

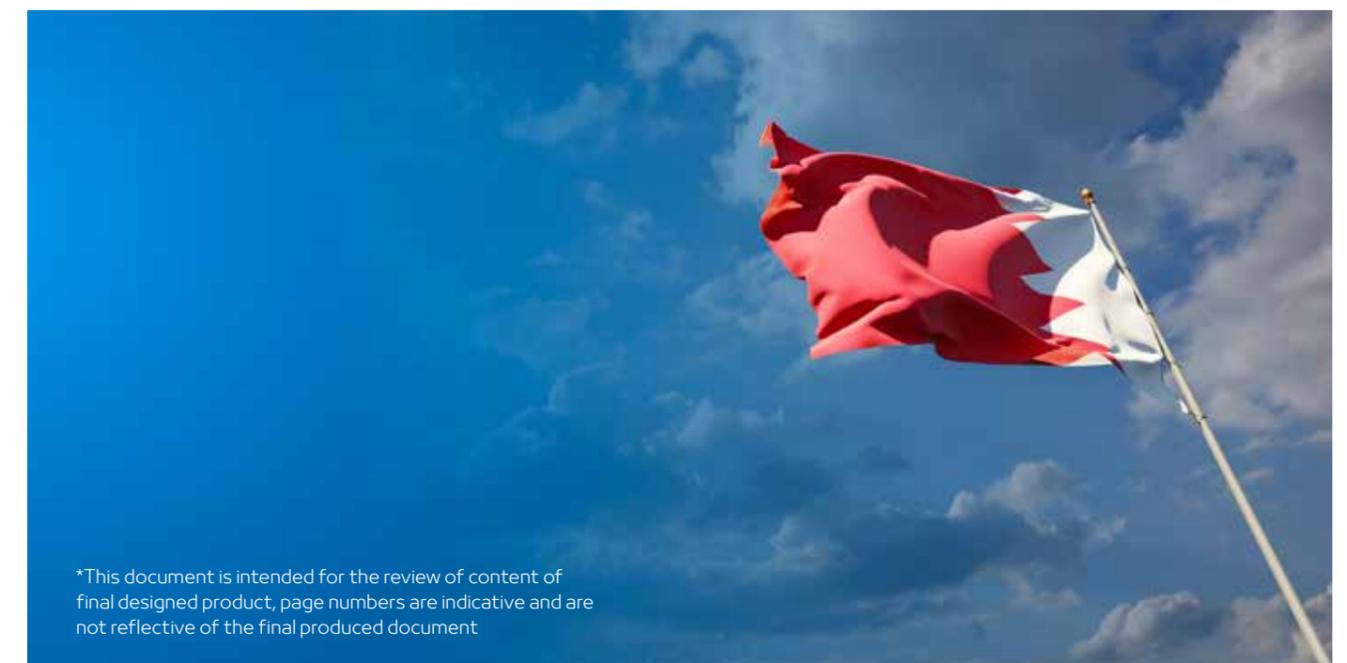
Finding Opportunity in a New Economic Reality

Concise Version Of 2021-2025
Strategy: **Fifth Cycle**

تمكين
Tamkeen

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*This document is intended for the review of content of final designed product, page numbers are indicative and are not reflective of the final produced document

**Tackling the
productivity gap to
create solid business
reform & contribute
towards Bahrain's
economic growth**





CE foreward

Over the past fifteen years, Tamkeen has played an instrumental role in realizing many of the strategic aspirations articulated in Bahrain's Economic Vision 2030.



Husain Mohamed Rajab
Chief Executive

We have helped encourage entrepreneurship as an increasingly popular alternative to what was then the default preference for government jobs. We have enabled tens of thousands of Bahrainis to develop their skills and build careers in the private sector, and we have supported many private businesses expand and diversify. Our work has been guided by our dual objective of making the private sector the engine of growth and making Bahrainis the employee of choice both locally and internationally.

We embark on our fifth strategy cycle under circumstances that are very different from those of 2006. Economic growth has been tested by oil price volatility, the government is continuing to reposition itself in the economy through the Fiscal Balance Program, and perhaps most palpably, the COVID-19 pandemic has disrupted most kinds of economic activity and challenged many long-standing assumptions and expectations.

Rapid technological change is the new norm that continues to disrupt established ways of doing business.

Against this backdrop of change and challenges, our new strategy is about productivity and impact. Our twin goals are more relevant than ever but meeting them is dependent on our ability to incentivize projects and activities that can accelerate our progress. Apart from skill development, higher productivity can be achieved by channeling more capital into higher-potential sectors or by supporting business model change at existing companies.

