What’s central to Bahrain’s success this year?
How working together is delivering results.
2018 at a glance

Breaking records
2018 at a glance

US $830m
new direct investment

92
new & expanding companies

4,772
new jobs created

Sector contribution to Direct Investment (DI)

US$ 526,355,372
Tourism, Real Estate, Education, Healthcare

US$ 39,010,786
ICT

US$ 200,325,654
Manufacturing, Transport and Logistics

US$ 64,412,201
Financial Services

2017 2018

- DI +13%
- Companies +29%
- Jobs +68%
2018 highlights

Key new initiatives

- Electronic Communications and Transactions Law
- Electronic Transferable Records Law
- Law on the Provision of Cloud Computing Services to Foreign Parties
- Al Waha Fund of Funds

Key global rankings

1st
- Conway Best to Invest in MENA Award
- Globally for expat satisfaction 2017 & 2018 (InterNations)
- in MENA Human Capital Index (The World Bank)
- in MENA ICT Readiness Index (ITU)

2nd
- in Global Connectedness Index (DHL)
- in Global Islamic Finance Development Index (Thompson Reuters)

Key events

- FINTASTIC Week: 19-21 February
- TECHWEEK Bahrain: 6-11 March
- STARTUP WEEK: 30 September-8 October
Welcome to Team Bahrain.

This year marked a range of important milestones for the Kingdom’s investment offering. In an era requiring renewed governmental fiscal responsibility, the Kingdom of Bahrain has used 2018 to further redefine the role of the public sector from the primary engine of economic growth, to a private sector enabler and regulator.

The progression of our smart oil economy is ensuring that growth and innovation is driven by access to finance and a regulatory environment that supports new and growing businesses.

Crucial to these efforts is Team Bahrain - all of the Kingdom’s people who together support our national progress. Thanks to them, we have created a flexible and cooperative business environment that is generating more opportunities, more innovation, and more jobs.

At its heart, Team Bahrain is centred on our people, who work together to achieve greater national prosperity. I am delighted to welcome you to the EDB Annual Report of 2018 and Team Bahrain.


Chief Executive’s message

2018 has been an outstanding year, a year which Team Bahrain can rightly be proud of.

Investment levels reached a new high, around US$ 830 million – an increase of 13.2% on 2017 numbers. Against strong competition, Bahrain’s business environment coupled with the Team Bahrain approach has captivated world-class champions and market leaders such as Amazon Web Services and FinTech giant Finastra.

Such successful innovators have found a place in Bahrain to thrive and are major contributors in our push towards a digital economy.

In total, 92 new companies joined our family in 2018 and have powered job creation, generating a total 4,772 job opportunities. Clearly, the formula we have developed here in Bahrain is working. By fostering an entrepreneurial environment, free from restrictive regulations, we have built a valuable economic platform: a hub that is becoming central to the Gulf regional economy. We look forward to 2019 with excitement, as Team Bahrain grasps ever more significant opportunities.

H.E. Khalid AlRumaihi, Chief Executive
What makes Team Bahrain?

Bahrain’s government comes together to solve problems and create a coordinated, supportive environment where business can thrive, as well as delivering record investment for the Kingdom. As you will discover, Team Bahrain means understanding that people come first. It’s a total philosophy comprising three key areas – collaboration, agility and responsiveness – that determine everything we do.

Our approach: investor-centric
Team Bahrain recognises that one size doesn’t fit all. Our investor-centric approach is tailored to the needs of the individual to ensure you get the most from your investment in Bahrain and the support you need to feel at home in the Kingdom. That’s what being business friendly is all about.

Responsiveness – simply, we listen.
Team Bahrain is front-footed and action-oriented. We’re receptive to the needs of investors, understand where the challenges lie and are proactive in removing obstacles or creating policies and initiatives that will make our Kingdom yet more business friendly.

