivered programs for young Saudis at Effat University, Al Faisal University, and at the Al Ghad and Al Birr Foundation.

Hamza Chraibi, the organization's Founder and General Manager, left a career in investment banking to build Arab Excellence. He continues to grow the organization and the reach of its programming across the region, and has addressed the topic of youth empowerment at a number of regional and international events, including the United Nations Forum in China, the Bosphorus Summit in Istanbul, The OECD Annual Committee in Paris, HEC Paris, and the American University of Beirut, among others.

Today, Arab Excellence and its partner the UAEU-SIP are delighted to showcase many youth and female empowerment success stories. An inspiring example is Bezeo (<http://bezeo.ae>), a start-up co-founded by four UAE women engineers originally enrolled in the UAEU-SIP incubation program and subsequently mentored by Arab Excellence. Bezeo has developed an environmental friendly carpet, which harvests electrical energy from different movements. Excitingly, Bezeo was a finalist in a start-up movement pitch competition at GITEX 2017, and was also invited to apply to the Emirates Energy Award in 2017. Recently, Bezeo won the MENA Global Impact Challenge of Singularity University and was selected to their transformational Global Solutions Program, a 9-week immersive residential experience at their campus at NASA Research Park, California.



MAI MEDHAT (EGYPT)

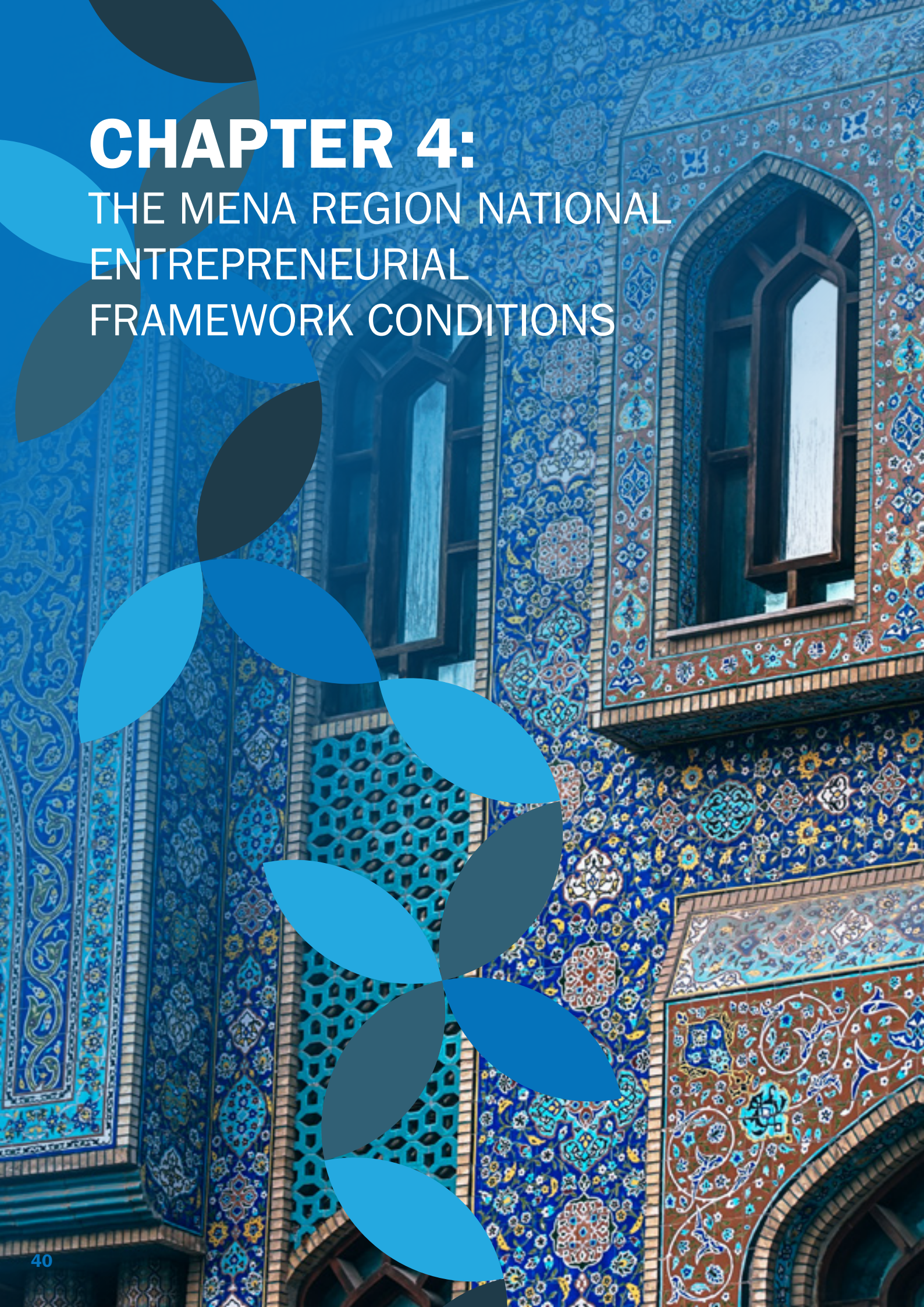
Mai Medhat is a young woman whose story went viral, and is now recognized as a role model for entrepreneurs in the Middle East and North African region as well as for bringing global attention to Egypt's growing technology and entrepreneurship ecosystems. Mai is a proof that Egypt has young and talented entrepreneurs who are eager to etch their names in history.

CEO Mai Medhat and CPO Nihal Fares caught the entrepreneurial bug while studying computer engineering as undergraduates. They bonded while working together on their graduation project, a mobile solution for traffic congestion. This enterprise did not take off, but the two decided to continue working together on other ventures. After the Revolution, they attended the first Start-up Weekend Cairo to join the movement

“It was an amazing experience ...”

of entrepreneurs eager to transform activism into innovation. They were reinvigorated by the event, but it did have several roadblocks – the event's organizers struggled with logistics and planning. In 2011, the two women launched Eventtus as the first platform to ease pain points for both event organizers and attendees. Eventtus developed an instant social network platform for events, aiming to mobilize events and maximize networking opportunities for attendees by providing a single app for all the events, that would keep attendees informed about agendas, speakers and live announcements as well as increasing interactions and social buzz around events. “The idea came to my mind when I found that there was a gap between organizers of events and people attending the event. A lot of information, businesses and networking might be missed because there was no one platform that connected the two sides with each other,” says Mai.

Mai's company has grown in the past four years and has succeeded in targeting big event organizers like those of the Harvard Arab Weekend in the USA, DMG events, the ArabNet and RiseUp Summit. She is currently working with Dubai Expo 2020. In no time after it launched in Egypt, Eventtus took the first steps towards expansion and opened its first office in Dubai. Since then, Eventtus has become a partner to entrepreneurship events in the Middle East. More than 800 organizers have used the application to manage more than 7,500 events. In Silicon Valley, Mai joined a panel discussion on stage at the Global Entrepreneurship Summit. The panel was moderated by Barack Obama, and the panelists were Mai, Mark Zuckerberg, and two entrepreneurs from Tanzania and Peru. “IT was an amazing experience,” says Mai. “Obama spoke directly to me about the difficulties that are part of starting your own business, especially for women, young people and minorities. He said to me, 'You deserve the same chance to succeed as everybody else.'”



CHAPTER 4:

THE MENA REGION NATIONAL ENTREPRENEURIAL FRAMEWORK CONDITIONS

4.1 The National Experts Survey

The GEM model explicitly acknowledges that particular environmental factors (social, cultural, political and economic) are influential in creating unique business and entrepreneurial contexts. Annually, each economy participating in the GEM cycle surveys at least 36 key experts or informants. The National Experts Survey (NES) is similar to other surveys that capture expert judgments to evaluate specific national conditions. For example, the World Economic Forum's *Global Competitiveness Report* and the World Bank's *Ease of Doing Business Report* use similar surveys to build their indices. However, the NES focuses only on the environmental features that are expected to have a significant impact on the entrepreneurial sector, captured in the nine Entrepreneurial Framework Conditions (EFCs) rather than on general economic factors. The nine EFCs are described in **Table 4.1**. Although the EFCs can be addressed

at any stage of development, these conditions function best in economies with an underlying foundation of basic requirements and efficiency enhancers. For example, it is unlikely that government entrepreneurship programmes will be effective if the country provides inadequate health care and primary education to its population

The NES questionnaire is standardized for all countries and was carefully designed and refined to capture informed judgments of national key informants in each country, who are specially selected on the basis of reputation and experience. Experts are asked to express their views about the most important conditions which can either foster or constrain entrepreneurial activity and development in their country. The experts are interviewed using both a semi-structured and structured questionnaire. The closed questionnaire consists of several statements relating to aspects of the nine Entrepreneurial Framework Conditions,

Table 4.1: The GEM Entrepreneurial Framework Conditions (EFCs)

Framework condition	Description
EFC1: Financial support	The availability of financial resources, equity, and debt, for new and growing firms, including grants and subsidies.
EFC2: Government policies	The extent to which government policies (such as taxes or regulations) are either size- neutral or encourage new and growing firms. There are two sub-divisions: 2a: the extent to which new and growing firms are prioritized in government policy generally; and 2b: the regulation of new and growing firms (taxes and bureaucracy).
EFC3: Government programs	The presence and quality of direct programs to assist new and growing firms, at all levels of government (national, regional, municipal).
EFC4: Education and training	The extent to which each level of the education and training system incorporates training in creating/ managing new, small or growing business entities. There are two sub-divisions: 4a: primary and secondary school entrepreneurship education and training; and 4b: post-school entrepreneurship education and training.
EFC5: Research and development transfer	The extent to which national research and development will lead to new commercial opportunities, and whether or not these are available for new, small and growing firms.
EFC6: Commercial and professional infrastructure	The presence of commercial, accounting and other legal services and institutions that allow or promote the emergence of small, new and growing business entities.
EFC7: Internal market openness	The extent to which commercial arrangements undergo constant change and redeployment as new and growing firms compete with and replace existing suppliers, subcontractors and consultants. There are two sub-divisions: 7a: market dynamics, i.e. the extent to which markets change dramatically from year to year; and 7b: market openness, i.e. market burdens and the extent to which new firms are free to enter existing markets.
EFC8: Access to physical infrastructure	Ease of access to available physical resources – communication, utilities, transportation, land or space – at a price that does not discriminate against new, small or growing firms.
EFC9: Cultural and social norms	The extent to which existing social and cultural norms encourage, or do not discourage, individual actions that might lead to new ways of conducting business or economic activities which might, in turn, lead to greater dispersion in personal wealth and income.

and the responses are measured using a Likert scale of 1 (highly insufficient) to 9 (highly sufficient). The NES therefore provides insights into the ways in which the EFCs shape the national entrepreneurial climate. The data obtained from the respondents from each of the MENA countries was analyzed in order to determine the mean score for each category of questions (**Table 4.2**).

