



The Role of Government in Supporting Entrepreneurship & SME Development

Mohammed Bin Rashid Establishment
For SME Development

DUBAI SME 2011



Support for Entrepreneurship ... Why?

Seed pipeline of future enterprises, create a risk-taking culture, long-term economic development, employment creation...

Support for SME Development Why?

Economic pay-off to support growing SMEs to be global enterprises of tomorrow.



National SME Network





DUBAI SME – A government SME Development Agency



دائرة التنمية الاقتصادية
DEPARTMENT OF ECONOMIC DEVELOPMENT



مؤسسة محمد بن راشد للتنمية
المشاريع الصغيرة والمتوسطة
DUBAI SME



مؤسسة دبي لتنمية الصادرات
DUBAI EXPORTS



مكتب الاستثمار الأجنبي
DUBAI FDI



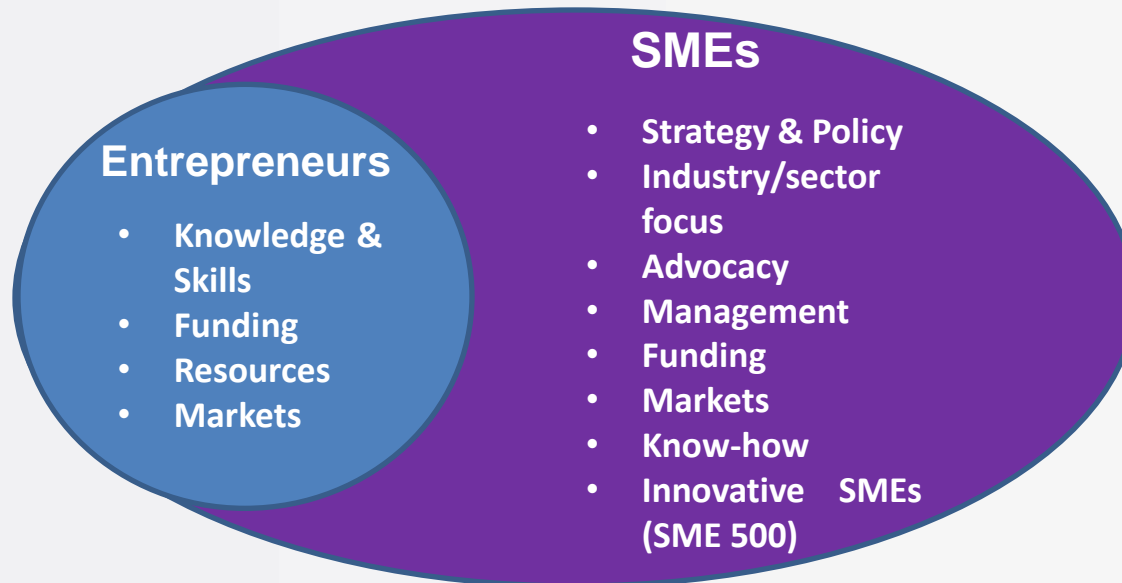
مؤسسة دبي للفعاليات والترويج التجاري
DUBAI EVENTS & PROMOTIONS



Expanding Entrepreneur Development Role to SME Development Role

Facilitate, Enable, Support and Develop

Programs focused on sectors – policy development and advocacy (remove barriers), training & capability development (sector productivity & competitiveness), incubation, access to finance and market access