While COVID-19 has brought many challenges, it has also served as a catalyst of positive change. More and more businesses are now looking at digitalization as a critical initiative. The need to address new problems has led companies to question their old ways of doing business. By making businesses less labor-intensive, the adoption of technological solutions is paving the way for better jobs people can be trained for. Distance work and a shift toward increased labor market flexibility has become a tool for inclusion by making it easier for people to become economically active. Our new strategy is about embracing and building on these changes to create an economy that works for all.

We work with enterprises to build their capabilities and allow them to innovate, grow, transform, digitize, become more productive, and potentially internationalize. We also work with Bahraini talent to help them upskill and re-skill, ensuring that they are competitive both locally and internationally.

Today, the need for us to do more is greater than ever. But we can all take comfort in the changes that we have begun to see. By putting productivity front and center of our work, by encouraging adaptability, and dynamism, we achieve much more in terms of enabling the private sector to lead and to create jobs that bring sustainable prosperity. I invite you to join us in welcoming change as an opportunity to innovate and achieve sustainable growth.

Husain Mohamed Rajab
Chief Executive

Strategy objectives



Tamkeen is unveiling its new 2021-2025 at a critical time in Bahrain's economic development journey. Change is the new norm in the global economy and many long-standing assumptions, behaviors, and activities have been profoundly disrupted by technological innovation and the COVID-19 pandemic. Painful as some of these disruptions have been, change also offers a lot of positive potential. This strategy is about identifying those positive changes and turning them into a sustainable foundation for a strong economic recovery. We now face an unprecedented opportunity to realize the long-standing aspirations of a productive, diverse economy underpinned by technology, skills, and knowledge in a way that can bring better opportunities to more people.

Our 2021-2025 strategy rests squarely on Tamkeen's two primary mandates that continue to define and guide its transformative mission:

- Making the private sector the main driver of economic growth
- Making Bahrainis the employees of choice

Tamkeen has achieved a great deal in the past 15 years by popularizing the ideas of entrepreneurship and skill development in an increasingly diversified economy. But much more is needed going forward. A private sector can only sustainably drive growth by being productive and dynamic, both in the aggregate and at the level of individual businesses. Making Bahrainis the employees of choice requires a strong private sector that demands skills but also a labor market that works more efficiently and flexibly. In this context, Tamkeen can help develop the skills and competencies growing businesses require while also supporting flexible employment opportunities and entrepreneurship.

We aim to achieve this by:

- Incentivizing positive change by explicitly linking our support to economic outcomes
- Prioritizing productivity both by enabling high-potential sectors and encouraging business model changes at individual companies
- Proactively supporting well thought-out, economically viable projects

- Embracing additional tools and modalities for accelerating the development human capital for market needs and emerging opportunities

Realizing these ambitious aspirations is only possible if we commit ourselves to evaluating Tamkeen's own performance and effectiveness on an ongoing basis. To this end, we will link our support to measurable Key Performance Indicators (KPIs) focused on economic growth, quality job creation and progression, stronger companies, and enabling investment. These are all key building blocks of a healthy, resilient economy. We will continuously measure our organizational performance and the impact of our programs to ensure we are working as efficiently as possible to realize our ambitious mandate.

Strategy framework



Tamkeen's new strategy focuses on making productivity the key growth driver and supporting the sustainable development of Bahraini individuals and businesses. The strategy has three primary goals that reflect these ambitions:

1. Labor Market Inclusion:

We seek to encourage economic participation through multiple channels, including self-employment and part/flexi-time employment. We want to enable the creation of sustainable quality employment opportunities through flexible and responsive skill development mechanisms.

2. Innovative Disruptors:

New ventures can be powerful drivers of economic change, as shown by technological innovators during the pandemic. We want to proactively enable productivity-driven, scalable entrepreneurship that addresses real economic issues through a team of founders with diverse skills and experience.

3. Corporate Dynamism:

A productive economy requires productive companies. We want to help existing companies review their business models, incorporate technology, and identify growth opportunities. Where possible, we want to seed research and innovation capacity. More technology-intensive, dynamic businesses can serve as a source of quality, skills-based employment.

Our approach

Tamkeen can only effectively deliver on its mandate by proactively prioritizing economic development and impact. Our strategy is designed to help Bahraini businesses and individuals successfully seize the opportunities that the new economic realities facing us represent. Above all, we want to enable productivity-led growth that is needed to deliver higher living standards for all.

A productive economy is dynamic, welcoming to new disruptive business ideas but also pushes existing companies to compete by pursuing new market opportunities and better cost management while continuously thinking ahead and innovating to succeed in the market. Two areas are of particular importance in delivering higher productivity:

1. Encourage more investment in high-productivity sectors, such as manufacturing, information technology, financial services, and telecommunications.
2. Encouraging and incentivizing change within existing businesses through increased technology adoption and broader business model overhauls, behaviors that the pandemic has already forced upon many companies. Such change is even more important because the new economic realities are making it even more important for companies to achieve economies of scale whether through exports, partnerships, or even consolidation.