Collaboration – your success is our success.
Team Bahrain brings together the right experts, influencers and decision-makers in a coordinated approach across the public and private spheres. It creates opportunities, solutions and a supportive environment where your business can thrive, and builds a stronger and more prosperous Bahrain for all.

Agility – creating first-mover advantage.
Team Bahrain gives investors a competitive edge by cutting red tape, connecting clients directly to key decision-makers and creating a future-focused business environment that adapts to embrace emerging trends and opportunities across our focus sectors.
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In 2018, Bahrain consolidated its position as the GCC’s most experienced financial services hub and its most progressive. The Kingdom is dedicated to innovation and is backed by our unique Team Bahrain approach. This helps ensure the ideal conditions for business success and is proven in Bahrain’s thriving FinTech ecosystem – a community in which companies can genuinely innovate.

Shared success

18 new & expanding companies

317 new jobs

US $64.4m new investment

8% contribution to DI

Bahrain scored highly in key 2018 rankings:

MENA FinTech Hub of the year

Awarded by digital group finance platform FinTech Galaxy

2nd globally for six consecutive years: Islamic Finance Development Report

1st globally in Islamic Finance regulation (Islamic Finance Development Report)

International investors are responding strongly to Bahrain’s financial services offering. Team Bahrain has helped open up opportunities for businesses entering the region and in 2018 we welcomed no fewer than 18 further private-sector partners. Together, these generated a healthy US$ 64.4 million in investment and created 317 new jobs.

Collaboration

A mutual purpose

Success snapshot: Bahrain FinTech Bay launch

Since February, Bahrain has been home to Bahrain FinTech Bay, the Middle East and Africa’s largest FinTech hub. The launch resulted from a Team Bahrain approach which brought together representatives from the Bahrain government and a private sector partner, FinTech Consortium. In addition, we have been delighted to support the creation of a dedicated FinTech & Innovation Unit at the Central Bank of Bahrain and promote the introduction of new FinTech-related regulations such as the Regulatory Sandbox and Crowdfunding.

Khalid Saad, CEO of Bahrain FinTech Bay, welcomed the power of this collaborative approach: “We are excited to open Bahrain FinTech Bay with the support of our founding partners who represent some of the world’s and region’s leading financial and technology institutions. With their support, we look forward to facilitating collaboration across borders and between government, corporations and start-ups to accelerate innovation in the financial services sector and wider economy, both here and around the world.”

The initiative has made a robust start, with over 50 partners and more than 30 residents from Bahrain, the region and beyond. Commenting, H.E. Khalid Al Rumaihi, CE of the EDB, said: “Bahrain FinTech Bay will play a central role in growing the supportive ecosystem that is necessary for innovation to thrive.”

Businesses that benefited from Team Bahrain in 2018 include:

- BANK OF JORDAN
- BRIDGE
- PIKIO
- MUNIY

18 new investment

8% contribution to DI

US $64.4m new investment
Agility

Sheer acceleration

Our focus on FinTech has gone a considerable way to create a community with a strong regional reputation for innovation. In 2018, we built on Bahrain's success as a magnet for leading-edge businesses offering exciting financial technology. Our approach was well proven and opened up a wealth of new opportunities, particularly for accelerators.

Embracing emerging opportunities

Accelerators: with an active ecosystem, backing of the EDB and funding from Tamkeen, the government agency responsible for training and workforce development, there is excellent scope for FinTech-focused hubs and especially accelerators to succeed in Bahrain.

Recently Accelerate Me launched as a joint venture between Nest and American Express Middle East, and the region's first global corporate FinTech programme. Indeed, Nest is keen to continue working with other financial services firms in Bahrain as a result of this initiative.

Women in FinTech Network: Bahrain recognises the importance of giving women greater influence in the industry, including encouraging more of them to participate in FinTech. The Kingdom benefits from a solid base of professional women in the sector and the launch of the Women in FinTech initiative formalises the role of this key group, as well as creating commercial opportunities and a support system.