Entrepreneurial activity is an output of the interaction of an individual's perception of an opportunity and capacity (motivation and skills) to act upon this AND the distinct conditions of the respective environment in which the individual is located. An economy cannot increase the quantity and quality of entrepreneurs without creating an enabling environment in which entrepreneurship can flourish. Informed policy decisions which help to create a nourishing entrepreneurial environment will be of benefit to entrepreneurs in all phases of their businesses, be it young start-ups, established or repeat entrepreneurs. An important focus of the NES, therefore, is helping to identify key weaknesses in the entrepreneurial environment, in order to provide policy makers and business leaders with information that enables them to put into place precise, practical and targeted recommendations.

Table 4.2 indicates that on average, the experts in the MENA region rated school-level entrepreneurship education and R&D transfer as the two main areas constraining entrepreneurship in the region. The *2016/17 GEM Global*

Report notes that globally, the weakest entrepreneurial framework condition (with an average value below 4) was school-level entrepreneurship education. The MENA region's low score for entrepreneurship education and training in primary and secondary schools is therefore not unusual but is part of a broader problem that transcends geography as well as stage of economic development. The MENA experts also report average ratings (below 4.0) for government policy (taxes and bureaucracy), government entrepreneurship programs, and market burdens/ entry regulations. In ten of the twelve entrepreneurship areas assessed, the MENA experts report scores below the GEM average.

Physical infrastructure is the EFC which is ranked most positively, overall, among the MENA countries. With the exception of Lebanon (with a mean score of 3.7) the rest of the countries all rate physical infrastructure as good, with the United Arab Emirates rating it as very good (mean score above 7.0).

The country with the weakest entrepreneurial framework is Iran. Experts in Iran gave only two EFCs mean scores of above 4.0 – access to physical infrastructure, and market dynamics. Five EFCs were judged as very weak, receiving mean scores of below 3.0. Iran is the only country in the region with mean scores below 3.0 for government programs and access to finance. Saudi Arabia's experts also regard the country's entrepreneurial framework conditions as generally insufficient – seven EFCs were given ratings below 4.0.

Table 4.2: Entrepreneurial Framework Conditions for MENA region, GEM 2016 (weighted average: 1=highly insufficient; 9=highly sufficient)

	1	2a	2b	3	4a	4b	5	6	7a	7b	8	9
Egypt	3.9	3.6	3.1	3.3	1.7	3.1	2.8	3.9	5.1	4.0	6.5	4.1
Iran	2.9	3.4	2.6	2.2	2.5	3.2	3.1	3.2	5.0	2.8	6.3	3.6
Jordan	4.1	3.6	3.4	3.7	2.2	3.0	3.8	4.8	5.3	3.8	6.3	4.2
Lebanon	5.0	3.6	3.8	3.9	4.3	5.1	3.9	5.4	4.4	3.8	3.7	6.2
Morocco	3.6	4.2	4.1	3.7	1.9	4.0	2.8	4.7	4.5	3.4	6.6	4.1
Qatar	4.5	5.5	4.7	5.4	4.6	5.8	4.3	5.2	4.5	4.0	6.6	5.4
Saudi Arabia	3.9	3.9	4.0	3.4	2.1	3.7	3.0	3.9	4.8	4.0	6.8	4.6
Tunisia (2015)	4.2	4.1	2.7	3.6	1.7	3.4	2.8	5.8	6.9	2.9	6.7	4.1
UAE	4.4	5.8	5.5	5.6	4.5	4.7	4.2	5.6	5.6	5.0	7.3	6.2
Average (MENA)	4.0	4.2	3.8	3.9	2.8	4.0	3.4	4.7	5.1	3.7	6.3	4.7
Average (GEM)	4.2	4.2	4.0	4.3	3.1	4.6	3.8	4.9	5.0	4.3	6.5	4.8

1 Entrepreneurial finance

2a Government policies: support and relevance

2b Government policies: taxes and bureaucracy

3 Government entrepreneurship programs

4a Entrepreneurial education at school stage

4b Entrepreneurial education at post school stage

5 R&D Transfer

6 Commercial and legal infrastructure

7a Internal market dynamics

7b Internal market burdens or entry regulation

8 Physical infrastructures

9 Cultural and social norms

The countries with the most enabling entrepreneurial frameworks are the United Arab Emirates and Qatar – the two innovation-driven economies in the region. In both these countries, all the EFCs receive mean scores above 4.0 – in the case of the UAE, seven of the EFCs receive ratings of 5.0 or higher. The United Arab Emirates and Qatar diverge strongly from the regional norm with regard to government entrepreneurship programs, with mean scores above 5.0 (all the other countries have mean scores below 4.0). Another area where a few countries diverge from the regional norm is school-level entrepreneurship education. The majority of the countries rank this EFC as very weak, with mean scores below 3.0; however, the United Arab Emirates, Qatar and Lebanon all have mean scores above 4.0. Qatar and Lebanon also rate their post-school entrepreneurship education positively, with mean scores above 5.0 for this EFC. Cultural & social norms are regarded as a factor fostering entrepreneurship in the United Arab Emirates and Lebanon, with a mean score of 6.2 in both these countries.

4.2 Country-level insights into the MENA entrepreneurial framework conditions

In order to facilitate a deeper understanding of entrepreneurship development within the MENA countries, GEM National teams were asked to provide information about the entrepreneurial framework in their countries. This could include the way in which people who want to be entrepreneurial would perceive the national framework, in terms of limitations and opportunities; critical focus areas; as well as best policy practices or strategies that the government, NGOs and private sector have introduced to encourage entrepreneurship. Their insights are provided below.

EGYPT by Ayman Ismail

Egypt has a long history of entrepreneurship, dating back decades ago, with entrepreneurs leading a movement of modernization for the economy in sectors such as finance, agribusiness, arts and cultural products, tourism, manufacturing, and trade. The modern technology-driven entrepreneurship ecosystem in Egypt started around a decade ago, with different local and international actors expanding outreach, creating support programs, advocating for reform policies, and establishing a culture for entrepreneurship and innovation. Since then, Egypt's entrepreneurship ecosystem has been growing and improving, with numerous programs and policy interventions addressing some of the major challenges and providing better entry points for entrepreneurs.

Policy reforms: Government bureaucracy and red tape have always been criticized as a major impediment for the growth of entrepreneurship. Over the past two years, several government agencies have been targeting entrepreneurship as a priority, which resulted in encouraging recent reforms. A new government agency was established to support micro, small and medium enterprises and entrepreneurs, with a mandate

of providing training, easing registration, and providing support programs. The Central Bank of Egypt (CBE) mandated banks to dedicate a percentage of their loan portfolio to lending to SMEs, based on a clearly defined scale. A new licensing law was recently approved, reducing the licensing burden on MSMEs and accelerating the process. In general, reform initiatives are focusing on: access to finance, licensing and registration, education, and support programs. The effect of these new programs is not clear yet, but is likely to create a boost for entrepreneurship over the next years.

Support organizations: Over the past five years, a small number of support organizations providing outreach, awareness, acceleration and incubation services for start-ups has emerged. While their reach and focus were limited (mostly to early-stage technology start-ups in Cairo), these organizations and programs had a positive demonstration effect for other stakeholders, triggering a wave of support for building many other similar programs. Last year, several similar programs were initiated, driven by government, international donor organizations, universities and NGOs. These programs promise to provide a broader reach to other locations beyond Cairo, as well as other industries and stages of entrepreneurial development.

“Egypt’s entrepreneurship ecosystem has been growing and improving...”

Access to finance: Start-ups and MSMEs have often identified the limited access to finance, both in the form of equity or debt, as a key constraint for their launch and growth. The top source of funding has consistently been personal funds of the entrepreneurs, or funds from family and friends. Banks have rigorous requirements for debt financing that makes them often inaccessible, especially with rampant informality within a large section of the economy. Venture funding is not traditionally known in Egypt, although is now starting to grow rapidly.

Over the past three years, a number of initiatives by government, donors, and financial services firms have started to target reforms in this area. As the CBE mandated an increased portfolio of lending to MSMEs, banks are developing new tools for credit rating, and building new subsidiaries specialized in venture capital and microfinance. Government and international funders are supporting a number of these initiatives to establish these sectors and create track records, new tools, and local know-how.

Education: Entrepreneurship education (and business education in general) has been lacking, and often identified as the top priority in GEM surveys. Basic, vocational and university education provide little content on business and entrepreneurship; and teaching pedagogy does not encourage entrepreneurial behaviors through

experimentation and self-learning. Improvements in entrepreneurship education are coming from two paths. First, a number of civil society-driven programs targeting entrepreneurship awareness and education have been emerging, providing energy and awareness of the sector among youth, especially within universities. Second, the Ministry of Education is starting several programs to introduce entrepreneurship and business education into the national curricula, in high schools, universities and vocational training. This process will take several years until entrepreneurship is fully embedded in the curricula, and even more until the impact of these initiatives is realized; however, it provides energy and optimism among youth, and in the market in general, with positive spillover effects into society at large.

“Over the past three years, a number of initiatives by government, donors, and financial services firms have started to target reforms in this area...”

Infrastructure: Different sectors have basic infrastructure requirements that are considered a necessary minimum to enable this sector. Egypt has a reasonably competitive infrastructure, whether in terms of physical infrastructure (roads, ports, electricity) or digital infrastructure (telephony and Internet connectivity, access and speed). During the period 2013-2015, political turbulence caused a rapid deterioration in the infrastructure; however, significant government investments through an emergency plan managed to restore the basic infrastructure availability over the past two years. Today, Egypt is making significant investments in modernizing its road network and other physical facilities; however, Internet speed is always criticized as lagging, despite broad access across most geographies.

Culture: An open culture that encourages innovation, risk-taking and experimentation is a key ingredient for an entrepreneurial culture. Traditionally, employment culture in Egypt has been highly conservative, valuing safe jobs in government or large corporations as opposed to risk taking in an entrepreneurial venture. This has recently started to change, albeit slowly, with a more connected, urbanized and internationalized youth generation that is learning and experimenting. With the decline of the government as the employer of choice, private sector employment and entrepreneurship are emerging, with media and education playing a major role in changing this conservative culture.