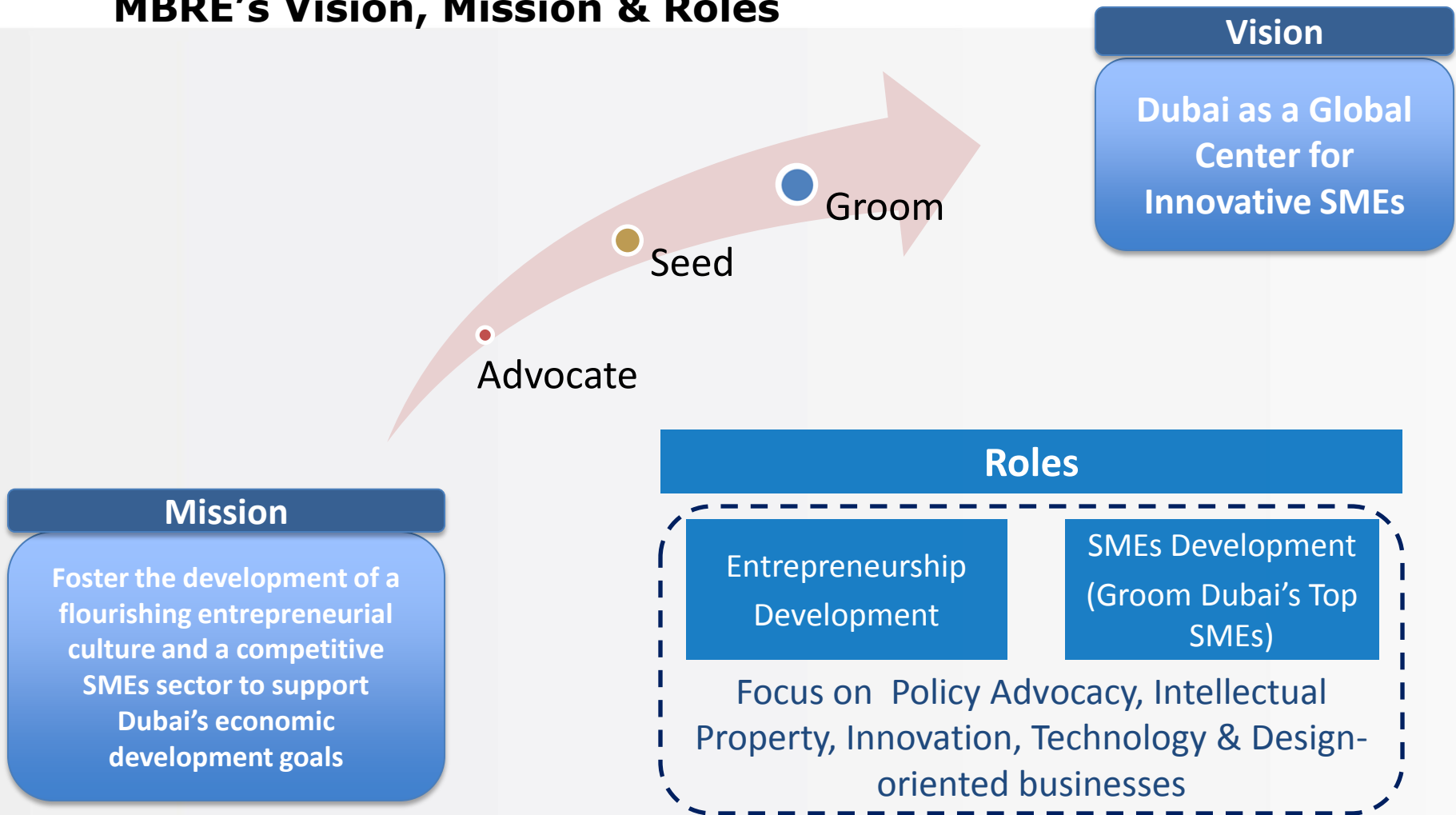


Focus on Intellectual Property (IP)