Responsiveness

An open culture

As with all our target sectors, at the EDB we take great care to create and support a forward-looking business climate by listening to the needs of financial services investors and reacting swiftly and effectively with measures that deliver tangible results.

New policies and key initiatives

Our Team Bahrain approach is aiding development of the financial services sector through promotion of wide-ranging measures. In 2018 these included:

Trusts Law: launched by the Central Bank of Bahrain (CBB) in 2016, this continues to be refined in consultation with the industry and has been given new focus in 2018. The law recognises trusts established and governed by the laws of a foreign jurisdiction.

e-KYC (Electronic Know Your Customer) initiative: the Benefit Company (BENEFIT) has signed an MoU with the Information & e-Government Authority (IGA) to implement an e-KYC framework for the banking sector and beyond. The solution will streamline customer on-boarding for banks and reduce the burden on institutions and consumers alike.

RegTech and InsurTech: the CBB has endorsed the extension of financial technology into two new areas – regulation (RegTech) and insurance (InsurTech) – through consultation with participants in Bahrain’s National Economic Strategy.

Both sub-sectors are a focus for 2019, backed by two major events organised by Bahrain FinTech Bay, the RegFact regulatory conference in February and InsurByte insurance conference in May 2019. In addition, the CBB has launched an open consultation on crypto asset exchange and open banking.

Open banking: the CBB has finalised regulations for open banking that govern both account aggregation and payment initiation.

2019 Investment opportunities:

- Open banking
- Crowdfunding
- Payments

Embracing emerging opportunities

Financial services

Financial services
Tourism, real estate, education, healthcare (TREH)

Bahrain is building capacity to support its growing tourism industry, as well as three further important sectors. Healthcare is a new, high-potential area for investors with significant opportunities in the tech space. Education is also emerging as a key focus that underpins success through skills generation and improvement. Real estate is mature, but continues to develop and strengthen.

New & Expanding Companies

- 22 new & expanding companies

Contribution to DI

- US $526.3m new investment
- 63% contribution to DI

Success snapshot: Jumeirah Al Sahel

A major family destination resort taking shape on the south-west coast of Bahrain, Jumeirah Al Sahel Resort is the brainchild of Al Sahel Resort Company, a joint venture partnership between Bahrain’s sovereign investment arm, Mumtalakat, and Sama Dubai.

The US$ 250 million collaboration between Bahraini and UAE investors was established to support the long-term tourism development ambitions of the Kingdom. However, Bahrain was chosen for its track record and potential in developing unique destination resorts that attract tourists from across the globe.

Our Team Bahrain approach has been instrumental in making Jumeirah Al Sahel Resort happen. Development of the resort has been led by Al Sahel Resort BSC, in cooperation with its major shareholders, Mumtalakat and DPG, supported by the EDB. Our role has been to work alongside the ownership company to provide market statistics and information, licensing process assistance, real estate development overviews and stakeholder alignment. The EDB also highlights the project in marketing efforts promoting Bahrain’s overall investment climate.

Jumeirah Al Sahel Resort itself will offer 1.25km of coastline and around 200 guest rooms in its first phase, along with F&B and leisure facilities. It is located on a 712,000m² plot of land on the southwest coast of the Kingdom, with the Resort occupying 365,000m².

In order to ensure the facility is world class, the ownership company contracted the globally-renowned Jumeirah Group. UAE-based Jumeirah has had great success in operating resorts throughout the region.

Businesses that benefited from Team Bahrain in 2018 include:

- GOLDEN GATE
- ADVENTURE CUBE
- BRITISH SCHOOL OF BAHRAIN
- JUFFAIR SQUARE

Common ambitions

All four sectors had noteworthy successes, including healthcare which grew at 5%. Our Team Bahrain approach has helped realise cross-sector investment opportunities and enabled newer offerings to grow quickly and positively. In 2018, we welcomed 22 private-sector partners, generating US$ 526.3 million in investment and 1,789 new jobs.
Agility

Growth in tourism, real estate, education and healthcare is among Bahrain’s most dynamic. It continues apace and we are actively helping sustain the momentum. Our Team Bahrain approach is invaluable: each sector is highly segmented, so the EDB’s front-foot stance makes life simpler for investors and reduces development cycles short by minimising intervention.