IRAN by Abbas Bazargon

The business environment in Iran illustrates diverse facets of the complexities and, at the same time, uncertainties faced by start-ups, early-stage businesses and even established enterprises. The Iranian economy, being in transition from a factor-based economy to an efficiency-driven economy, also comprises a wide spectrum of start-ups, knowledge-based firms and technology-based entrepreneurship, which all need institutional support.

Access to finance: In order to provide the necessary institutional support, the Iranian government plans to pursue specific policies to financially support entrepreneurial activities and development of knowledge-based enterprises. The Innovation and Development Fund is an outstanding example of such governmental sponsorship. This fund, which is headed by the Vice-President for Science and Technology, was created under the provisions of the 2011 Law and Executive Regulations thereof, entitled the Law Supporting the Companies and Knowledge-Based Firms and Commercialization of Innovations and Inventions. The main objective of this fund is to provide capital for the launch of knowledge-based firms. In 2015, the Innovation and Development Fund financed 877 projects for an amount totaling \$ 170,176,625 (circa 5,445,652,000,000 rials) with low interest rate bank loans.

A second fund, the Omid Entrepreneurship Fund, supports SME enterprises including home-based and rural business. It provides loan facilities (at the interest rate of 4%) with the aim of creating jobs for home-based economies, self-employment and employer firms where it is critical for people to engage in their own employment. The main strategy of this second fund is to bolster micro-business through the microfinance structures. Upon consideration of the borrowers' applications, this Fund will finance each micro-business plan up to a maximum of US\$300,000 (RLs 1,000,000,000). The Omid Entrepreneurship Fund's policy to financially support entrepreneurs involved in micro business can be summarized as follows:

1. to support market-oriented products, with a focus on marketing orientation and funding schemes;
2. to support charity institutions with a leaning towards entrepreneurial activity and job creation;
3. to develop the micro-financial institutions, specifically with regard to the value chain, by creating local micro and product funds.

It is noteworthy that the Omid Fund has provided over RLs 43 billion rials in loan facilities across various sectors during the past three and half years. The growth rates in sectors such as services, industry and agriculture have reached 56%, 22.7% and 34.8% respectively. Additionally, the Omid Fund has provided over RLs. 50,143 billion, which represents a 78% increase,

in loans for rural entrepreneurship. These initiatives have contributed meaningfully to the business growth rate in Iran.

Support initiatives: In parallel with these two funds, start-up accelerators are rapidly springing up in Iran. Currently, there are roughly 58 accelerators throughout the country. A number of them, such as Avatech Accelerator and Diamond Accelerator, are based at the University of Tehran. Encouragingly, the conventional business centers and science and technology parks are also operating as supportive infrastructures for the launch of early-stage businesses or newly-established firms. By the end of 2016, about 177 incubators were operating across the country, compared to only 33 incubators in 2014. Most of these incubators are based in and affiliated to the science and technology parks in the country-wide universities.

“The high rate of unemployment among educated women is a particular concern.”

Education and youth entrepreneurship: In order to promote individuals' entrepreneurial behavior, it is necessary to establish training centers for the general public and, in particular, for the young potential entrepreneurs from among students and alumni. In Iran, the Faculty of Entrepreneurship was established as the first educational entity in the Middle East and North Africa (MENA Region) in 2008. This Faculty has since offered entrepreneurship education and training for over 1000 graduates at Masters level. The prevalence rate of entrepreneurial activities by the students and alumni has been about 22.5%.

Additionally, the Faculty of Entrepreneurship has conducted and developed extra-curricular activities in the form of lectures by successful entrepreneurs and a launch of start-ups at the University of Tehran and other universities across the country titled UT Let's Start. Through this initiative, entrepreneurship graduates are encouraged to launch new businesses as e-business; the top national entrepreneurs, entrepreneurial leaders and Omid Entrepreneurship Fund are also persuaded to financially support the graduates with low interest rate loans to facilitate their attempts at launching start-ups.

In another initiative to stimulate youth entrepreneurship, the Faculty of Entrepreneurship has initiated and implemented a practical project named Kashef Program, in cooperation with the Ministry of Education. The main objective of the Kashef Program is to identify, measure and evaluate the talents and capabilities of high school students who will very likely become future entrepreneurs in the country. The statistical records indicate that so far, over two million high school students have received entrepreneurship training under the Kashef Program.

JORDAN by Dana Dudokh and Adli Aqel

In terms of the national labor force, SMEs in the public sector account for up to 4200 workers. The largest proportion are in medium-sized enterprises and account for about 82% of the total national labour force in the public sector. The largest percentage of the Jordanian labour force is concentrated in micro enterprises, which account for 55% of the total Jordanian labor in the private sector. About a quarter of the total Jordanian labor force is in the private sector, comprising small establishments concentrated in the wholesale and retail trade, manufacturing and education sectors (29%, 18% and 12% respectively).

Women in entrepreneurship: A key focus area in Jordan is the development and facilitation of entrepreneurship among women. Over the period 2009-2016, female entrepreneurial intention as a percent of total adult population has been decreasing, as have self-employment and business ownership among women. The established business ownership rate has dropped to 2.7% (compared to 5.3% in 2009). The Jordanian female TEA rate is the lowest compared to the Arabian countries, as only 3.3% of the female population aged 18-64 are engaged in starting a business or have recently started one. In 2016, the average female for Arabian countries was 7.4%.

The high rate of unemployment among educated women is a particular concern. 76% of unemployed women are educated, many of them possessing a university degree. These educated women report that there are no appropriate jobs or opportunities for them. They are seeking jobs in the educational sector, human health and social work activities, and public administration. Most of the job opportunities in the mentioned activities are located in the capital, Amman, with an average income between 200-500 JOD. These jobs are favoured by women because they provide employment benefits such as maternity leave, social insurance, and medical insurance. Employment benefits such as health care, family leave, pensions, and job protection have a significant impact on the Jordanian TEA, which will consequently reduce preferences for entrepreneurship. Educated women in governorates have fewer opportunities than those who are living in Amman. Research shows that women's choice of employment is heavily influenced by having a job in the same area of residency. With an average income of between 200-500 JOD and a bad public transportation system, it is not feasible for these women to obtain a job in the capital.

Women entrepreneurs in Jordan face a number of challenges. They struggle to sustain their businesses due to four main reasons: business being non-profitable, family obligations, access to finance and government policies. Most women cannot provide collateral, and therefore are financing their businesses through personal sources such as savings, friends and family and reinvesting their earnings. Most of the women early-stage entrepreneurs are operating in consumer-oriented services and are providing no new products. In addition their exporting is

limited which leads to high competition between local firms. Most businesses, therefore, close because they are non-profitable.

Networking rate for female entrepreneurs in Jordan stood at 18.3% in 2016, which is below the average rate for the Arabian countries by 15.6 percentage points. The perceived capabilities rate for women entrepreneurs is below the average of Arabian countries by 3.7 percentage points, while 42.3% of the female population aged 18-64 years old reported that fear of failure would prevent them from starting a business. It is clear that a low level of self-perception is one of the main barriers that affects starting a business for Jordanian women.

“ Most of the women early-stage entrepreneurs are operating in consumer-oriented services and are providing no new products.”

Recommendations:

- increase employment benefits for SMEs and entrepreneurs.
- promote an entrepreneurship culture among educated unemployed females.
- implement programs which improve the entrepreneurial perceptions of aspiring women entrepreneurs.
- provide cash support for working mothers (up to two children) to facilitate their access to childcare
- provide services up to the kindergarten level, as article 72 of the Labour Law does not apply to small and medium-sized entrepreneurs.
- increase micro-financing and loan guarantee programs for women entrepreneurs.
- allocate more financing for manufacturing projects (especially in both Irbid and Zarqa) in addition to enhancing female skills in related projects.
- support early-stage entrepreneurs for the first three and a half years.
- policies should be put in place in order to encourage senior entrepreneurship among women. This age group have the highest capability and ability to start their own businesses. Seniors often have the highest share of steady income among all age groups – this will improve their access to finance in addition to them having the required experience and skills.

LEBANON by Abier Annan

It is well-known that the Lebanese economy is dominated by small, family-run businesses, where family loyalty transcends all forms of business imperatives. They are, after all, descendants of the Phoenicians, the greatest traders of their time and the fathers of modern alphabet. The Phoenician entrepreneurial spirit remained strong through scores of past generations and became firmly rooted in the Lebanese minds. Currently, there is strong social and financial support for entrepreneurial endeavors, including a very effective central bank scheme that provides funding for early-stage entrepreneurs and a growing support ecosystem of incubators and accelerators.

Culture: Enterprise is held in high esteem in social and cultural norms. As has been previously mentioned in GEM reports, 2016 was a really difficult year to do business in Lebanon, with deepening political stagnation interacting with the continuing fallout from the war in Syria creates an ominous atmosphere which undermines the business confidence that is strongly needed for early-stage entrepreneurs. However, these daunting climates do not seem to have hindered the Lebanese entrepreneurial spirit, for in the same year Lebanon ranked as the top Middle Eastern country in terms of early stage entrepreneurship (TEA), surpassing the likes of UAE, Qatar and Saudi Arabia. It is also worth noting that six out of 10 people interviewed for the adult population survey saw a good opportunity to start a business. Lebanese adults already have a strong work preference for owning a business. 40% of those interviewed expected to start a business within the next three years, while nearly one in eight were already running a new business and had been paying wages for more than three months.

There are numerous Lebanese role models of successful entrepreneurs, including an increasing number of women, and a sizeable diaspora of rich Lebanese entrepreneurs abroad, many of whom are prepared to invest their time and money in Lebanon. The important role that the diaspora plays in the economic development of Lebanon is undisputed. In a report published by the World Bank, remittances from Lebanese expatriates amounted to US\$7.7 billion in 2014, accounting for 17% of total GDP¹. This figure ranks Lebanon as the 16th largest recipient of remittances globally and the second highest among Arab countries.

Access to finance: The cornerstone for the Lebanese entrepreneurial scene was first set in 1998 when the Central Bank of Lebanon (BDL) introduced the subsidized loan program that aims at promoting entrepreneurship. By 2000 Kafalat SAL had been initiated: a financial company that assists small and medium sized enterprises (SMEs) to access commercial bank funding. By early 2013, the government of Lebanon established a funding facility through a loan by the World Bank and managed by Kafalat SAL under the name Innovation in SMEs (iSME). Kafalat's

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aim with iSME was to encourage the equity investment market to increase the supply of early-stage investment finance for financially viable, new and existing innovative firms. Kafalat's subsidized loans were intended to reduce the burden of financial risk on the individual and therefore promote and support the entrepreneurial spirit.