Creation, Attraction, Ownership, Protection, Commercial exploitation

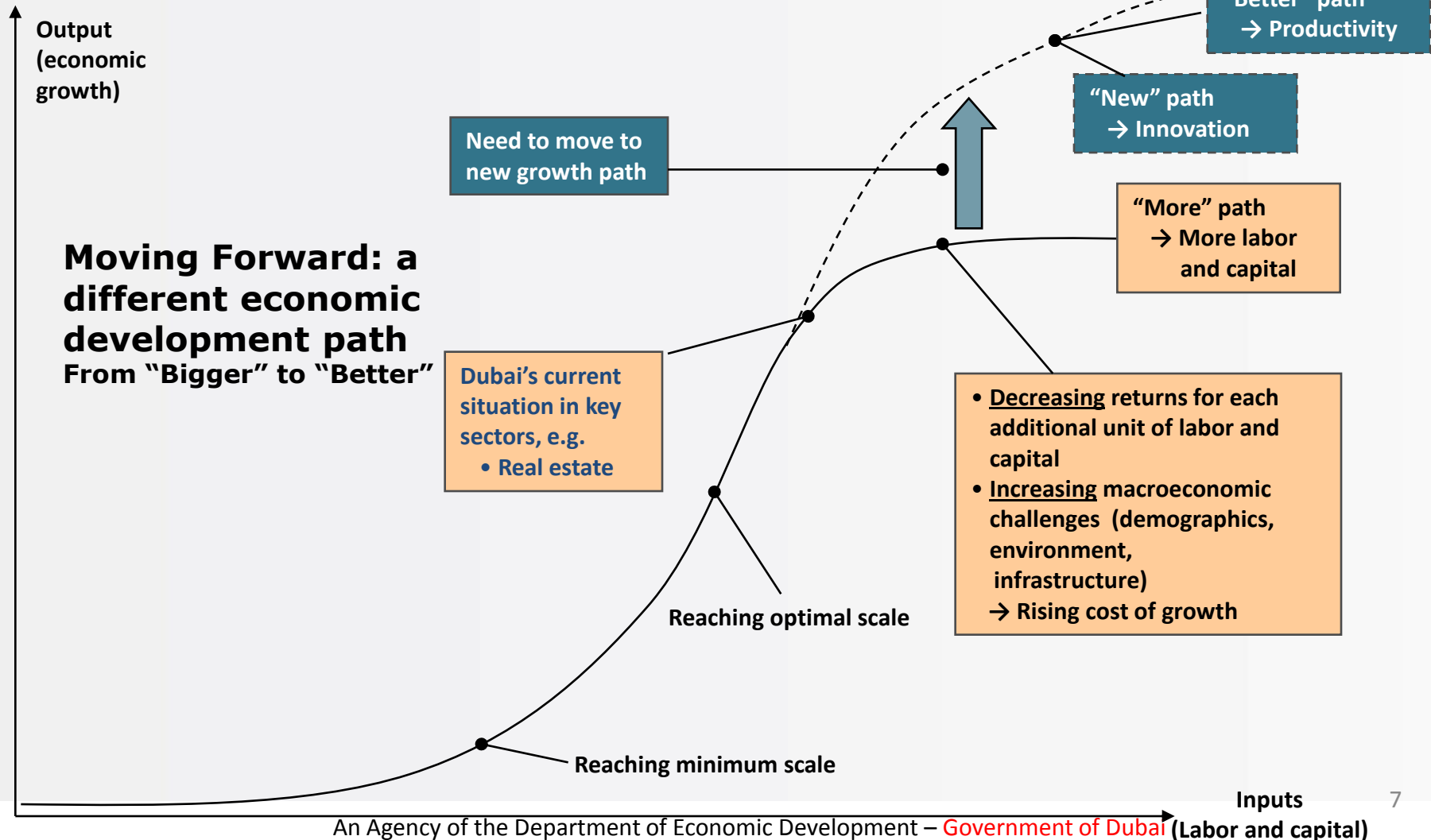


MBRE's Vision, Mission & Roles





Moving Forward - The New Economic Imperative





The Dubai SME Definition

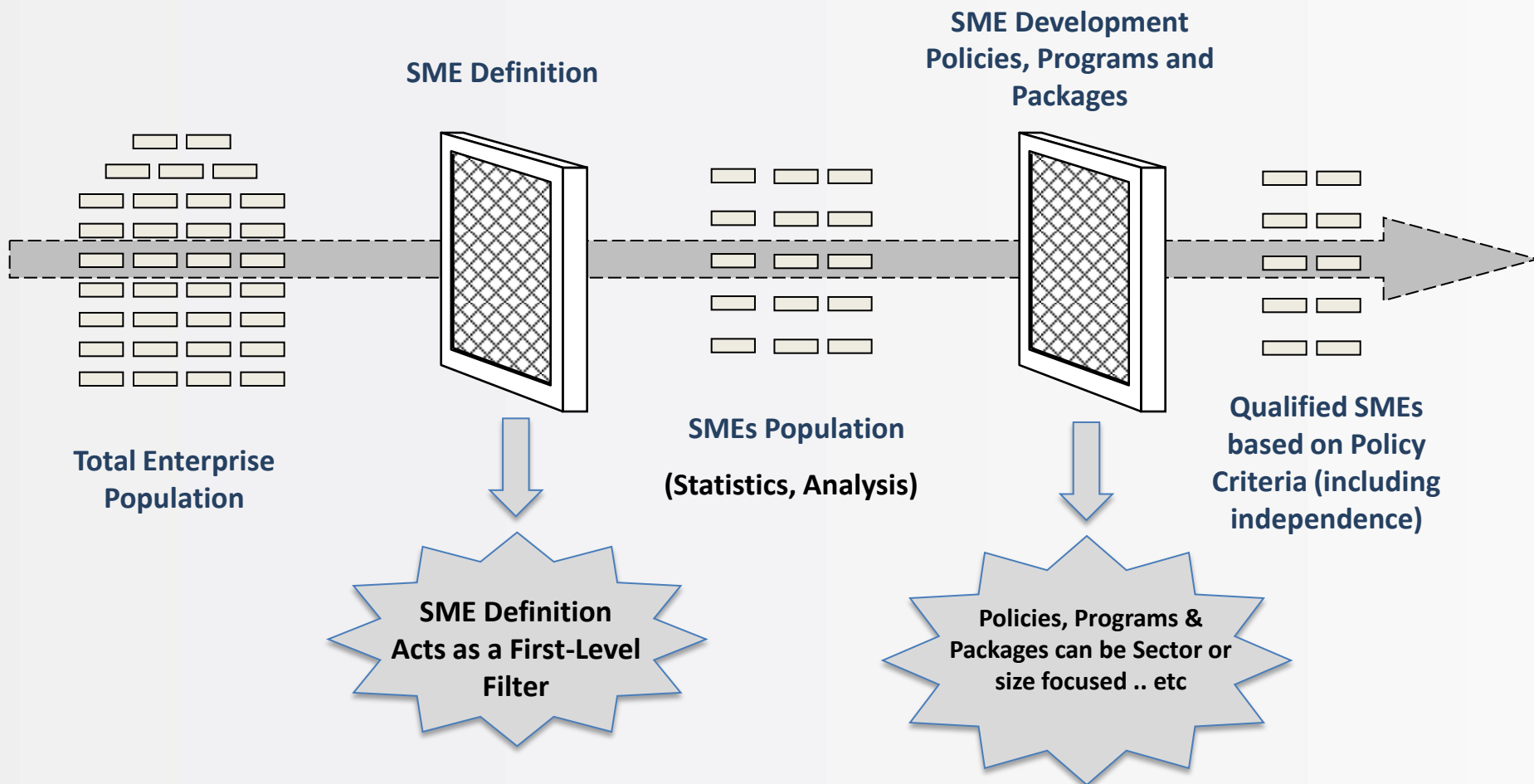
	Trading		Manufacturing		Services	
	Employees	Turnover	Employees	Turnover	Employees	Turnover
Micro	<= 9	& <= AED 9 mn	<= 20	& <= AED 10 mn	<= 20	& <= AED 3 mn
Small	<= 35	& <= AED 50 mn	<= 100	& <= AED 100 mn	<= 100	& <= AED 25 mn
Medium	<= 75	& <= AED 250 mn	<= 250	& <= AED 250 mn	<= 250	& <= AED 150 mn

