

# ARAB-EU

*Business Facilitation Network*



## The role of the FGCCC in supporting SMEs in the Gulf



*By H.E. Abdulrahim Hasan Naqi, Secretary General,  
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The Federation of the Gulf Cooperation Council Chambers (FGCCC) is achieving its objectives through a large number of services and activities, which are all designed to boost the private sector. Many of these are specifically targeted at assisting small and medium-sized enterprises (SMEs). This support is highly needed as SMEs in the Gulf face a broad range of challenges.

There can be little doubt that SMEs play an important role in the economic development of the Gulf Cooperation Council (GCC). In the light of this, our recommendations to further support the SMEs are divided into six broad categories: 1- the business environment, 2- responding to a diverse sector, 3- strengthening business practices, 4- promoting partnerships, 5- reviewing the curriculum, and 6- learning from the EU experience elsewhere.

The connection between SMEs and large companies is often most successful if the process is facilitated by some kind of integrating institution or force. Cooperation between the two contributes to the improvement of competitiveness and efficiency. A particular advantage is the benefit of information diffusion when it comes to market and technology. The connection between SMEs and large multinationals contributes to the development of collective efficiency and creates competitive advantages for the SMEs. Consequently, we always aim at grouping SMEs in the Gulf countries with companies around the world, especially in Europe, to discuss ways of cooperation and integration.

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As successful experiences in Europe have demonstrated, forming horizontal and vertical linkages is important for industries to succeed in the current economic environment. One factor that prompts industries to form networks and alliances with foreign companies, in order to compete effectively in the current and rapidly changing global environment, is the emergence of new exporting opportunities. Existing and new markets are opening up as countries liberalize their trade under the auspices of the World Trade Organization (WTO) and businesses become more globalized. While offering better exporting opportunities, these developments also pose considerable challenges.

### **Challenges faced by SMEs in the GCC**

In order to access these new markets or defend themselves against foreign competition in their own markets, it is imperative that GCC SMEs adopt a global outlook and form strategic partnerships, both domestically and in foreign markets. For example, they could form strategic alliances with strong foreign distributors as a way of accessing new markets, while at the same time improving the quality of their products. The process of liberalization and globalization has made non-price competition increasingly important. These encompass all those factors, other than price, that affect market performance. GCC SMEs have traditionally tended to focus attention on production, sometimes at the expense of quality.

### **The importance of forming strategic alliances**

SMEs will have to pay more attention to non-price elements such as packaging, quality, international standardization and timely delivery of products. Successful SMEs are going to be the ones that respond rapidly to changing customer needs. Strategic partnerships through industry linkages provide the flexibility which enable SMEs to meet such requirements. Developments in information technology, transport, agriculture, manufacturing and finance are likely to erode further the competitiveness of GCC SMEs, even in areas where GCC has traditionally held a comparative advantage. If GCC firms are to respond effectively to changing customer needs and take advantage of changing production incentives, it will be imperative that they improve their technological capabilities. To keep up with these changes, GCC SMEs will have to form strategic alliances with the providers of technology, giving them access to state-of-the-art production techniques.

GCC SMEs could also form joint ventures with foreign firms, especially in Europe. Forming joint ventures has a number of advantages to local firms. Involvement with a foreign company not only gives the domestic firm access to its partner's technology, but through learning-by-doing it may be able to adapt that technology to local conditions. European SMEs can also supply technically skilled and managerial personnel.

The opportunities for GCC SMEs are enormous and given the momentum and increased global focus on SMEs and private sector development as a source of growth and employment, the odds for SMEs playing an increasing



role in the GCC economies in the coming years are very good. Yet, these benefits will not accrue automatically. Concerted efforts, both by the SMEs themselves and by politicians, needs to be taken in order to allow SMEs to develop and reap the potential benefits of international cooperation. Local political stakeholders, industry representatives and international bodies all need to come together to make this a priority. In this context I am optimistic that FGCCC, as well as the ARAB-EU Business Facilitation Network, can play a key role in facilitating this.

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## EU-GCC Trade Facility



*By Niels Tanderup Kristensen,  
Deputy Director  
DI International Business Development*

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In September 2014, DI and several key partners will commence a comprehensive trade facilitation project, aimed at strengthening sustainable trade, investment and business cooperation between the EU and the GCC.

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Through mutual understanding and dialogue, this project will facilitate the creation of stronger business-to-business linkages, while simultaneously facilitate a stronger policy dialogue between the private and the public sector in the EU and GCC countries. Led by the Confederation of Danish Industry (DI) and financed by the EU Commission, the project will work proactively to strengthen linkages between business communities in the EU and in the GCC countries as well as working towards removing regulatory obstacles that hinder essential private sector development and sustainable trade.