Embracing emerging opportunities

Tourism: there’s a strong appetite for investment in key areas of the tourism sector including retail, food service and tour operation.

Real estate: backed by strong construction growth, investment continues to be a primary focus, with strategic opportunities that include retail and entertainment destinations, as well as luxury mixed-use urban developments such as Bahrain Bay. The launch of the Real Estate Regulatory Authority (RERA) in 2018 provided further stability in the market, raising confidence among real estate investors.

Education: private investment in education is having a positive impact on Bahrain’s education ecosystem. There is considerable activity among kindergartens, primary/secondary, tertiary/university and vocational education, as well as in professional development.

Healthcare: Bahrain’s healthcare sector is opening up to new possibilities, with a focus on developing centres of medical excellence. The first phase of King Abdullah Medical City, a US$ 270 million multi-use project, is due for completion in 2020. This is already generating sub-sector opportunities and will create more than 800 medical jobs.

Responsiveness

As we build and develop our sector offerings we’re constantly mindful to create a business friendly environment that genuinely caters for investor needs. Through careful listening, we strengthened two strong tenets of our business offering: 100% foreign ownership and regulatory support. Investors in tourism, real estate and retail will particularly benefit from greater operational control and stability.

Embracing emerging opportunities

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New policies and key initiatives

We introduced a number of policies and initiatives this year to enhance the Kingdom’s attractiveness to foreign investors in terms of ownership and the solidity of our regulatory environment.

100% foreign ownership: we continue proactively to expand the sectors where we offer 100% foreign ownership and in 2018 added tour operators and selected retail operators. Maritime leisure operations simply await licensing procedures before also being confirmed.

RERA: Bahrain has always offered investors a strong regulatory environment. Now, opportunities emerging in real estate will be enhanced by the launch of RERA, the Real Estate Regulatory Authority. This will support investors and boost the industry by regulating and overseeing development of the Kingdom’s real estate development projects.

2019 Investment opportunities:

Tourism
- Retail; food service; leisure attractions; tour operators

Real estate
- Mixed-use developments; resort development; infrastructure investments; real estate technology companies

Healthcare
- Health & medical technology; genome research & personalised medicine; public-private partnership (service privatisation); specialised services

Education
- K-12 schools; tertiary programmes; training providers (executive/professional); education support
Bahrain’s strategic location, infrastructure and trade agreements give cost-effective access to the GCC and global markets, while our Team Bahrain approach really counts in ensuring supply chain efficiency. For companies in MTL, it’s why we offer the region’s best processing of trade goods, with among the shortest clearance and transit times between seaport, airport and logistics processing zones.

In 2018, the MTL sector contributed a major share of Bahrain’s record-breaking DI inflows, which stood at US$ 830m by year end. Our collaborative Team Bahrain approach is clearly effective: we attracted 32 more companies who want to capitalise on expanding GCC opportunities, creating US$ 200.3 million in investment and 2,222 high-quality jobs.

Businesses that benefited from Team Bahrain in 2018 include:

- JAS FORWARDING BAHRAIN
- INTEGRATED SERVICE SOLUTIONS (ISS)
- KUEHNE + NAGEL
- R&B LOGISTICS

Success snapshot: Mondelēz International

Mondelēz, one of the world’s largest snack companies, has had a state-of-the-art factory in Bahrain since 2008 that annually produces 60,000 tonnes of Kraft cheese and Tang products. Around 97% of output is exported, with 60% going to Saudi Arabia.