According to DSC Database:

- SMEs count for **95%** of the total enterprise population in Dubai
- SMEs employ around **42%** of Dubai's workforce
- SMEs contribute **40%** of Dubai's value add

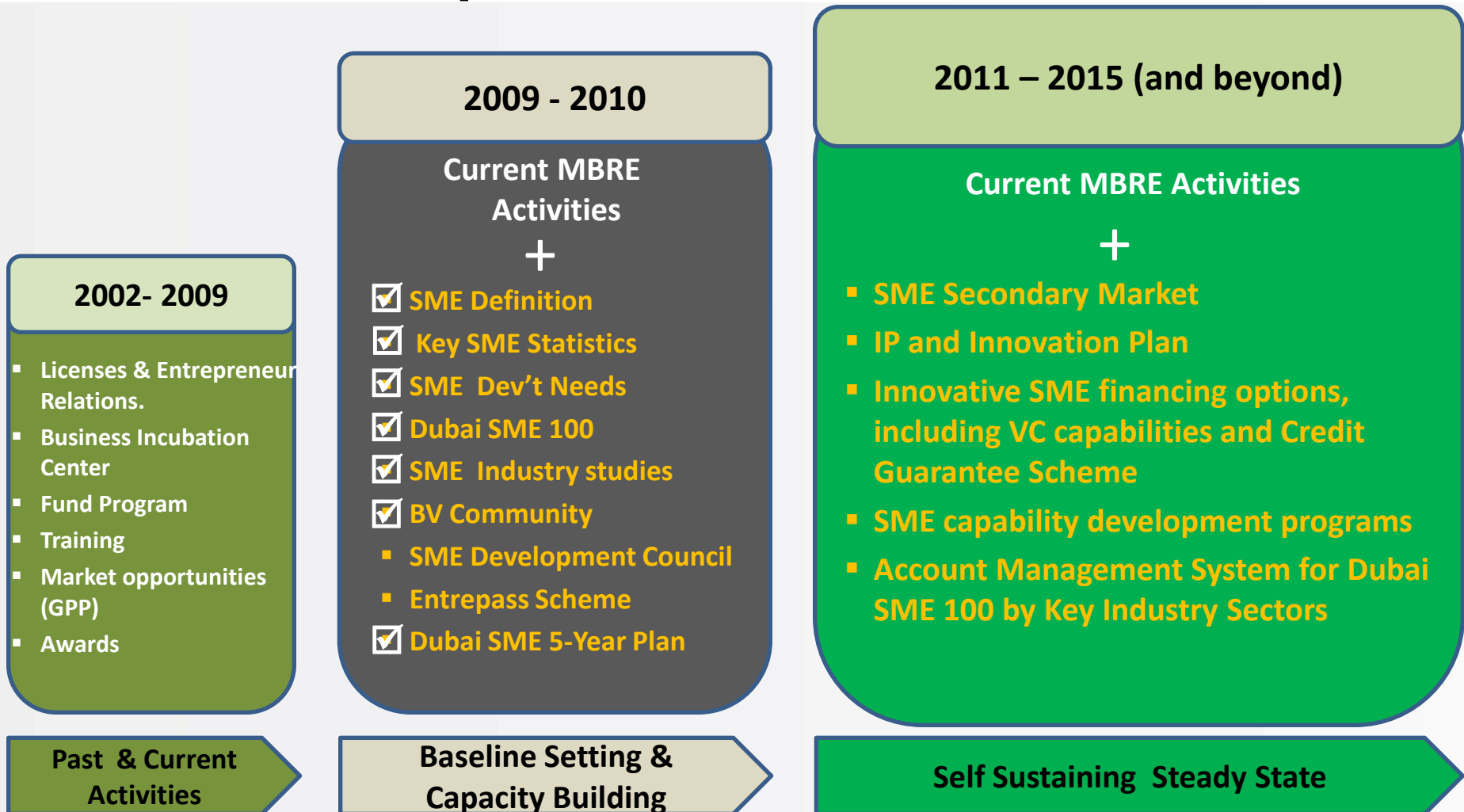


SME Definition as the Basis for SME Development



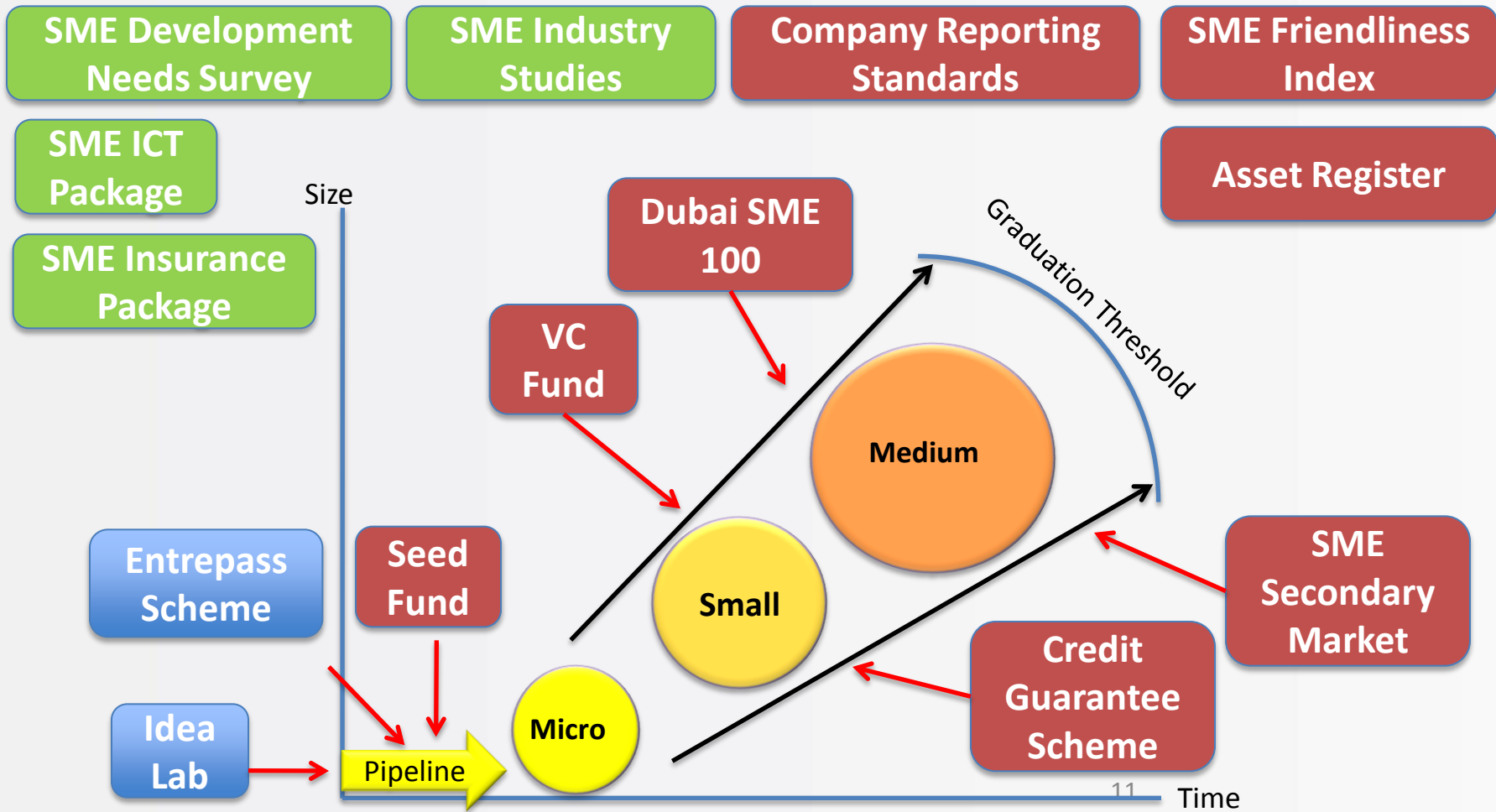


Phases of Development for Mandate





Summary of Key Initiatives





Services & Functions

Capability Development

- Material Focused on entrepreneurship
- Subject Matter Experts
- Conveniently offered in the evenings
- Offered for UAE nationals and Expatriates
- Business plan competition