The project will consist of a consortium of EU partners as well as the Gulf Cooperation Council Chambers of Commerce and Industry (See below) and will introduce a wide range of demand driven activities throughout the



course of the 40 months project. Based on identified demand the project will have three primary focus areas; Policy Support, SME & Entrepreneurship Training, and Business Forums/Conferences.

Within the *Policy Support* area, members from the consortium will come together in technical and policy advocacy working groups, to discuss and provide recommendations for how to best improve the business environment in their respective regions. The aim is to provide concrete recommendations to politicians and stakeholders on what steps can be taken to increase the competitiveness of the private sector in order to boost employment and economic growth. One essential topic in this context is the ongoing EU-GCC Free Trade Agreement.

The *entrepreneurship training* component will work actively to boost the capacity of local entrepreneurs and SMEs while simultaneously assisting European SMEs in finding partners, suppliers and customers for their products and services in the GCC countries. Specifically, the training will consist of workshops and business competitions that will assist local entrepreneurs in building sustainable businesses with the potential to scale both nationally and internationally. Particular attention will be paid to females and youths as entrepreneurs, and discussions will revolve around how entrepreneurship can be used as a driving force for empowering females and youths.

Finally, in addition to the policy support and training, the project will work towards enhancing communication and cross border trade, by hosting three business forums and two EU-GCC matchmaking events. The latter with the purpose of finding mutually beneficial synergies between EU and GCC SMEs.

As the project lead DI is looking forward to initiating the project and, together with the consortium partners, unleashing the promising prospects that the project holds.

**Project partners:**

GCC Partners:

- The Federation of the Gulf Cooperation Council Chambers (FGCCC)
- Bahrain Chamber of Commerce and Industry (BCCI)
- Council of Saudi Chambers (CSC)
- Federation of UAE Chambers of Commerce and Industry (FCCI UAE)
- Kuwait Chambers of Commerce (KCCI)
- Oman Chamber of Commerce and Industry (OCCI)
- Qatar Chamber of Commerce and Industry (QCCI)

European Partners:

- Confederation of Danish Industry (DI)
  - BUSINESSEUROPE
  - Venture Scout (VS)
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## FGCCC launch Gulf Economic Interactive Gate to support SMEs in the Gulf region



*By Mohammed Hassan Sidahmed, Project Consultant  
Federation of GCC Chambers  
Gulf Economic Interactive Gate*

Aiming at enabling SMEs in the Gulf region and assisting them to grow further, the Federation of Gulf Chambers of Commerce (FGCCC) has launched Gulf Economic Interactive Gate to empower SMEs in the region. In cooperation with Google, FGCCC has chosen Google Apps to play the backbone role when it comes to communication and collaboration with SMEs in the region, and to foster inter and intra-regional cooperation between SMEs and chambers of commerce.

In an effort to achieve efficient communication, Google Apps partner AlHammadi Information Technology, has developed a portal through which all SMEs in the GCC region can collaborate, and communicate smoothly leveraging applications such as Gmail, Calendar, Sites and Hangouts, also they can collaborate productively on documents, proposals, etc., using Google Drive.

As a second phase of this strategic partnership, FGCCC and Google will assist SMEs towards having more online presence through creating a multifunctional website using Google Sites and leveraging social media via Google+.

It is noteworthy that this partnership comes within the framework of the FGCCC General Secretariat's efforts to adopt the latest technologies in the implementation of FGCCC programs and plans, and to communicate smoothly with the FGCCC member chambers and other Chambers of Commerce regionally and internationally, through the full support of AlHammadi Information Technology, Google Apps authorized Reseller in Europe, Middle East and Africa.

*Mr. Sidamed is also Executive Director of AlHammadi Information Technology & Product Manager of Google Apps*



## **Best Practices: SME Services and Policies**

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### **Revolving Fund**

**Country and implementing organisation:**

Egypt – Federation of Egyptian Industries (FEI) / Environmental Compliance Office (ECO)

**Background:**

The environmental compliance office (ECO) at the federation of Egyptian industries (FEI) was established in 2002. It provides consultancy services for small and medium sized companies in the private industrial sector in the field of cleaner production, environmental management and energy efficiency.

**Implementation:**

In order to promote the sustainable application of cleaner production and energy efficiency measures, ECO encourage industrial sector to comply with different environmental legislations. This is done by providing soft loans for funding industrial equipment serving cleaner production, energy saving and renewable energies. Loan amounts are EGP 3 million per enterprise and can be repaid over 5 years. Those loans can be given through the national bank of Egypt or any other participating banks.