In 2018, Mondelēz opened its second ‘Best in Class’ biscuit facility in Bahrain. The US$ 90 million, 250,000m² plant will initially produce 20,000 tonnes of Oreo and belVita biscuits, as well as Barni cakes, and generate up to 300 direct jobs. Its 3 km production line will turn out an astonishing 10,000 Oreo’s a minute.

Through our Team Bahrain approach, we worked closely with Mondelēz to reduce the transit time from its Bahrain factory to Saudi Arabia by 70%.

This major achievement has been made possible by Mondelēz’s ‘one chain’ production model. An initiative backed by Bahrain’s Ministry of Industry, Commerce & Tourism (MOICT), the EDB and Tamkeen, it has proven effective in increasing flexibility and reducing costs.

As well as the direct jobs that Mondelēz has created, the investment will foster many more opportunities in Bahrain through local and international companies across the supply chain – from transport and logistics to retail, marketing and sales. It’s worth noting that Bahrain’s talented young workforce (one-third of the BIC plant staff) played a critical role in Mondelēz’s decision to grow its presence in the Kingdom.

Bahrain ranks strongly for MTL:

- DHL Global connectedness Index 2016, 2nd globally
- WEF Global Enabling Trade Index, 2nd in MENA
- World Bank 2018 Doing Business report, 2nd in MENA

Through our Team Bahrain approach, we worked closely with Mondelēz to reduce the transit time from its Bahrain factory to Saudi Arabia by 70%.

Collaboration

Delivering together

Manufacturing, transport, logistics (MTL)

Shared success

32 new & expanding companies

2,222 new jobs

US$ 200.3m new investment

24% contribution to DI

Bahrain ranks strongly for MTL:

2nd globally

for ease of doing business

2nd in MENA

WEF Global Enabling Trade Index

Businesses that benefited from Team Bahrain in 2018 include:

JAS FORWARDING BAHRAIN
INTEGRATED SERVICE SOLUTIONS (ISS)
KUEHNE + NAGEL
R&B LOGISTICS

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2019 Investment opportunities:

- Industrial services
- Supply chains including renewable energy & waste management
- Regional distribution
- Pharmaceuticals
- FMCG

New policies and key initiatives

- Industrial land applications: strong industrial growth and unprecedented demand by manufacturing for premises has led the Ministry of Industry, Commerce and Tourism (MOICT) to cut the time to process industrial land applications to a guaranteed 18 days.

This new measure has already been successful – not only have improvements to the application process increased allocations by 69%; the introduction of an online service in 2018 has further helped streamline the process.

- ‘First Point of Entry’: this initiative will allow Bahrain International Airport and the Khalifa Bin Salman Port to conduct all customs processes and procedures and government authority approvals on behalf of Saudi Arabia, which will enable even faster entry to the KSA market.
Through early market reform and early deregulation, Bahrain has an advanced, liberal ICT infrastructure. Our continued focus on the development and performance of our ICT business environment is clearly recognised. In addition to the rankings below, Bahrain is 6th globally for the future orientation of our government in adapting to going digital (WEF 2018).

Collaboration

Networking innovation

With our pro-business ethos, support for entrepreneurial culture and super-connected physical networks and location, Bahrain has already garnered a strong ICT ecosystem comprising local and international companies. Our Team Bahrain approach helps take this further: 20 new ICT companies joined us in 2018, generating US$ 39 million in investment and 444 jobs.

Shared success*

- 20 new & expanding companies
- US $39m new investment
- 444 new jobs
- 5% contribution to DI

Bahrain takes the lead in ICT:

- 1st in MENA ICT Development Index (ITU)
- 2nd in MENA e-Government Development Index (UN)
- 3rd globally internet use: 98% of population (WEF 2018)

Businesses that benefited from Team Bahrain in 2018 include:

- THALES
- ADSERTOR
- DUAL NETWORKS
- HBS SOLUTIONS

Success snapshot: Thales

Thales, the international defence, aerospace, space, security and transportation group, has opened a dedicated office in the Bahrain’s Financial Harbour. The new office enables Thales to be closer to its long-standing customers (it’s been in Bahrain for 30 years) and support the Kingdom in its Vision 2030 programme.