Business Incubation

- Idea Lab
- Pre incubation
- Incubation

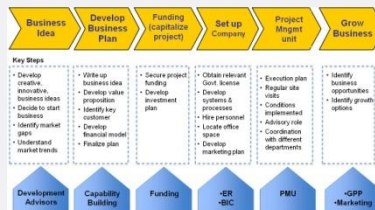


Entrepreneur Relations

- Start up advisory
- Trade License subsidy
- Labor guarantee support
- 3 years Membership with DCCI
- Implement all MoUs with supporting entities

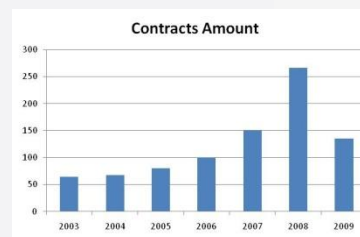
Funding

- Provides access to capital through banks at preferential terms



Market Access (GPP)

- All sectors
- Standards and criteria
- Quality management visits



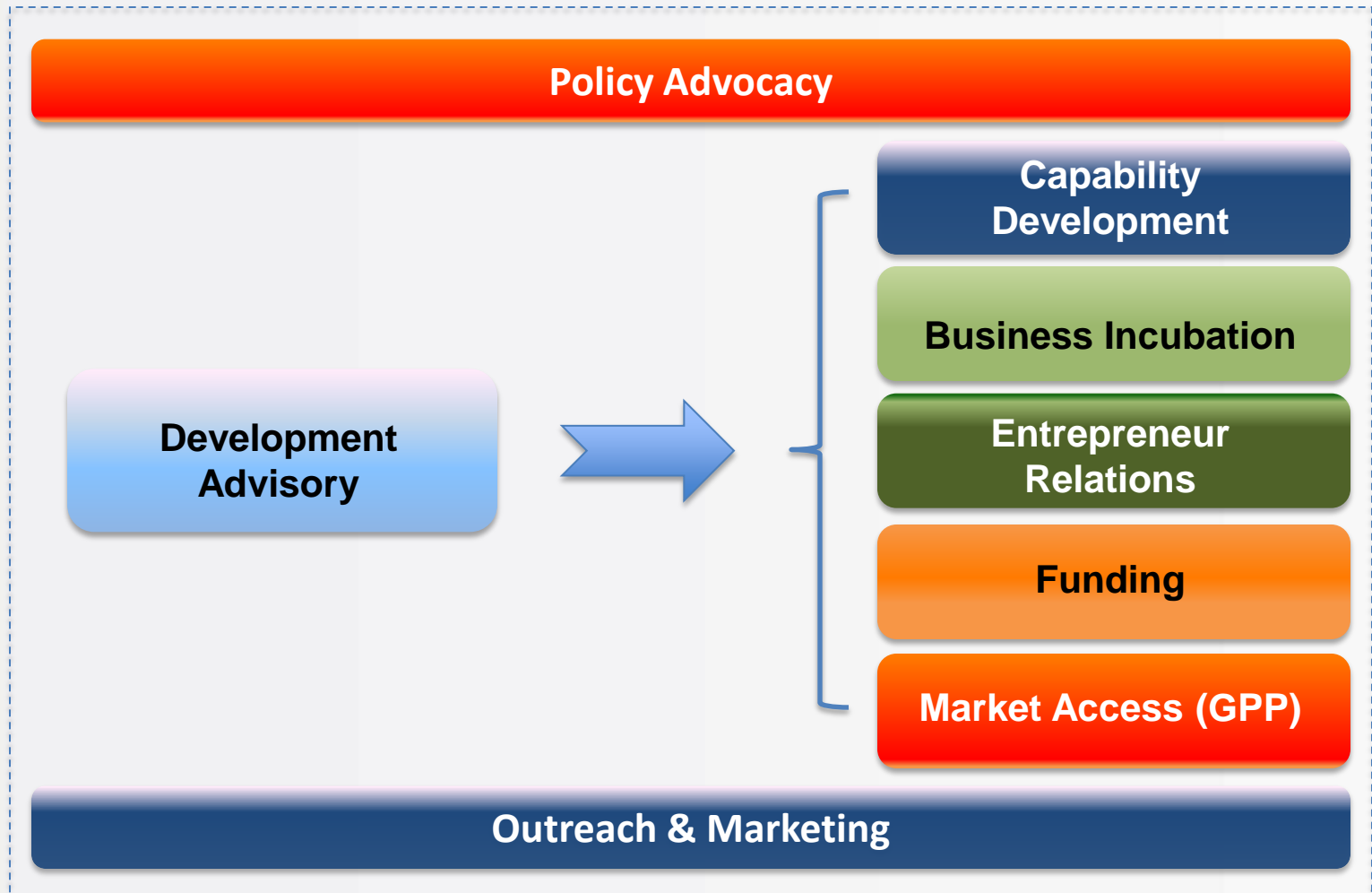
Outreach & Marketing

- YBL
- YEC





Services & Functions





Policy Advocacy Role

Dubai SME plays a crucial role in advocating the government to create an environment conducive to entrepreneurship and SME Development

UAE Federal Government:

- **New Companies Law**

(Minimum capital requirements were abolished for company establishment)



Lower Start up cost

- **New Bankruptcy Law** (in-progress)



Promote Entrepreneurship and reduce “**fear of failure**”

- **SME Development Law** (in-progress)



Coordinated support policies, Unified Definition, and Improved statistics



Strategy & Policy

The role of the Strategy & Policy Division is to lead and facilitate the expansion of the establishment's mandate towards a full fledged SME Development Agency.

It has taken the responsibility of the implementation of the following crucial initiatives:

- SME Definition
- SME Policy Needs
- IP and Innovation Plan
- SME Sector studies
- SME Development Council
- Dubai SME 5-Year Plan
- Foreign IP Attraction Program (Entrepass Scheme)
- Academic – Business Linkages
- SME capability development programs
- Dubai SME 100



Business Incubation

Pre incubation	Incubation Process		Graduation