**Output:**

The fund was established to encourage and support anti-pollution enterprises in the industrial fields of engineering, metallurgy, food, textile, chemical, building material, leather, leather tanning, wood working and furniture and printing by securing financial support for projects with economic and environmental impacts. Since 2002 more than 162 SME's has gotten access to the environmental compliance soft loans, with total investments EGP 130,000,000. It should be highlighted that payback period of the soft loan is 5 years which is the exact amount of the payback period from the investment on the proposed technology in the enterprise. This means that the client in the long term will save money from the loan.

ECO have reached all Egypt regions and industrial zones, with about 77 enterprises in Upper Egypt having received the soft loans. Moreover about 42 companies in Delta and 66 in Alexandria, in addition to 22 companies in the canal cities, has gotten access to the soft loan. But the most benefiting areas are in Cairo and greater Cairo industrial zones with 110 clients.



The most important technologies that have been applied in the energy sector took place in the projects of efficiency of combustion, exhaust heat retrieval, replacing lighting sources with high efficiency, solar water heaters and the use of high-efficiency motors.

In other sectors the applied technologies are:

- Metallurgy sector: Replace Varney Constitution oven urged circuit
- Food sector: Reduce water, thermal energy and chemicals wasted in maintenance and washing operations using closed-circuit technology CIP.
- Textile sector: Reduction of liquid industrial wastes laden with alkaline and organic contaminants and reductions in the load by using modern Hydraulic Liberation (mercerization) technology.

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## Capacity building of Kuwaiti Inventor-Entrepreneurs

### **Country and implementing organisation:**

Kuwait - AbdulAziz AlSaqr Development Center, Kuwait Chamber of Commerce & Industry

### **Background:**

Kuwait is experiencing a growing momentum to register new technologies as patents in the main patent offices worldwide, such as USPTO and EPO. Most of these patents come from promising small & medium sized companies in industries with a new technological base. However, the inventors do not possess the business and commercial skills necessary fully exploit the potential of their invention. The Kuwait Chamber of Commerce & Industry, in collaboration with Kuwait Foundation for the Advancement of Sciences, has conducted 2 major training programs during years 2013-2014 to train 72 inventors. The aim was to convert the inventors to entrepreneurs by providing them with a wide scope of necessary skills. Such skills will enable Kuwait to establish a strong base of technopreneurs to bridge the technological gap within the entrepreneurship arena that strongly lacks the technological depth.

### **Implementation:**

The program was held twice, whereby 72 entrepreneurs were enrolled in an extensive education/ training program for 3 months. All trainees have industrial based patented inventions. The program covered several important skills such as legal, business, accounting, financing, marketing, building strategies for SMEs, Intellectual Property rights, and conducting economic feasibility studies. The program was implemented over 4 modules



across the whole duration. The European Business Competence License participated in providing the second module based on their curriculum. The trainees were subjected to written exams and project assignments. At the end of the program an exhibition was held to showcase the new SMEs.

**Output:**

- Very well trained entrepreneurs that are originally inventors, whereby that they can proceed with their inventions for further developments from prototype stage to full scheme SME.
- Excellent knowledge and interaction with the other local governmental and private entities that are involved in approving and promoting the SMEs.
- Some of the entrepreneurs have already started their projects after completing the program.
- The program will be opened to regular entrepreneurs in Nov 2014.

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## SME Technical Support Unit

**Country and implementing organisation:**

Jordan - Jordan Chamber of Industry (JCI)

**Background:**

The SME Technical Support Unit was established within JCI with the aim of empowering SMEs through providing a set of services stretching over the areas of technical, financial and consulting services. Based on a thorough research and analysis, the unit focuses on four propriety services, namely:

- Facilitate SMEs access to financing from different resources
- Assist SMEs in accessing markets
- Facilitate access to consulting services to build SMEs capacities (technical & managerial)
- Providing supporting data and information

**Implementation:**

The unit became operational a year ago and provides services for more than 15 thousand members. The unit functions within an “Industrial & Economic Research Centre” within JCI to ensure instant and efficient access to information and access for its operations, in addition to full cooperation between the unit and the three local chambers of industry in Jordan.