With more than 50 employees from 10 nationalities, the new office also reflects the company’s aim to strengthen localisation and foster local talent.

Best known for airport security and operations management at Bahrain International Airport, the company will now focus on driving innovation and technological know-how.

As an historic partner to Bahrain, it will provide solutions and services to new and existing customers across its entire portfolio.

Thales regards Bahrain as being strategically crucial to its Middle East growth strategy: the Kingdom is a regional high-technology development hub hosting more than 200 e-Government services, while the local technology industry is expected to grow 10% a year to 2020. In addition, several ongoing defence, aviation and security projects that require advanced technology support, especially in secure digital solutions, offer huge market potential.

* Note: these are inclusive of start-up successes. Refer to page 30 for start-up figures.
Agility

Cloud & data centres: we secured investment from Amazon Web Services in 2017; the company is due to open its first Middle East hyper-scale data centre in Bahrain during 2019. Investor potential is already becoming apparent. We are committed to a 'cloud first' policy and focusing increasingly on cloud solutions. Several new businesses have joined us in this sector and there are significant opportunities in related areas:

Gaming: through AWS, games developers can tap into a highly-developed infrastructure and reduce capital investment costs. Gaming is dynamic and growing in Bahrain which, due to its compact size, offers businesses a powerful regional testbed. And, naturally, we work closely with Bahrain’s gaming community to develop a rich offering.

E-commerce: rapid economic growth and domestic consumption are fuelling the rise of e-commerce, with the sector projected to grow in MENA to US$ 200 billion by 2020. Bahrain is active in generating opportunities and is an ideal hub to access key regional e-commerce markets including Saudi Arabia and Kuwait.

Embracing emerging opportunities

Responsiveness

Input, output

Since 1864, progressive measures have been integral to our ICT industry, to the extent that we consistently lead the Middle East in innovation. Team Bahrain amplifies our listening approach, resulting in initiatives that directly enhance the Kingdom’s supportive business climate. With several important policy changes, 2018 has been no exception.

2019 Investment opportunities:

Cloud & data centres
Cybersecurity
Gaming
E-commerce
IT services

New policies and key initiatives

ICT investors told us what they need to thrive. We therefore drove several key policies during 2018 to keep Bahrain’s commercial environment attractive and forward-looking.

Bankruptcy law: this will allow businesses – especially smaller enterprises – to make bold decisions with lower risk and greater support. Bahrain’s bankruptcy law is based on US Chapter 11 insolvency legislation, which enables companies in financial difficulty to restructure under court supervision. During administration, the management is allowed to continue business operation. Ultimately, the law should reduce liquidations and give entrepreneurs, start-ups and SMEs looking to launch and grow their business greater access to credit.

Personal Data Protection Law: with data, and data centres, becoming critical to Bahrain as an ICT hub, this legislation comes into force in August 2019 and is designed to enhance individual privacy. The law is similar to the European GDPR, but unlike other Gulf states’ data protection by applying to anyone who processes data in Bahrain but has no residence or place of business here, and requires them to appoint a local representative. It creates the role of data protection supervisor and imposes due diligence on data managers who use data processors.

Cloud computing services for foreign parties: this law aims to encourage cloud computing services and data centre investment. Authorities in designated states will retain jurisdiction over government and corporation data when they use approved data centres in Bahrain.

Instant connections

Amazon Web Services (AWS) estimates that 83% of MENA data centre traffic will be cloud based in 2019, while 10,000 data solution architects will be needed within five years. These are just two reasons we are moving quickly to develop its ICT sector while continuing to advance its National Cybersecurity Strategy to ensure confidence in the integrity of cyberspace, infrastructure, systems and data.