1 Year or less	1- 3 years		3 rd year
Idea to plan	Early stage	Classic incubation	Graduation

Services Include: (Idea Lab, Research, Support, Counseling, Training & Development, Business Plan preparation, Network, Marketing, Accounting ...)

Hot Desk



Workstation



Executive Office



* The business incubation centre also provides virtual offices



Entrepreneur Relations

The ER unit of MBRE is one of the imperative components of the Establishment since it provides the following:

- One Stop Shop concept.
- Trade License subsidy based on criteria (for 3 years)
- Exemption of other government registration fees
- Free 3 years Membership with DCCI
- Implement all MoUs with government and semi-gov. entities
- Guide the Entrepreneurs for the process of the opening the business
- Reduce the cost and time for the start up (1 Day Process)

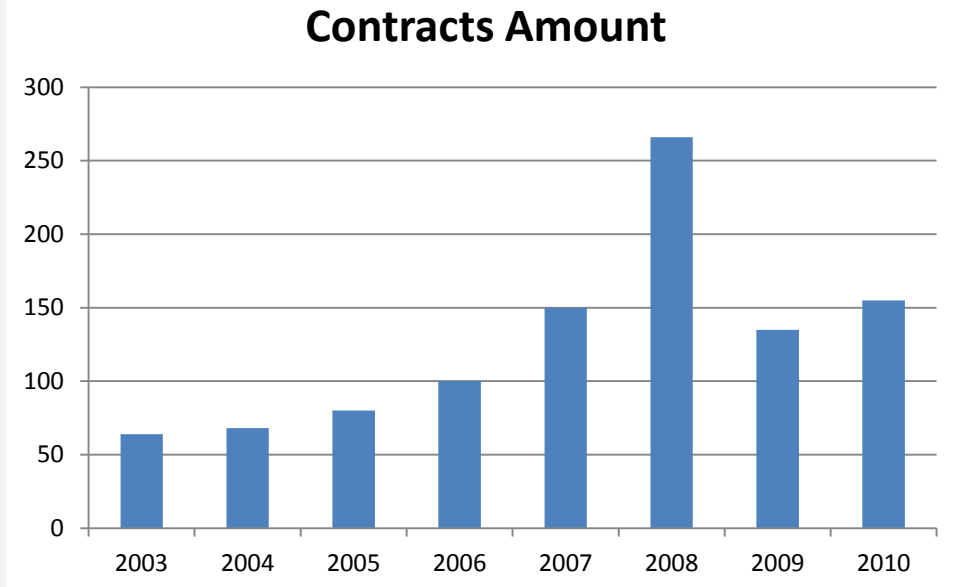


Government Procurement Program (GPP)

Decree by H.H. Sheikh Mohammed Bin Rashid to allocate **5%** of all government and semi-gov. departments' procurement budget to businesses registered with the Establishment

In the past 8 years, GPP managed to facilitate the following amount of contracts:

Year	Contracts Amount
2003	64,000,000.00
2004	68,000,000.00
2005	80,000,000.00
2006	100,000,000.00
2007	150,000,000.00
2008	266,000,000.00
2009	135,000,000.00
2010	155,000,000.00
Total	1,018,000,000.00





Funding

Financing mechanisms:

- Credit Guarantee Scheme (since 2003)
- Seed Capital (2010)
- Venture Capital (2011)

- Loans up to AED 3 million.
- Low Interest Rate
- Maximum 3 years grace period
- 5 years settlement period
- Minimum financial contribution by the applicant is 20 % of the project total cost.