“There are numerous Lebanese role models of successful entrepreneurs, including an increasing number of women, and a sizeable diaspora of rich Lebanese entrepreneurs abroad...”

In the summer of 2013, and after seeing the potential of the knowledge economy and the impact of IT on GDP (\$6 billion by 2019²), the Lebanese Central bank (BDL) decided to take matters into its own hands and inject \$450 million into the Lebanese knowledge economy, through Circular 331. Circular 331 is a form of equity investment that allows the conservative commercial banks to invest in start-ups directly, or in Venture Capital funds, accelerators and incubators which then invest in the start-ups on their behalf. The Central Bank guarantees 75% of the commercial bank's investment, de-risking it by mitigating the potential losses and reducing them to a mere 25%. In order to benefit from Circular 331, Lebanese entrepreneurs must register their start-up as a joint-stock company (Société Anonyme Libanaise “SAL”). This entails a minimum capital amount of LBP 30 million, or its equivalent of US\$ 20,000, as well as a minimum of three shareholders. By law, an SAL is obliged to have a head office and operate within Lebanese territories. This was another mechanism deployed by BDL to increase growth and job opportunities in Lebanon.

To further bolster the ecosystem, and within the framework circular 331, BDL fully guarantees bank investments that fund support initiatives such as incubators and accelerator programs. One such program is the UK Lebanon Tech Hub (UKLTH). Inaugurated in the spring of 2015, this is an international initiative between BDL and the British Government. UKLTH aims to support the entrepreneurship and SME landscape in Lebanon, seeking to increase GDP and create new jobs and sustainable wealth. 77 different companies have passed through the Tech Hub's two previous accelerator cycles, and the currently underway venture-building program, which has contributed to the direct and indirect creation of 800 jobs. With the support of the Tech Hub, the start-ups have managed to secure \$16.5

million in funding and as of 2017, they are valued at \$206 million. In parallel with its venture building program, the UKLTH recently launched the International Research Center (IRC), a program that funds and manages applied research projects with Lebanon based universities and international partners. The projects are fully funded for a period of three years via British Government and circular 331 financing.

A recent report published by ArabNet collects and highlights, in numbers, the amount of capital that VCs have invested into the knowledge economy in the MENA region. Mainly due to Circular 331, Lebanon boasts a 0.2% ratio of VC investments as a percentage of GDP. This percentage is higher than that of the UK, China, Canada, UAE and Saudi Arabia. One such example is the Berytech Fund II, a \$50 million Beirut-based venture capital fund to invest in SMEs with high growth potential. The United States Agency for International Development (USAID) and Berytech also announced in April 2015 the official launch of “Insure & Match Capital” (IM Capital), a new \$15M Investment Fund under MENA Investment Initiative. In January of 2017 Berytech launched Agrytech in collaboration with the Kingdom of Netherlands. Agrytech aims to source top start-ups in the Agri-Food sector and provide them with the adequate resources, be it technical, business or communal support.

Support initiatives: The Central Bank's efforts do not stop at just financing - it has also been involved in organizing BDL Accelerate for three consecutive years now. BDL Accelerate is the biggest innovation and entrepreneurship conference in the MENA region. In 2016, BDL Accelerate gathered Steve Wozniak, co-founder of Apple; Tony Fadell, creator of the iPod, iPhone and founder of Nest; and a collation of other all-star entrepreneurs and experts under one roof with 23,300 attendees for a three day conference with keynotes speakers, panel discussions, start-up exhibitions as well as multiple hackathons. Another such conference taking place in Lebanon is ArabNet Beirut. Even though this event has now branched out to other MENA countries, it originated in Lebanon. ArabNet Beirut 2016 highlighted digital creativity, entrepreneurship and business, attracted more than 1000 attendees and featured more than 80 speakers from across the MENA region and abroad.

It is also worth noting that the Lebanese entrepreneurial ecosystem has been exponentially growing over the past several years and now offers different business development centers that offer incubation, mentoring, infrastructure support and training for start-ups and entrepreneurs. The majority are privately operated but on some occasions funding can come from BDL or other banks.

R&D transfer: Lebanon is also at the forefront of the region's R&D production. Since 2011, Lebanon has been increasing its knowledge production and has recently become on par with Jordan. What is worth noting, however, is that Jordan has twice as many researchers as Lebanon. Lebanon's research is especially impactful in the fields of medical sciences and engineering-related disciplines such

as computer science and telecommunications. Another notable figure is the growth in Lebanon's share in global production. There has been a 30% increase between the years 2000-2010, and this augments its representation to 0.347 per 1000, a remarkable number considering Lebanon's small size and limited number of researchers (1200 full-time equivalent researchers³).

Education and youth entrepreneurship: Much of the workforce in Lebanon is well-educated and well-qualified, with a regular influx of fresh graduates across most disciplines. The strength of the workforce is a result of the strength and diversity of the Lebanese education system. Besides being fluent in Arabic, 54.1% of students learn French as a second language and 45.1% learn English as a second language.⁴ Lebanon also boasts three universities that rank in the top 20 of the Arab region⁵.

“There needs to be more research and enterprise driven by universities, to keep the entrepreneurial spirit going.”

What is worth noting is that the level of entrepreneurship is highest for the 35-44 age segments (28.2%) and is significantly much less for the 18-24 age segment (18.7%). To ensure the growth of entrepreneurship in Lebanon, policy makers must capitalize on the high rates of intent to start a business and promote entrepreneurship as an option to students. The Lebanese American University is highly aware of the importance of entrepreneurial education and has agreed to be a partner in issuing the GEM 2017 National Report. Other initiatives that bridge the gap between academia and industry have been implemented across several universities, such as Antonine University and the American University of Beirut.

Lebanon is at the center of Europe and Asia, enabling it to be a gateway to foreign markets. We must encourage entrepreneurs to look beyond just Lebanon, and help new small businesses to develop and grow in new markets. One major drawback that Lebanon faces is the quality of the internet, and policy makers need to address this issue and provide the population with cheaper and faster internet connectivity. There needs to be more research and enterprise driven by universities, to keep the entrepreneurial spirit going.

3 Hanafi, Knowledge Production in the Arab World ,175

4 IDAL – Lebanon at a Glance

5 Futao Huang, Martin Finkelstein, The Internationalization of the Academy (New York: Springer 2014), 126

QATAR by Hamed Al Kubaisi

Qatar's economy is undergoing a transformation – shifting from a high dependence on hydrocarbon towards a diversified economy, with the focus firmly on growing private industry beyond the energy sector. Fostering the entrepreneurial spirit is fundamental to this shift. The Qatar National Vision 2030 (QNV 2030) aims to “transform Qatar into an advanced society capable of achieving sustainable development.” The planned development goals are divided into four central pillars: economic development, social development, human development and environmental development. Most national efforts to boost and foster entrepreneurial activity fall within the first and third pillars: economic and human development. The combination of ambitious education policies with a nationwide effort to achieve economic diversity, places entrepreneurs at the heart of Qatar's national vision.

Institutions fostering entrepreneurship in Qatar: Qatar's entrepreneurship ecosystem has been stimulated through major institutions such as Qatar Development Bank (QDB), Bedaya Centre, Silatech, Nama and INJAZ which have been established to support entrepreneurs. These institutions provide a range of support services to help entrepreneurs start businesses in Qatar. QDB was founded by an Emiri Decree to expand Qatar's private sector and diversify the economy. It provides financial and non-financial support to

“Qatar's economy is undergoing a transformation – shifting from a high dependence on hydrocarbon towards a diversified economy.”

SMEs and entrepreneurs. Institutions such as Bedaya Centre, Silatech, Nama and INJAZ are focused on encouraging and inspiring the youth of Qatar to become entrepreneurs. These institutions provide support, education and mentorship primarily to young Qatari nationals.

Qatar Development Bank (QDB): Since its establishment in 1997, QDB has focused on accelerating growth and encouraging national projects within private sector activities in key economic areas that will generate various economic and social benefits for Qatar's economy in line with Qatar National Vision 2030. QDB seeks to help Qatari manufacturers to expand their industry, and to provide services in the economic fields through the provision of capital, guarantees and advisory services.

Bedaya Center, a joint initiative between Qatar Development Bank and Silatech, provides Qatari youth with access to a wide range of services including career guidance, self-assessment, employability skills development, entrepreneurship, mentoring opportunities, volunteering, practical training, networking activities, and lecturer

programs. Bedaya Center organizes several basic skills training workshops which help youth start their career in the Qatari labor market, or launch their own business.

The idea to establish Silatech was born out of a vision of Her Highness Sheikha Moza bint Nasser that supporting the future of Arab youth supports all the Arab society. Silatech supports the start-up and growth of sustainable, job-creating youth enterprises across the Arab World. The organization provided young entrepreneurs with access to finance, business development training, mentorship, and access to new markets.

“QBIC also offers a LeanScale up programme and industrial workshops which are available to young established companies who have significant potential to grow.”

The Nama (Empowerment and Entrepreneurship) Centre is a national initiative that promotes entrepreneurship among young people and encourages them to innovate.

INJAZ Qatar partners together with the local business community, corporate volunteers and educators to inspire and prepare young people to succeed in the global economy. INJAZ Qatar is a member of Junior Achievement Worldwide (JA), the world's largest organization dedicated to educating students about workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programs. INJAZ Qatar offers programs in elementary, preparatory and high schools, as well as youth centers, colleges and universities across Qatar. With the help of its active corporate volunteer community, INJAZ has reached students from Grade 1 to university level. The corporate volunteers serve as inspiring role models for the youth, sharing their real-life work and entrepreneurship experiences and advice.

Incubators and economic free zones in Qatar: There are several incubators and free zones, including Qatar Science Technology Park (QSTP), Qatar Business Incubation Centre (QBIC), and Qatar Finance Centre (QFC) that take business ideas from concept to implementation. They also offer a range of entrepreneurship education programs.

The QSTP Incubation Centre is a technology-focused incubation program that aims to foster local tech entrepreneurship in the State of Qatar. The program aims to accelerate the establishment and growth of promising tech start-ups through quick incorporation, collaborative co-working space, business facilitation, and support services which includes access to a network of mentors, funding

program training, and prototyping facilities. The period of the incubation is 12 months – allowing the startups to focus on achieving the following objectives: develop a product/service; acquire early customers; and fund raising.