Instant connections

Embracing emerging opportunities

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Cloud computing services for foreign parties: this law aims to encourage cloud computing services and data centre investment. Authorities in designated states will retain jurisdiction over government and corporation data when they use approved data centres in Bahrain.
Bahrain values start-ups in driving economic diversification and creating skilled jobs. We are soon to be home to the first AWS data centre Region in the Middle East that will transform technology-based innovation. Our government supports a flourishing start-up ecosystem that benefits from a ‘Cloud First’ commitment, strong digital connectivity and the region’s lowest operating costs.

New investment to invest and provide grants to start-ups in Bahrain

US $15.3m new investment

11 new & expanding companies

219 new jobs

2% contribution to DI

Start-ups are powering ahead:

96 innovative start-ups in the growing StartUp Bahrain ecosystem

23 and counting accelerators, incubators and co-working spaces

$10 funding platforms to invest and provide grants to start-ups in Bahrain

Shared success

Collaboration

Companies and investors are drawn to Bahrain’s start-up ecosystem. The combination of our Team Bahrain approach and StartUp Bahrain ‘launchpad’ is a perfect example of private-public collaboration in providing opportunities for young companies with brilliant ideas to enter the region. In 2018, we welcomed 11 private-sector partners, generating US$ 16.3 million in investment and 219 new jobs.

Businesses that benefited from Team Bahrain in 2018 include:

- FLAT6LABS
- NEST
- FARAHH
- YALLABETTY

Success snapshot: Flat6Labs

Supported by Tamkeen, Flat6Labs, a regional start-up accelerator and seed capital provider that invests in bright, passionate entrepreneurs, has opened in Bahrain.

The company cites Bahrain’s exceptional talent pool – and our efforts in aligning education provision with jobs – as a key reason for choosing the Kingdom. They benefit from a ready supply of developers and computer scientists at all levels and have invested in 16 companies with a combined total of 360 applications from 35 countries comprising 45 nationalities.

As one of MENA’s most notable accelerators, Flat6Labs is expected to prove a vital asset to the Kingdom’s start-up scene. The launch will generate tremendous opportunities for entrepreneurs to initiate and expand regional operations, position Bahrain as an ideal start-up location and provide a steady pipeline for the rapidly-growing Bahraini venture capital industry. It’s a crucial development given the contribution that start-ups make to Bahrain’s economy in catching the eye of the GCC’s young, tech-savvy population.

Following official launch and first call for applications earlier this year, Flat6Labs Bahrain has accepted eight start-ups after receiving over 150 applications from more than 30 countries for their inaugural cycle.

“Team Bahrain has helped us at every step, from company registration and on-boarding of staff, to assisting with media coverage and ongoing support. They’re there to listen, react and help us towards achieving our goals.”

Ryaan Sharif, Flat6Labs Managing Director

Start-ups are powering ahead:

“Team Bahrain has helped us at every step, from company registration and on-boarding of staff, to assisting with media coverage and ongoing support. They’re there to listen, react and help us towards achieving our goals.”

Ryaan Sharif, Flat6Labs Managing Director
Agility

Outsmart the conventional

The growth of start-ups in the MENA region continues to be exceptional and the number of new FinTech companies alone is expected to reach 250 by 2020. Bahrain has moved smartly to encourage entrepreneurs, with measures such as reduced minimum capital requirements for new businesses, onshore crowdfunding and – in 2018 – the region’s first active venture capital fund of funds.

Embracing emerging opportunities

Al Waha Fund of Funds: in an initiative to nurture the start-up ecosystem in Bahrain and the region, the Bahrain Development Bank (BDB) announced the US$ 100 million Al Waha Venture Capital Fund of Funds (Al Waha FoF). It was launched at the Gateway Gulf Investor Forum in May 2018 under the patronage of His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and Chairman of the EDB.