**Output:**

Hereunder is a brief description of the unit outputs in relation to the priority services:

- Facilitate SMEs access to financing from different resources





- Working with several financial institutions on developing “tailor-made” financial products directed specifically for SMEs which matches their needs and taking their characteristics into consideration
  - Issuing a guide for the non-banking financial institutions in Jordan
  - Signing several MoUs with banking and non-banking institutions to facilitate SMEs access to their financial services
  - Assist SMEs in accessing markets
    - Issuing several studies and research papers on potential markets and exporting opportunities
  - Facilitate access to consulting services to build SMEs capacities (technical & managerial)
    - The unit provided consulting services to SMEs on different topics
    - Creating a pool of experts and advisors and linking them to SMEs
    - Issuing a guide on AID and donor programs available to the industrial sector in Jordan
  - Providing supporting data and information
    - The creation of an “industrial data bank” is in process to guarantee the smooth and efficient access to data for SMEs
    - Several studies, bulletins and research papers are regularly generated by the unit as well as the “Industrial & Economic Research Centre” and is circulated and made available to SMEs
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## SME Development & Support Centre

**Country and implementing organisation:**

Bahrain – Bahrain Chamber of Commerce and Industry

**Background:**

The SME centre was inaugurated in February 2013 to provide services to the members of the Bahrain Chamber of Commerce & Industry, whom are classified as entrepreneurs and MSMEs in order to grow, develop and prosper by acting as a one stop shop for Financial & Technical support. Some of the centre’s objectives include:

- Promoting the culture of entrepreneurship in the society.
- Provide policy, regulatory information and counselling to the SME sector to achieve effective management and development of their businesses.



- To encourage the adoption of innovative concepts and projects.
- Strengthening export operations for MSMEs.
- Providing the necessary information on target markets
- Development of the skills of entrepreneurs through high-quality training courses.
- Facilitating communication between SMEs and funding institutions, and to highlight the opportunities available to members. Coordination with official authorities concerned to create National Strategy for SMEs and activating its role.

**Implementation:**

- The centre operates with a set of internal (staff) & external (outsourced) counsellors with different experience profiles in order to cover the main areas which the centre aims to reach.
- The counsellors will provide counselling to MSMEs and help them in creation, expansion & growth, which takes place on a daily basis through an online appointment system.
- Also they'll provide 2 or more monthly training sessions and workshops in topics of experience.

**Output:**

The Centre's provided the following services to a total of 2210 beneficiaries in 2013:

- New Enterprise Creation:
  - Preparation & Empowerment through training courses.
  - Counselling & Technology Tie-ups.
  - Financial Linkages.
  - Project Set-up by working as a facilitator between entrepreneurs, official bodies and banks in the foundation stage.
- Enterprise Growth:
  - Continual Improvement & On-going Training.
  - Technology sourcing, Upgrading & Innovation.
  - Linkage & Partnership Promotion.
  - Business Negotiations (B2B).
  - Innovation.
  - Establish an Export Consortia.
  - Subcontracting & Partnership Exchange (SPX).
  - Franchising.
  - Quality Management.



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# About the Arab-EU Business Facilitation Network

The Arab-EU Business Facilitation Network is an alliance of 15 leading Business Membership Organizations (BMOs) from the MENA region. Through the signing of a Memorandum of Understanding, the BMOs have pledged to work strategically together, promoting relevant policy issues within and between their respective countries.

The purpose of the Network is to create a platform from which business associations from the region can discuss the challenges for businesses and identify shared solutions and policy recommendations. A specific emphasis is on improving access to the EU market for businesses in the region. Thus, the Network will contribute to a more enabling business environment for the benefit of growth and development in general.

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## The 15 BMOs are:

Algeria:	<a href="#">Forum des Chefs des Entreprises (FCE)</a>
Bahrain:	<a href="#">Bahrain Chamber of Commerce and Industry (BCCI)</a>
Egypt:	<a href="#">Federation of Egyptian Industries (FEI)</a>
Jordan:	<a href="#">Jordan Chamber of Industry (JCI)</a>
Kuwait:	<a href="#">Kuwait Chamber of Commerce (KCCI)</a>
Lebanon:	<a href="#">Association of Lebanese Industrialists (ALI)</a>
Libya:	<a href="#">Libyan Businessmen Council (LBC)</a>
Morocco:	<a href="#">Confédération Générale des Entreprises du Maroc (CGEM)</a>
Oman:	<a href="#">Oman Chambers of Commerce and Industry (OCCI)</a>
Palestine:	<a href="#">Federation of Palestinian Chambers of Commerce, Industry &amp; Agriculture</a>
Saudi Arabia:	<a href="#">Council of Saudi Chambers (CSC)</a>
Syria:	<a href="#">Damascus Chamber of Industry (DCI)</a>
Tunisia:	<a href="#">Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat (UTICA)</a>
UAE:	<a href="#">Federation of UAE Chambers of Commerce and Industry</a>
Qatar:	<a href="#">Qatar Chamber of Commerce and Industry</a>
Denmark:	<a href="#">The Confederation of Danish Industry (DI)</a>

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### **Meetings and reports**

Several times a year – on working group meetings and on the Annual Meeting - the participants meet to discuss the outcomes and prospects of the projects in the AE-Network.

All summaries of the meetings as well as Annual Reports can be found on the AE-network's webpage: [www.ae-network.com](http://www.ae-network.com)

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