QBIC is a unique mixed-use business incubation centre providing support services to help entrepreneurs and companies who either have an idea to start a business or want to grow an existing business. One of QBIC's flagship initiatives is LeanStart up, a ten-week entrepreneurial programme that provides real world, hands-on learning experience on how to successfully start a company. QBIC also offers a LeanScale up programme and industrial workshops which are available to young established companies who have significant potential to grow. The programme helps business to grow through four key services: access to the marketplace (local, regional and international customers); access to human capital (recruiting talent); smart financing (provision and access to equity and debt finance); and coaching & mentoring.

The QFC Authority manages and maintains the QFC legal and tax environment, and licenses firms to conduct business in or from the QFC. The Authority also develops relationships with the global financial community and other key institutions, both within and outside Qatar, helping to develop the country's private sector.

Universities in Qatar that offer entrepreneurship programs:

Qatar University is the national university of Qatar. Qatar is also home to many branch campuses run by overseas institutions. These are clustered together at 'Education City', a large campus built as part of the Higher Supreme Council's education reforms, hosting branches of leading US and European universities. Not only is Qatar's Education City a hub for international branch campuses, it also hosts facilities such as the Qatar Science & Technology Park, and the RAND-Qatar Policy Institute. The Qatar National Research Fund also supports research conducted in the City.

The World Innovation Summit for Education (WISE) was established by the Qatar Foundation for Science, Education and Community Development in 2009 with the aim of driving innovations across the academic landscape through debate on educational issues within Qatar and beyond. Qatar University and several universities within Education City offer entrepreneurship programs.

The Centre for Entrepreneurship (CFE) was established in September 2013 as a Qatar University initiative to support entrepreneurship at the university and community at large. CFE is working to link the academic life with business reality through training, incubation, research and consultation. Its services include delivering training programs to create awareness about the importance of entrepreneurship and to develop individuals' skills to become potential entrepreneurs.

The AlFaisal-Carnegie Mellon Innovation

Entrepreneurship Centre is aimed at fostering an entrepreneurial environment and inspiring innovation among Qatar's university students. The center was launched in the autumn of 2015 and offers courses on innovation entrepreneurship that are open to all partner universities within Education City throughout the year.

“CFE is working to link the academic life with business reality through training, incubation, research and consultation.”

The Entrepreneurship Centre provides extracurricular and co-curricular opportunities for students and encourages them to explore entrepreneurship, understand 'business principles' from the entrepreneur's point of view and discover their own entrepreneurial spirit.

Initiatives that encourage entrepreneurship in Qatar:

Al Fikra Business Plan Competition: A joint initiative to develop entrepreneurs by providing workshops that help convert innovative ideas into value added businesses. Various partners and sponsors from academia and the business community are involved in the competition as mentors and judges.

Enterprise Challenge: It is an annual competition which encourages entrepreneurial spirit among the youth in Qatar, organized by Qatar Shell and Silatech. The successful teams from each of the 13 participating universities compete on an entrepreneurship computer simulation, which seeks to evaluate the teams' performance on running their business in a competitive marketplace over a three-year period.

Challenge 22: This is an innovation award launched in 2015 by the Supreme Committee for Delivery & Legacy (SC). It promotes a culture of innovation in the Middle East and attracts entrepreneurs, scientists and pioneers from across the Arab world. It showcases ideas that can contribute towards the hosting and organization of major events like the 2022 FIFA World Cup Qatar™, while building a sustainable, economically diverse future for the region.

Innovation Day: This event is dedicated to presenting cutting-edge technologies that are taking place in Qatar. The event is part of a wider national effort to contribute to Qatar's economic diversity as part of achieving the QNV2030 economic diversification goal. The event targets students' creativity, critical thinking and problem-solving skills, all within the focus of 'innovation'.

There have been several government initiatives which have placed entrepreneurship and SMEs at the top of Qatar's strategic priorities. Some of these initiatives have been implemented following the blockade. A summary of the initiatives is provided below:

Qatar Development Bank (QDB) organized a forum titled '*Buy Local Products*' on July 11, which brought together 70 Qatari companies from five key sectors, along with 250 local buyers, to encourage small and medium enterprises to expand their local business in sectors such as steel and iron, plastics, wood, aluminum and copper, and general building materials. A second forum was held on July 25, to showcase products and complement the nation's renewed objective to localize the country's supply chain and increase self-reliance.

A memorandum of understanding (MoU) was signed between QDB and Public Works Authority (Ashghal) to launch the 'Ta'heel' initiative for SMEs. The new approach gives factories an opportunity to participate in the implementation of Ashghal's programs and projects, through enlistment of Qatari manufacturers in the authority's approved supply chain, in addition to accrediting local industrial products.

“There have been several government initiatives which have placed entrepreneurship and SMEs at the top of Qatar's strategic priorities.”

To support the local market demand for fresh produce, Hassad Food, Qatar's premier investor in food and agri-business sectors, launched an initiative titled 'Iktefa', which targets unproductive local farms, to encourage their production through purchasing farmers' yearly production from fresh vegetables and fruits, following clear commercial terms, then selling them in the local market. More than 80% of registered local farms have been identified as being unproductive. The initiative aims to increase the role of the local farms by efficiently utilizing its commercial operations to support the local market demand for fresh produce.

'Own your Factory in Qatar in 72 hours Project' is a government initiative aimed at fast-tracking the establishment of more manufacturing companies and factories in Qatar. The initiative attracted over 9,000 applications over a period of one month. Aside from licensing, the project guarantees qualified investors with land readiness and immediate access to visas, including readiness of industrial infrastructure such as water,

electricity, gas, and roads, as well as priority for purchases with local manufacturers.

Single Window System: Implemented in 2016, this represents one of the key government initiatives launched to develop Qatar's business environment, stimulate real participation of the private sector, encourage domestic and foreign investments and channel them towards sectors with added value to the national economy. The initiative streamlines the application process for new businesses, which reduces the administration burden.

Ramadan Markets: These are organized during Ramadan to encourage individual and family entrepreneurs to develop their skills in marketing and promotion of local products.

SAUDI ARABIA by Ignacio de la Vega

Saudi Arabia is a country that still sits atop the largest share of the world's identified oil reserves. But the government has long been aware that the oil cannot last forever so, the Kingdom needs to face a transformation that is inextricably tied to the country's ability to promote and support entrepreneurial activity (Fahd Al Rasheed, MBSC Vice-chairman, 2016).

Beyond oil: The year 2016, Saudi Arabia's Vision 2030 was announced as a transformation blueprint for achieving the Kingdom's ambitious long-term goals. This plan, is based on three main themes: (1) a vibrant society; (2) a thriving economy; and (3) an ambitious nation (Osama M. Ashri, 2016). Social transformations are going to happen relatively quickly because the country's population is young in average and thus, more easily adaptable to a global scenario. The second theme states the need to leverage opportunities and structures so entrepreneurs and SMEs can design modern entrepreneurial ecosystems that create economic value and spaces to share talent and innovations. Vision 2030 also underscores SMEs as agents that create jobs, support innovation and boost exports that foster economic growth. The third theme: ambition, refers to the need for awareness on the part of the population and government, that being the country that occupies the position 25th out of 144 countries in the Global Competitiveness Report ranking, it is still transitioning from "factor-driven" to "efficiency-driven". Ending with this contradiction is the main aspiration of modernizing the context where SMEs and entrepreneurs develop their activities.

Entrepreneurship and SME Policy: The Saudi Arabia's SME authority is reviewing laws and regulations to improve the easiness of doing businesses and start new ones. It also plans to remove obstacles and facilitate access to funding. The Kingdom's entrepreneurial framework shows several insufficient conditions that must be improved to enable youth and entrepreneurs to market their ideas and products. Modern spaces for entrepreneurs need the establishment of additional new business incubators,

specialized training institutions and venture capital funds. All this is starting already to go. Its development will take some time, but is becoming a reality right now. The SME policy contemplates also, giving support to SMEs in marketing and exporting their products and services as well as enabling national entities to collaborate with relevant stakeholders. All these efforts, along with other measures taken by the government, will have a strong and positive impact that will be reflected in the middle term.

“Social transformations are going to happen relatively quickly because the country's population is young in average and thus, more easily adaptable to a global scenario.”

TUNISIA by Majdi Hassen

In Tunisia, most entrepreneurs are motivated by necessity, rather than opportunities. Individuals that become entrepreneurs as a result of seeing opportunity, targeting a market segment or bringing innovation to the market cannot exceed 18 to 25 % of entrepreneurs in Tunisia. The majority become entrepreneurs only to ensure stable income, which is the main reason for the high percentage of entrepreneurs whose ventures fail within after two years of being established. The entrepreneurship culture does not help to develop sustainable entrepreneurship, or entrepreneurs that create difference.

Although there are various services and products related to training and support for entrepreneurs, these are particularly lacking for entrepreneurs at the start-up stage. Tunisia is still struggling in terms of supporting start-up entrepreneurs, especially in the western and southern areas of the country.

There are also problems in the funding systems in place to support entrepreneurs. It is very difficult for entrepreneurs to access high levels of funding. The funding system is not well established enough to cover the whole of Tunisia – for many start-up entrepreneurs it therefore becomes very expensive and time-consuming to get to banks and institutions, often with no guarantee that their applications will be successful. Moreover for small projects, for example co-operatives such as small agriculture groups, it is almost impossible to obtain finance it from banks or financial institutions. A further constraint is that the legal system in Tunisia does not allow for specific types of funding such as crowdfunding, which may be a solution for funding project with new value propositions.

UNITED ARAB EMIRATES by Nihel Chabrak & Llewellyn Thomas

The UAE has grown rapidly from an economy dependent on fishing and a declining pearl industry to one of the Middle East's most important economic hubs. It is now one of the wealthiest countries on a per capita basis with a GDP estimated in 2016 at US\$375 billion and a real GDP growth rate of around 2.3%.⁶ The UAE is noted for its open economy with a high per capita income (USD\$67,700 of GDP per capita in 2016),⁷ a highly developed welfare system, one of the lowest rates of unemployment in the Middle East (3.6%), its modern infrastructure, the international events it hosts, its status as a trade, tourism and transport hub, and its sizable annual trade surplus. In terms of its support for entrepreneurship, the UAE has been active on many fronts. There has been encouraging progress with entrepreneurial and SME policy, support for innovation, the financing of entrepreneurship, and the supporting entrepreneurial services.

“There has been encouraging progress with entrepreneurial and SME policy...”