The Al Waha FoF had its full close on April 30th 2018, with around US$ 35 million allocated to numerous venture capitalists. This new development indicates a huge leap for Bahrain and the MENA region as it eases the way for allocation of alternative funds to promising tech-driven start-ups.

“We are very pleased to announce the successful closure of the fund and we have already made encouraging progress in allocating the capital raised. One of the key constraints on the development of the start-up and technology ecosystem in the region is lack of access to capital – this fund can help to make a significant difference to that challenge, enabling entrepreneurs to realise the potential of their ideas.”

Shaikh Mohammed bin Essa Al Khalifa, Chairman, Al Waha Fund of Funds Advisory Committee

Responsiveness

Minds on fire

Entrepreneurs want to move fast – the time for their ideas is now and they simply can’t wait for bureaucracy to catch up. In our efforts to create an open, business friendly environment for start-ups, we listen and, notably in 2018, have been active in promoting initiatives that make a real difference.

2019 Investment opportunities:

- IoT (Internet of Things)
- Cloud-based solutions
- E-commerce platforms
- Tourism & booking apps

New policies and key initiatives

At the EDB we drive policies, initiatives and reforms that anticipate the needs of start-ups. Here are just two that took shape in 2018:

- Competition Law: this new legislation aids innovation, productivity and efficiency, as well as easing entry for new businesses into existing markets. At the same time, it prevents the formation of monopolies.

Tamkeen Minimum Viable Product funding scheme: MVP is a development programme that enables start-ups to benefit from a grant towards the development, design and testing of a first product, including creation of a prototype. A significant advantage is that the scheme enhances the credibility of investment pitches.
Future focus
Driven by global trends such as mass customisation, the need for optimised productivity and development of self-monitoring products, Industry 4.0 is fast bringing together traditional manufacturing and industrial practices with digital technology.

‘Smart factories’ now use striking innovations including large-scale machine-to-machine communication and IoT (Internet of Things) deployments, cloud-based sensors, human-machine interfaces, AI and even virtual and augment reality.

Bahrain is hosting the International Conference on Fourth Revolution in February 2019 to explore GCC countries’ challenges in moving to 4.0 and bring together leaders in the field to discuss trends and opportunities in the region.

Our focus for 2019

Digitalisation

Digitalisation (integrating digital technologies in daily life) is changing Bahrain. We’re using it to take the country’s financial services sector digital, highlighting our strength as a smart hub.

It’s not just through encouraging technology, we are ensuring that business is open to innovation, keeping regulation current to promote disruption; and allow the local workforce to think digital first. Our ambitions follow markets like China, where services like WeChat and Alipay handle all payment. We’re moving beyond traditional banks, where both the ‘banked’ and ‘unbanked’ will benefit from the ingenuity of digital banks, start-ups and disruptors.

Major trends – global and regional

- Global cybersecurity market by 2020: $183bn (Morgan Stanley)
- GCC automation market by 2023: $10.3bn (Messe Frankfurt)
- Global IoT market by 2020: $3.7tr (Gartner)
- Regional cost savings through i4.0: $17.3bn (PWC)
- Annual contribution to GDP by 2025 – unified Middle East digital market: $95bn (McKinsey)

86% of manufacturers expect cost reductions & revenue gains in next five years (Forbes quoting PWC global survey)

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<tr>
<th>Year</th>
<th>Value</th>
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Digitalisation

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Meet Team EDB

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@bahrainedb #TeamBahrain

We’re open Sunday to Thursday, 8am to 4pm (GMT+3).

We have representatives around the globe to answer questions about investment. They’re available in China, France, Germany, Hong Kong, India, Italy, Japan, Korea, Saudi Arabia, Turkey, United Arab Emirates, United Kingdom and the United States of America.

To learn more about the Kingdom of Bahrain, visit
www.bahrainedb.com

Bahrain Economic Development Board

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