Strategic Initiatives:

- SME Friendliness Index
(For Financial Institutions) (2011)
- SME Financial Reporting Requirements (2011)
- SME Development Bank (Study)
- SME credit rating bureau (Study)
- Asset Register (Study)
- SME secondary listing (Alternative Investment Market) (2012)



Composite Business Score

Entrepreneur

Behavioral Traits, Technical Expertise

Knowledge, Understanding of the business

Professional experience, Reputation & Credit History

Industry

Industry Characteristics, Barriers to Entry & Competitive Positioning, Macro-economic factors

Project

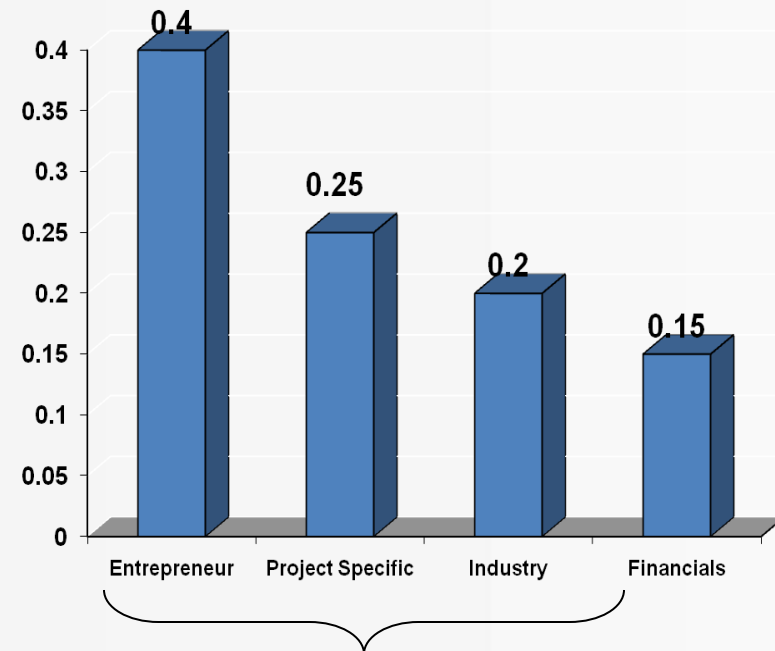
Business Model, Marketing Capabilities

Organizational & Operational Capabilities

Project Exit barriers, Country Risk

Financials

Financial performance & viability, Project efficiency & returns, Business Sensitivity Analysis



Composite Score of Business
Success & Viability



Capability Development

- Short practical courses (Cash-flow Management, How to bid and Prepare tender documents, Export Preparation)**
- Market and Export – With Export Development Corporation (EDC) to inform of new markets & regulatory issues of imports and New Exporters' Programme)**
- Intellectual Property Management Training for SMEs**
- Corporate Governance for SMEs (in the pipeline)**



Marketing & Outreach

Mohammed Bin Rashid Awards for Young Business Leaders

An event organized to award exceptional entrepreneurs. It is aimed at creating a competitive environment amongst the young entrepreneurs of the UAE and the Arab countries.

www.smeawards.ae

Young Entrepreneur Competition (YEC)

A 3-5 day activity where students from different private and public high schools set up their stands and sell their products in a competitive environment located in Dubai.

Franchise Middle East Exhibition

An exhibition that will feature international and local franchise opportunities





Achievements (2002 – 2010)

- **Around 11,000** entrepreneurs assisted through Development Advisory Services
- **More than 1100** SMEs facilitated to obtain licensing and registration services
- **AED 1 billion worth** of Government Contracts facilitated through GPP.
- **300** Start-Ups Incubated
- **61** Projects funded through network of **8 Banks**
- **51** Service Providers co-opted into our **Service Providers Network**
- **4,000** students with **1200** projects organized over **6** cycles of “Young Entrepreneur Competition”
- **66** Arab entrepreneurs awarded the YBL Award in the last **5** years

Success Stories

Mohammed Saeed Harib
Lammtara Pictures
Freej – 3D animation



Dr. Lamees Al Shamsi
Shiffa Cosmetics
Manufacture



Fathiya Ahmed Osman
Heritage for Henna
(Retailer, Franchiser,
Exporter)