Entrepreneurship and SME Policy: In 2010, the UAE Vision 2021 “United in Ambition and Determination” was launched with the goal of making the UAE among the best countries in the world in which to live, work, and do business. As part of Vision 2021, the UAE government specifically recognized that entrepreneurship plays a key role in driving economic development. In particular, the Vision aimed to make the UAE among the best countries in the world for entrepreneurship by both encouraging UAE nationals to be the driving force of economic development through small, medium enterprises (SMEs), and by serving as a magnet for entrepreneurs from throughout the region and the world who would like to start or scale businesses.

Federal Law No. 2 of 2014 on SMEs (the “SME Law”) came into force in June 2014, specifically introducing interventions to support the development of locally owned SMEs in the UAE. One important aspect to this law is the unified definition of a SME (in Cabinet Resolution No. 22 of 2016), standardizing their identification and hence presumably standing with existing UAE legislation, as well as an SME Council to promote UAE SMEs. Another aspect of the law establishes a “National Program for SMEs” that gives registered SMEs various benefits, such as reduced licensing fees, simpler business procedures, and expertise, technical support and training. The SME Law also exempts

SMEs from customs tax for equipment, raw materials, and goods for production purposes, as well as the obligation to pay bank guarantees for each new worker. This law also mandates federal government entities to source 10% of their procurement requirements from SMEs, as well as obliging firms in which the government holds more than a 25% stake to give at least 5% of their contracts to SMEs. Furthermore, the Emirates Development Bank (EDB) must ensure that at least 10% of its loans are directed to SMEs. Encouragingly this law has also created a trend for other SME supportive initiatives. For instance, in 2016, Expo 2020 Dubai underscored its commitment to SMEs through its pledge to allocate 20% of its total direct and indirect spend, representing more than AED5 billion [USD\$1.36 billion] in contracts, to local and international SMEs.⁸ Other regulations reflect the strong commitment of the UAE government to provide entrepreneurs with a friendly regulatory environment. For instance, Federal Law No. 4 of 2012 (the Competition Law) that prohibits certain anti-competitive practices, gives advantages to SMEs through exemptions.

“The SME Law also exempts SMEs from customs tax for equipment, raw materials, and goods for production purposes.”

Because of these business friendly policies and regulations, the World Bank Group's 2016 ‘Ease of Doing Business Rankings’ positions the UAE 26th globally and as the highest ranked country in MENA region. According to the report, it takes just 4.5 procedures and 8.5 days to open a company in the UAE.⁹ However, in the words of the World Bank's *Doing Business 2016* report, the UAE's ‘lack of a modern restructuring law’ is the biggest barrier to doing business in the country. Although the UAE government had been formally considering amendments to the insolvency regime since 2009, it was only in 2016 that the Federal Decree Law on Bankruptcy (No. 9 of 2016) was issued and came into force. Its most important provisions represent a step forward for the UAE's insolvency regime, notably including the removal of the criminal offence of bankruptcy by default, criminal involvement in matters relating to bounced cheques, and a new threshold and requirement for creditor-initiated insolvency proceedings. Previously, the difficulty in liquidating companies, and the fact that individuals could face criminal action if they defaulted on debt, had led expatriates to sometimes to flee the country instead of

6 <http://pubdocs.worldbank.org/en/398801475460803726/UAE-MEM-Fall-2016-ENG.pdf>

7 <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>

8 <http://www.usuaebusiness.org/u-s-u-a-e-business-council-hosts-expo-2020-dubai-officials-in-new-york-city/>

9 <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB17-Full-Report.pdf>

facing imprisonment.¹⁰ Perhaps as a consequence, the *GEM UAE 2016 Report* exhibits evidence of non-Emirati expats having less inclination towards undertaking entrepreneurial activity and having bigger issues than Emiratis in transforming intentions into real business setups. Similarly, in the 2016 GEM APS, 54.3% of the adult population stated that they have been constrained from starting a business due to a 'fear of failure'. Of this proportion, 80.5% are expats, which might explain why the rate of nascent activity for expats is low (0.9%) compared to the TEA of 4.2% for the UAE adult population in 2016. It is hoped that these changes to insolvency law will be conducive to the risk-taking that is so important for entrepreneurship and SME development.

“Similarly, in the 2016 GEM APS, 54.3% of the adult population stated that they have been constrained from starting a business due to a ‘fear of failure’.”

The taxation system in the UAE is also favorable for entrepreneurs. The UAE does not levy income tax on individuals and it offers companies a relatively low-tax operating environment. Corporate taxes are levied only on oil companies and foreign banks. There are significant advantages to businesses registered within the 44 UAE free zones, 27 of which are in Dubai.¹¹ In these free zones, companies are exempted from corporate tax for a certain time (which can be extended), as well as exempted from import duties on goods brought into a trade zone. Besides the taxation advantages, companies in a UAE free zone can also circumvent the regulation mandating that UAE nationals own at least 51% of a UAE registered company. Despite these advantages, the free zones still restrict the ability of companies to operate in the UAE proper.¹²

Finally, the UAE is considering levying Value Added Tax (VAT) from January 2018, with the rate likely to be 5% with certain exemptions, such as healthcare and staple food items, payable monthly.¹³ Although businesses are expected to be VAT registered and will need to complete and submit VAT returns to the government on a regular basis, it has been suggested that they might not be required to register and

report on VAT, with the intention to prevent additional costs disproportionate to their business size.¹⁴

Driving entrepreneurial innovation: The UAE government has also embraced innovation as a national priority. 2015 was the Year of Innovation, during which a National Strategy for Innovation was announced. The National Strategy for Innovation is aimed at embedding a culture of innovation amongst individuals, companies and governments in seven key innovation sectors, specifically renewable energy, transportation, education, health, water, technology, and space.¹⁵ To turn this strategy into reality, an AED300 billion Emirates Science, Technology and Innovation Higher Policy budget was established to foster sustainable innovation based on science and technology in an attempt to build a true knowledge-based economy. Of this amount, AED200 billion was dedicated to alternative energy, AED40 billion to aviation research, AED20 billion to the space industry, AED31 billion to science research, and AED12 billion to innovation incubator and academic research centers.¹⁶ In an initiative of the Federal Government, the Ministry of Finance launched the Sheikh Mohammed bin Rashid Al Maktoum Fund to Finance Innovation, worth AED2 billion, to support resident individuals and companies (of all sizes) registered in the UAE, provided that they offer unique and innovative ideas - whether they be technologies, products, services and processes.¹⁷

From this auspicious start, many significant initiatives have followed, mainly from the Emirate of Dubai. In 2016, Dubai Future Foundation was launched to play a pivotal role in shaping the future of Dubai. This, along with the Dubai Future Agenda, which acts as a roadmap for the Foundation, has the medium and long-term goals of shaping strategic sectors in cooperation with government and private sector entities. Among its major initiatives, a AED500 million “Museum of the Future” was to become a unique incubator for futuristic innovations and designs.¹⁸ To pull the future forward faster, the Dubai Future Accelerators program aims to connect the world’s most innovative companies with leading figures in the Dubai government with the goal of creating breakthrough solutions for the world’s most exciting opportunities and pressing challenges.¹⁹ Another strategic project is Dubai 3D Printing Strategy which aims to exploit 3D technology for the service of humanity, and promote the status of the UAE and Dubai as a leading hub of 3D printing technology by the year 2030.²⁰

10 http://www.investuae.com/wp-content/uploads/2017/03/Invest-UAE_EE_digital.pdf

11 <http://www.uaefreezones.com>

12 http://www.investuae.com/wp-content/uploads/2017/03/Invest-UAE_EE_digital.pdf

13 <https://government.ae/en/information-and-services/finance-and-investment/taxation>

14 <https://www.clydeco.com/insight/article/vat-is-your-business-prepared>

15 <http://www.uaeinnovates.gov.ae/docs/default-source/pdfs/national-innovation-strategy-en.pdf?sfvrsn=2>

16 http://www.investuae.com/wp-content/uploads/2017/03/Invest-UAE_EE_digital.pdf

17 <https://www.mof.gov.ae/En/About/programsProjects/Pages/MohamedBinRashidInnovationBox.aspx>

18 <http://motf.ae>

19 <http://www.dubaifuture.gov.ae/our-initiatives/dubai-future-accelerators/>

20 <http://www.dubaifuture.gov.ae/our-initiatives/dubai-3d-printing-strategy/>

Funding entrepreneurial activity: In the past, what held many entrepreneurial ventures back was access to financing, but entrepreneurial funding in the UAE is evolving rapidly, with capital now raised from government funds, angel investors, venture capital firms, private equity and SME-friendly banks. Government SME development agencies and funds have also been established to specifically cater to Emirati entrepreneurs and SMEs. For instance, in 2003 the Dubai SME was first established, followed in 2007 by Khalifa Fund for Enterprise Development in Abu Dhabi, and in 2009 by the Ruwad Establishment in the Emirate of Sharjah. Nationally, the ICT Fund was launched in 2008 by Telecommunications Regulatory Authority to drive rapid, progressive and realistic developments within the ICT sector in the UAE.

“In the past, what held many entrepreneurial ventures back was access to financing, but entrepreneurial funding in the UAE is evolving rapidly.”