“To boost productivity, the Gulf economies need smarter capital allocation, better governance, and increased efficiency in resource use. Regulatory reform, financial market development, and government support are needed to shift more capital into activities where productivity gains are more easily achievable, whether through technology, skills, or scalability, not least through exports. COVID-19 may have facilitated the change by pushing traditional businesses to pursue new ways of operating through digitalization.”



Dr. Jarmo T. Kotilaine
Chief Strategy and
Data Analytics Officer

More and better jobs through technology

We see an unprecedented opportunity to support structural change in the labor market where digitalization has emerged as a powerful driver of participation and flexibility. It is challenging the rigidity of traditional employment practices by making it easier for people to gain access to economic opportunities. A rapidly growing population of digital nomads work with customers around the world. Many online platforms offer freelancing opportunities for instance in creative industries. Digitalization not only constitutes the new norm for connecting with customers and partners but does so in a way that is no longer geographically confined.

Technology is also reshaping the workplace, a process greatly accelerated by the pandemic. More and more jobs are no longer exclusively linked to a given physical location during predetermined hours and the idea of hybrid work is gaining currency.

A more flexible workplace can be a powerful tool for inclusion, especially for people unwilling or unable to work in traditional full-time employment but also for catering to temporary or seasonal employment needs of companies. The potential is particularly compelling for women who remain less economically active than men and now potentially face less of a binary choice between their careers and family responsibilities. The option of working part time, more flexibly, or remotely will translate into new opportunities for economic participation and career development.

Technology integration is changing the operating models of many companies. This is reducing their labor-intensity, a process that not only pushes up productivity but also builds resilience and flexibility while helping make the private sector a source of better, more skilled jobs. Such jobs pay higher salaries and are ones Tamkeen can train people for.



Economic change through innovative businesses

The growing popularity of entrepreneurship in recent years has been an extremely important, transformative economic development and one that Tamkeen has contributed to a great deal. Particularly impressive growth has been seen in sectors such as retail, food and beverage, construction, and personal services. But these markets are now displaying evident signs of saturation and in some cases face disruption because of technological change and evolving consumer behavior. Their impact on quality job creation for Bahrainis is typically limited. We want to build on the strides made so far in encouraging company creation to strive for an even stronger entrepreneurial culture driven by innovation.

Start-up businesses have always been an important driver of economic change by introducing new ideas and solutions that can offer superior value. The need for such economic disruption today is unprecedented, with a massive opportunity for new ventures to address real economic issues in creative ways. Moreover, today's technology-based start-ups offer scalable solutions and hence possess the ability to grow quickly far beyond the confines of Bahrain's small domestic market.

Future success and economic impact are also linked to the way companies are formed and structured. Strong, innovative businesses are often established by teams of founders bringing together different skills sets, networks, and resources. This dramatically improves their chances of success and sustainable growth.

We recognize that start-ups cannot be the sole source of innovative ideas. In a world continuously reshaped by technological change, the need for creative thinking and innovation capacity is universal. We want to encourage tie-ups between start-up businesses and established corporates but also to make it possible for all companies to embrace dynamic change by seeking to address problems through research and innovative solutions.

During the current strategy period, Tamkeen will pursue a number of priorities in order to help create a more economically active and productive labor force:

- Boost economic participation by increasing flexibility where possible while ensuring that this does not happen to the detriment of traditional full-time jobs

- Encourage technology adoption by businesses to upgrade and diversify jobs
- Permit increased participation through self-employment
- Support structured internships and apprenticeships by engaging HR functions to boost the employability of fresh graduates and jobseekers through technical skills

- Encourage the range of available training options by leveraging technology, for instance by supporting recognized online training courses
- Encourage the career progression of Bahraini employees through structured training solutions
- Support the development of new and emerging skills

The 2021-2025 strategy for the start-up segment will focus on three key objectives:

- Increase the number of startups
- Increase startup quality
- Provide better access to funding solutions

Growing enterprises through greater dynamism

The aspiration of putting the private sector at the forefront of driving growth is central to the mandate and mission of Tamkeen. During a period of fiscal consolidation, the need for the private sector to do more is greater than ever. Yet, it is difficult to sustainably grow the private sector unless it is made up of companies that themselves expand. Growing companies reap economies of scale, build resilience, and productivity and, ultimately, contribute more to the economy, not least through more and better jobs.

There is an opportunity to do a great deal more to instill a culture of dynamism in the local corporate sector. Such businesses can drive structural change and create a more diverse, productive economy. For instance, more than three-quarters of Bahrain's merchandise exports are today made up of the output of oil refining and metal manufacturing. The vast majority of local businesses are not export-oriented. Yet, expanding beyond the confines of Bahrain's market offers one of the most compelling growth opportunities available and doing so will build stronger, more competitive businesses.