The UAE has a munificent environment for start-ups to attract angel investment. Driving this environment are the estimated 480,000 high net worth individuals with a combined wealth of \$2.5 trillion that live in the Middle East, mostly concentrated in the UAE, Saudi Arabia, and Kuwait.²¹ Of note is MENA Venture Investments, one of the most prominent angel funds in the region and in the UAE, given a high profile through its association with Fadi Ghandour, CEO of Wamda Capital and founder of Aramex, and Arif Naqvi, the founder and Group Chief Executive of Abraaj. Also particularly of note are Womena²² and WAIN,²³ two prominent angel networks dedicated to supporting both women entrepreneurs and investors in the region.²⁴

The UAE is also a large source of venture capital (VC) funding. Between 2013 and 2016, the number of tech investors in MENA has grown exponentially,²⁵ with 30 funding institutions established in 2016 alone. Of these, 40% have headquarters in the UAE, and overall, 33% of tech investors in MENA operate from the UAE. During the same period, more than \$750 million was invested in more than 450 tech start-up deals in the MENA region.²⁶ Of these investments, the vast majority, both in number (137) and value (\$286 million), occurred in the

21 <https://www.bcg.com/publications/2016/financial-institutions-consumer-insight-global-wealth-2016.aspx>

22 <http://womana.co>

23 <https://womensangelinvestornetwork.wordpress.com>

24 http://www.investuae.com/wp-content/uploads/2017/03/Invest-UAE_EE_digital.pdf

25 <https://intelligence.arabnet.me/>

26 Ibid.

UAE.²⁷ In 2016, the UAE outranked all other MENA countries in transactions, with 41% of the deals (78 deals) - much higher than the next highest country Lebanon (18%). The 70% jump in value of total dollars invested (USD\$918 million for the MENA region, including USD\$799 million for the UAE in 2016) is largely explained by two mega-rounds, raised by Careem (\$350 million raised) and Souq.com (\$275 million raised) in 2016. Among the UAE based funds, notable mentions are MBC Ventures, the VC arm of the largest private media company in the MENA region,²⁸ BECO Capital,²⁹ Wamda Capital,³⁰ and Abraaj Group,³¹ a leading investor in growth markets with \$10 billion in assets under management.³²

Access to credit has always been limited for SMEs in the UAE, highlighted by a survey of SMEs by Dubai SME in 2013. In this survey, only 23% of survey respondents stated they had accessed bank finance in the last five years.³³ According to the OECD 2016 report on entrepreneurship and SMEs in Abu Dhabi, commercial lending currently accounts for a small proportion of bank lending in the UAE (4% of vs. 9.3% for the MENA average). Although some commercial banks have established SME units, such as Mashreq Bank, Emirates NBD, National Bank of Abu Dhabi (NBAD) and First Gulf Bank (FGB), loan conditions for SMEs remain relatively unfavorable in international comparative terms and banks remain cautious about lending to SMEs. For instance, their rejection rates are in the range of 50-70%, which are much higher than the OECD range of 10-20%.³⁴

Entrepreneurial support services: The UAE has also considerable support services, including co-working spaces, incubators and accelerators that help entrepreneurial activity flourish.

Co-working spaces offer start-ups a relatively inexpensive office space and the benefit of being with like-minded individuals. The only Google-partnered Tech Hub in the MENA region, AstroLabs, serves as a Launchpad for the highest potential tech start-ups in Dubai. Created by the co-founders of Namshi, AstroLabs features a Google-supported mobile device development lab, a training facility and academy, meeting rooms, and other supporting infrastructure and services. Through a partnership with the DMCC-Government of Dubai, it also offers a full free zone licence at Dubai Multi Commodities Centre, with no upfront costs.³⁵

27 http://www.investuae.com/wp-content/uploads/2017/03/Invest-UAE_EE_digital.pdf

28 <http://www.mbc.net/en/corporate/ventures/about>

29 <http://becocapital.com>

30 <http://wamdacapital.com>

31 <https://www.abraaj.com>

32 http://www.investuae.com/wp-content/uploads/2017/03/Invest-UAE_EE_digital.pdf

33 http://www.sme.ae/StudiesAndResearch-Document/SME_Report_English.pdf

34 <https://www.oecd.org/countries/unitedarabemirates/AbuDhabi-Ecosystem-Final-Web.pdf>

35 <http://astrolabs.com>

The incubators in UAE provide entrepreneurs with office space, business advice, and seed funding. One of the newest incubators is the Washington, D.C.-headquartered 1776 Dubai. Established in late 2016, 1776 Dubai is the first international technology incubator to set up as a direct presence in the MENA region. Partnering with the Dubai Foundation of the Future, 1776 Dubai will be central to creating a dynamic community of start-ups, institutions and government leaders focused on advancing transformative technological change in crucial industries tackling society's most important needs.³⁶

“As the new key player in the entrepreneurship and innovation ecosystem in the UAE, rather than following the traditional role of teaching, the emphasis is now on the ‘entrepreneurial university’.”

Accelerators help existing start-ups grow through physical space, funding, training, mentorship and networking opportunities, and are booming in the UAE. Among them, Flat6Labs Abu Dhabi enjoys the support of media free zone Twofour54. Twofour54 is a global hub for digital innovation that supports a generation of entrepreneurs from the UAE and abroad to launch digital businesses in Abu Dhabi and scale to regional and global markets.³⁷

Entrepreneurs in the UAE also have the opportunity to connect, network and to be showcased in a plethora of events, exhibitions, competitions and platforms. For instance, in 2016 the UAE hosted the ‘largest tech and interactive gathering in the MENA region’

36 <https://www.1776.vc/dubai/>

37 <http://www.flat6labs.com/location/abudhabi/>

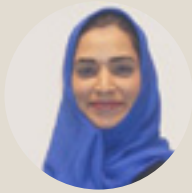
(STEP Conference), the ‘premier conference for digital businesses in the Middle East’ (ArabNet Digital Summit), the ‘biggest innovation conference in the region’ (Global Innovation Summit), and the ‘largest regional IT exhibition’ (GITEX Technology Week).³⁸ Helping start-ups connect with investors, mentors and service providers, MAGNiTT is also a valuable source of information about the MENA start-up ecosystem.³⁹

In 2016 UAE University, the university of the future, launched its Science and Innovation Park (UAEU-SIP) to support the shift of the UAE economy towards a knowledge-economy, reflecting the vision of the UAE leadership of a transformation of the role and function of universities so that they help create conditions for sustainable economic growth. As the new key player in the entrepreneurship and innovation ecosystem in the UAE, rather than following the traditional role of teaching, the emphasis is now on the ‘entrepreneurial university’. Using the helices model, where the main actors of innovation-generating processes (industry, university, government, and, at a later stage, civil society) interact within defined structures called tribes, the transfer of research and innovation resulting from university labs is accelerated to create local growth. Acting a safe innovation test bed, facilitating higher levels of knowledge creation, absorption and dissemination, enabling cross funding, and giving and sharing between researchers, students, businesses, government agencies, global nomad entrepreneurs and innovators, the goal of the UAEU-SIP ‘oasis of minds’ is to unlock unfair advantages to the benefit of its tribes. The resulting habitat helps the tribes engage in social and needs-driven innovation and address the region’s 100 million challenges. With an ambition of large scale new quality of growth based on inclusiveness and wellbeing, the UAEU-SIP is currently developing the following major tribes: Water Tribe; Genomics Tribe; Space Tribe; Well-being Tribe and the 100 Million Stars Tribe.

38 http://www.investuae.com/wp-content/uploads/2017/03/Invest-UAE_EE_digital.pdf

39 <https://www.magnitt.com>

ENTREPRENEURS' STORIES



REEM ALSOWAYEGH

(SAUDI ARABIA)

Reem Alsowayegh graduated from King Saud University in Riyadh with a Bachelor of Physical Therapy. She was then hired by Abdul Latif Jameel Rehabilitation Centre, mainly working on adult stroke patients. "While I was working on my duties, there was a mother with her child suffering from severe respiratory problems. Both were crying. I got into one of the private rooms and started crying myself. The question came out loud: what could I do for this child?" She recalls. That same day, Reem decided she wanted to focus her practice on children. She then accepted a position at a Jeddah based school for special needs children and worked there for 8 years.

She rapidly spotted a clear problem in the practice: children were having physiotherapy only once a week and were checked every six months in the government hospitals, which in Reem's opinion was not adequate. As a result, most of the children were not improving at all. Willing

"It was October 2008 and my dream of really making a contribution to society while working on my passion was starting to come true."

to start her own practice, one that could have a real impact on the lives of children in the Kingdom with special rehabilitation needs, she resigned and started specialized training in innovative techniques such as the Therasuit and other breakthrough techniques.

While continuing her involvement with the mothers of special need children, she was approached by some of them with an eye-opener question: Why don't you open your own center to help so many children and families in need? Advance Rehab was born.

Once Reem completed the training programs and became the only professional therapist certified in the Kingdom for certain advanced new treatments, she opened her first center in a small room in a friend's kindergarten. "I rented a room there and started working by myself," she says. "It was October 2008 and my dream of really making a contribution to society while working on my passion was starting to come true." Many families' children began using her intensive therapies and the Therasuit treatment. She also started hiring some therapists, as her initial business model had a large bottleneck: her own capacity.

During the next couple of years Reem experienced serious problems in getting the business licensed in the Kingdom. She needed a special license from the Ministry of Health that proved quite difficult to obtain, even if a doctor in one of the largest local hospitals helped her. After persistent efforts, and the building of an extension that consumed her savings, she finally got an initial license from the MoH - only to find out that the owner of the villa from which she was operating wanted the villa back. With almost no money in the Bank, Reem got some family support and started all over again from a new location, obtaining once again the initial license.

Things were looking promising businesswise, although the process to obtain the specific business license that would allow Reem to fully advertise all the company's services and concentrate on growing the business was not that encouraging. After obtaining the initial license, it took her five years to get the final business license. "I felt as if I was in a vicious cycle," she recalls. "I found out that I could not obtain the final license until I got an intermediate one, the Baladiya. In order to get this one, I had to hire a broker well-connected to the Ministry of Health who, for a nice sum, promised to speed up the process using his

connections.” To make things more complicated, the previous license was connected to Reem’s ex-husband, who supposedly could deal with the procedures and the broker in an easier and more effective manner. When Reem got divorced, two years after initiating the process, she had to move the center’s initial license into her name again and re-start the process for the third time.

“This business was my life passion, but I am not a rich person and did not have the financial support to be in a legal limbo for so long.”

Finally, after having to temporarily close the clinic for not having a license, the nightmare ended five years after she had started the process. Reem says of this difficult period, “I was furious. I felt that all the time and money that I was wasting on getting my license was have a huge impact on my business. I couldn’t market my business because I did not have the license and it was taking way too much time. At the same time, and with almost no business, I still had to pay the salaries and rent. This business was my life passion, but I am not a rich person and did not have the financial support to be in a legal limbo for so long.”

Now, with the business up and running and fully licensed, Reem could devote more time to improving the offerings and reaching out for additional customers. She soon realized that she was barely prepared, from a managerial perspective, to go beyond basic management of a small-scale business. She was a physiotherapist by training. She found out about Qotuf, a well-known Jeddah business accelerator, and applied for AdvanceRehab to become part of one of the entrepreneur intakes. She realized that Qotuf could be a great help in transforming the existing AdvanceRehab business model to avoid the current lack of scale in their planned growth. However, when Reem met with Qotuf manager, Mohammed Nabolsi, she discovered that Qotuf would only accept knowledge-economy, internet-based businesses. As a result, Reem accelerated a project she already had in mind - to go online with a completely different business model. She applied under iRehab to Qotuf and was accepted.

“Qotuf turned out to be a great experience as well as an eye-opener for me.”

“Qotuf turned out to be a great experience as well as an eye-opener for me,” recalls Reem. Even though she was taking an EMBA from the American University in Cairo, she found the five-day boot camp and the three month period of working, networking and mentoring extremely useful in designing the launch of her new online service called iRehab. Reem also had the opportunity to reach out to Aramco for investment support. I wouldn’t have had the opportunity by myself of accessing Aramco,” she says. “Qotuf brought them to me together with other potential investors. The mentoring program at Qotuf was also very helpful. I had the opportunity of working out the marketing details of iRehab with Marwan Qutub, a fantastic marketing expert, and also had access to Mohammed Fitahi, an experienced and well-known Saudi entrepreneur and Babson College alumni.”

While attending the Qotuf program, Reem was also involved in working and growing the on-site Advanced Rehab. The center provided physical therapy and speech therapy services for children with special needs through one-on-one sessions. Sessions were either 35 or 60 minutes long, depending on the treatment, and required a certified therapist to conduct them, limiting the scalability of the business. From the revenue perspective, services were normally bundled into a monthly fee of 8 to 20 sessions, depending on the treatment. But the unfriendly regulations for entrepreneurs in Saudi Arabia were still making things difficult.

Because of her precarious financial situation during the period she struggled to obtain her license, Reem was not able to hire more expensive Saudi therapists, and had relied on hiring immigrant therapists in order to grow the business. Of course, these therapist could not be sponsored by Reem, nor by AdvanceRehab. The Government was closing the gap on illegal immigration, which could bring additional problems to the already troubled venture.

“The Government was closing the gap on illegal immigration, which could bring additional problems to the already troubled venture.”

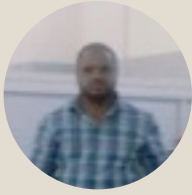
While on the Qotuf program, Reem had the time and resources to start designing her new venture, iRehab, with the objective of diversifying from AdvanceRehab, getting into the online space and solving some of the issues that were preventing her growth. iRehab was then born as an online community therapy platform (website and application) that connects parents with licensed therapists to help them understand their child’s developmental delay through online conferencing, live chat, and e-mails.

“iRehab was designed to give parents all the tools they need in giving their child better care and therapy. I wanted to ensure parents get an better understanding of how to help their child develop, which exercises are needed and which specific therapy tools and resources are required,” says Reem.

According to the business plan that Reem put together while at Qotuf, her main revenue stream would be achieved from different sources: parents and caretakers for special needs who would be subscribing on a monthly basis to the website where they can follow the child’s lessons, exercises and progress reports, among other services; therapists joining the platform through membership and profit sharing; advertisements; and partnering with insurance companies such as Bupa to increase database and revenue, and enhance the business model.

“Reem expects iRehab to be profitable by year one...”

Reem expects iRehab to be profitable by year one, with over SAR 200K in gross profits, and to reach SAR 4,000K by year 5 - achieving a healthy gross margin of around 1/3 of its revenues by the end of the five projected years of operations.



FADHEL ABIDI (TUNISIA)

Fadhel Abidi, 40 years old, studied Accounting at university, and after he graduated worked in the private sector for 16 years. Five years ago he decided to start his own business. “I had noticed that diabetic people in Tunisia had a problem in that they are not able to find sweets and cakes that are suitable for their needs,” he says.

“I started to collect a technical team and developed my knowledge about the production process.”

For Fadhel it was a challenge to convince the bank to grant him funding, as he had very little experience relating to the technical aspects of his project. In addition, the project cost was 670 000 TND, which is regarded as high for small projects in the Tunisian funding ecosystem.

“I started to collect a technical team and developed my knowledge about the production process,” he recalls. He managed to provide

the banks with the guarantees they required, in case his venture proved unsustainable, and eventually got the bank confirmation for credit. Even after this confirmation, however, the bank was not flexible. The funds were only made available in segments, and each time new processes had to be followed.

Despite these administration obstacles, that harmed his productivity rate and are still ongoing, the United Food Company that Fadhel established has managed to not only survive but, thanks to this entrepreneur’s vision and determination, is providing jobs for seven employees.



SARA AL MADANI (UNITED ARAB EMIRATES)

One UAE entrepreneurial success story is that of Her Excellency Sara Al Madani.¹ Al Madani ventured into the UAE business world when she was 15, originally founding a fashion label focused on the abaya (a traditional robe-like dress). At the time, few women dared to enter the “man’s world” of business in the UAE.

From this bold start, Sara Al Madani Fashion Design, originally branded as Rouge Couture, has become well known for its unconventional designs, and soon expanded across the UAE. She also runs a creative consultancy, Social Fish, and acts as the brand ambassador for Nivea and Natura Bissé in the Middle East. Recently, she has diversified into the hospitality industry, with the opening of a British restaurant Shabarush, in Dubai.

Building upon her success, she travels throughout the MENA region and beyond to inspire women to pursue their dreams. As she states: “Women don’t need empowering; they are already strong. They just need inspiring – someone to help them find their passions, then let them go and watch wonders happen.”

¹ The honorific Her Excellency was earned when she joined the Sharjah Chamber of Commerce & Industry at the invitation of Sheikh Sultan Al Qasimi, ruler of the UAE emirate of Sharjah, in recognition of her success.



CHAPTER 5:

POLICY IMPLICATIONS AND RECOMMENDATIONS

Most of the developing countries in the MENA region face still face a number of social, political and economic challenges. The countries in the MENA region range in economic development from factor-driven (Iran) to efficiency-driven (Egypt, Jordan, Lebanon, Saudi Arabia and Tunisia) to innovation-driven (Qatar and the UAE) but almost all face problems with job creation, low education and skills levels (especially among women), gender inequality and innovation technologies. These problems exist mainly in the underdeveloped SME sector, as many of the larger organizations have achieved international status and a high degree of competitiveness. Unemployment rates, especially among women and the youth, remain unacceptably high, especially in areas outside of the public sectors. The private sector is not providing the employment that should be expected (Ismail et al., 2017).

“Over the years GEM has shown that people’s education is related to their pursuit of entrepreneurial endeavors.”

Given the challenges that the region faces, it is difficult to propose a ‘one solution for all’ approach. Although they do share some common attributes there are significant cross-country differences with respect to motivational attitudes towards entrepreneurship, the aspirations of the population and their entrepreneurial rates. This suggests that each country has its own specific challenges and these should be addressed separately in the individual country reports. However, there are a few commonalities and improving these inhibiting factors could have a significant effect on the overall rate of entrepreneurial activity in the region.

Education: Over the years GEM has shown that people’s education is related to their pursuit of entrepreneurial endeavors. In most countries, the more education a person has, the more likely the person is to become an entrepreneur, and the more likely the business is to survive, mature, innovate, grow and perform well. Entrepreneurial intentions are influenced by several factors, one of which is perceived capabilities. The higher the level of perceived capability the more likely the person is to start a business. The correct education plays a significant role in this. Entrepreneurial education should be introduced into all schools and universities so that the youth develop skills necessary to start their own businesses instead of becoming reliant on finding a job. Women in the MENA region tend to be disadvantaged from the start and do not receive the correct type of training. Entrepreneurship training should be introduced at all levels, starting when the young first attend school.

Regulatory environment: Government should reform the regulatory environment in order to make it easier for new businesses to register and operate. Reducing the amount of bureaucracy and red tape, thus making it quicker and easier to start a new business, will have a significant effect on the levels of entrepreneurship - as was the case with Chile, Argentina and Israel. Information required by SMEs should be readily available and easily accessible to all potential entrepreneurs. Information such as business registration, HR legislation insurance etc. would be useful.

“ The entrepreneurial mindset in many parts of the MENA region is a big challenge. People are used to live with certain stereotypes.”

Government agencies: To increase the number of innovative early-stage entrepreneurs, there is a need for more knowledge absorption and assimilation. This will naturally lead to an increased knowledge creation and transfer, a condition to have an increased proportion of innovative entrepreneurs who are more likely to innovate “vertically”. Previous studies show that innovative early-stage entrepreneurs are less likely to have a necessity motive to start their business. Yet, the level of education of those involved in entrepreneurial ventures is crucial and the enhancement of individual characteristics becomes increasingly critical. With higher levels of education and higher access to new technologies, entrepreneurs become more innovative to compete successfully. Consequently, clusters related to universities should be established to attract and strengthen linkages between academia and industry and among foreign and domestic knowledge-intensive firms. Universities should become more entrepreneurial by developing programs to support inventors to take their ideas to market. Governmental agencies and programs aimed at intellectual property commercialization should be improved. Finally, these clusters and business hubs with centralised resources will help reduce the cost of basic services and other professional, commercial and legal services borne by technology start-ups, which might also increase their competitiveness. These collaborative platforms also offer them a more protected and safe environment to innovate so they can create new niches with less competition.

Entrepreneurial mindset: The entrepreneurial mindset in many parts of the MENA region is a big challenge. People are used to live with certain stereotypes: having a job is very important, and preferably it should be in the public sector. So, in a region which will experience the 100 million youth unemployment challenge in the next decade, a shift in

mind-set is required. Governments should be focused on creating conditions for inclusiveness by helping people transform the resources they have into capabilities for life time achievements they value. People in the MENA region should understand this as the only condition for attaining real freedom and dignity. Another problem is that many people do not want to start small. There is a kind of hubris that is opposite to the entrepreneurial process itself that requires one to start lean and small.

“Introducing entrepreneurship education in all levels of education has a substantial and rapid impact.”

Access to finance: While the ease of access to finance for early stage start-ups varies among the MENA countries, it has been a common challenge in the region. Early stage start-ups in knowledge and technology fields (i.e., ones that do not have physical assets to use as a collateral for bank loans) usually struggle to secure equity investments. More initiatives are needed to expand the culture and vehicles for venture investments, such as angel investment networks and venture capital funds.

Women participation: Although cultural attitudes towards women in the region have started to change in the last few years, it is not enough and not taking place rapidly enough. More entrepreneurship programs should be introduced which are specifically geared towards women, with specific emphasis on their needs and challenges. Mentoring programs, incubators and training programs would go a long way towards encouraging women to enter into entrepreneurship.

Entrepreneurial culture: Changing the culture is a long-term venture; however, there are specific initiatives that can be implemented in the short term to encourage a pro-entrepreneurship culture. Media plays a key role in promoting role models. More content highlighting the stories of entrepreneurs, and introducing their narrative in the different media channels, including traditional media (TV, radio, newspapers) and digital media. Introducing entrepreneurship education in all levels of education has a substantial and rapid impact. Additionally, including entrepreneurship in the public government narrative as a mean for economic growth.

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