As we seek to enhance growth and job creation, productivity will be key. Productive businesses are ones that mobilize their resources more efficiently to deliver superior outcomes. Productivity comes from thinking ahead to bolster competitiveness, seek opportunities for improvement on an ongoing basis, and manage costs better.

Especially after the pandemic, there is a compelling case for all companies to review their business models to see where they can rationalize their operations.

Today, there are multiple opportunities for Bahraini companies to achieve higher productivity, which in turn will entail higher profits and wages. A case in point is digital technology which the pandemic has done a great deal to popularize technology and make it increasingly cost-effective. It can allow companies to do more with a less labor-intensive model while also building flexibility and resilience. Similarly, outsourcing non-key processes can deliver more cost-effective solutions for businesses.

Skill development is an important driver of productivity, an area where Tamkeen has an impressive history of partnering with local individuals and businesses to do more.

This remains a key priority, above all in areas where it can deliver more, and enhance employment opportunities and career progression underpinned by skill development.

Energy efficiency and renewable energy have gained salience with higher power tariffs. They can help companies save their costs and build resilience while also contributing to more sustainable development. The renewable energy sector is a source of skilled jobs.

Scale is growing in importance. While tapping new market opportunities can help, many businesses can also scale up through partnerships and even mergers and acquisitions.

The growing need for business model overhauls and technology adoption will inevitably require some capital. Tamkeen will support businesses in strategically important areas, but it is also essential to further enhance the way capital in general is pooled and allocated. Among other things, our partners in the financial services sector will have a key role to play in ensuring adequate access to financing solutions.

Tamkeen aims to boost the productivity of the private sector by:

- Enhancing the sector's ability to find innovative solutions
- Improving access to finance

- Providing more holistic support combining financial and advisory support
- Unlocking sources of capital ensures their continuous growth towards becoming more resilient and sustainable

Tamkeen will increase Bahraini employment and labor productivity through:

- Strategic workforce transformation-changing the employment environment by partnering with HR departments to achieve Human Capital excellence
- Match skillset to market needs



Looking forward to the future

Tamkeen's mission is more relevant than ever in the wake of the pandemic, as well as the broader structural economic changes in the Gulf region and beyond.



Tamkeen's mission is more relevant than ever in the wake of the pandemic, as well as the broader structural economic changes in the Gulf region and beyond. Our commitment to labor market inclusion, innovative entrepreneurship, and corporate dynamism reflects the needs of the market today but will also build a stronger basis for sustainable development going forward. Only an economy and a private sector underpinned by productivity can deliver quality employment and higher living standards on an ongoing basis.

An important part of delivering on our strategy comes from having an organizational structure and processes that can help us identify the best opportunities, achieve efficient service delivery, and evaluate our performance on an ongoing basis. With the economy constantly evolving, we must make Tamkeen a data-driven organization with an up-to-date view of the market dynamics at all levels. We need to understand how effective our interventions are and stand ready to tweak them as needed to bring us closer to our objectives. Our work must be guided with clear key performance indicators at all levels.

We also need a new partnership with our customers and beneficiaries.

During its build-up phase, Tamkeen worked to maximize its reach through standardized programs. While our commitment to all Bahraini individuals and enterprises stands undiminished, it is essential that our resources are channeled into areas where they can deliver the most impact. Therefore, emphasis will be placed on not just the nature and scale of support we provide, but above all the outcomes that it is expected to deliver. Hence, we are restructuring our application process to encourage applicants to come to us with well thought-out plans while also providing sufficient information about their track record.

Our support will be linked to clear KPIs that are consistent with our organizational goals. The purpose of Tamkeen's programs is to make a difference, help foster more successful individuals and stronger companies. This is only possible if we focus on the outcomes of our collaboration with the private sector, not just the inputs, the structure and scale of the support provided.

We recognize that money by itself is not always a sufficient solution, and its effectiveness can be reduced when people do not have access to the right information. With this in mind, we are beefing up our ability to provide business intelligence,

mentoring, and advisory solutions. We want to not just enable people to do new things but to do so with success and impact.

We will continuously evaluate our performance and that of our beneficiaries in order to make sure that we are making the most of our resources and helping our customers achieve the best possible outcomes. By doing this, we hope to reach a new level in realizing our twin goals of making Bahrainis the employees of choice and putting the private sector at the forefront of driving economic growth.

Challenging as this period of a global pandemic and structural economic change has been, it is an opportunity to build flexibility and resilience that will allow Bahraini businesses and individuals to not just emerge stronger but also create the basis for faster, better development in the years ahead. We look forward to working with all our partners to build a stronger economy to the benefit of all.

