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DIGITAL COOPERATION ORGANIZATION'S MODEL STARTUP ACT REPORT FOR GULF COOPERATION COUNCIL

RECOMMENDATIONS SUMMARY

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Foreword

Gulf Cooperation Council (GCC) nations are undergoing some of the world's fastest transformations, and the digital economy is their engine room. Venture capital deployed in the GCC has grown at a 19 percent compound annual rate since 2020, reaching US \$1.7 billion in 2024, and even in 2023, when global funding slumped, the region recorded a 30 percent jump in VC investment. This momentum is redefining long-established sectors while giving rise to entirely new industries.

A central responsibility for those driving these national visions is to ensure that the start-up ecosystems powering this growth also build a digital economy that is inclusive, resilient and sustainable. The GCC has a tradition of asking what is impossible and then doing it. Championing a digital economy where every entrepreneur can thrive is our next frontier, and we intend to lead it.

The Digital Cooperation Organization's Digital Space Accelerator (DSA) is a timely and welcome initiative that mirrors the GCC's dynamic, ambitious outlook. I commend the DCO for its multistakeholder approach and for convening the November 2024 GCC round-table that underpins this report.

Grounded in robust dialogue and expert input, the report sets out clear, actionable recommendations arranged around six pillars: regulatory support, access to markets, capacity building, access to funding, taxation and financial incentives. It offers a practical roadmap for strengthening start-up ecosystems and unleashing innovation across the region.

Crucially, the report recognises that while we share common goals, each Member State has its own economic context, cultural identity and

development priorities. The proposals strike the right balance between regional alignment and national specificity, enabling every country to adopt—and adapt—policies that serve its people and its vision.

This work marks an important step toward a truly inclusive digital economy—one that empowers entrepreneurs, encourages cross-border collaboration and reinforces the GCC's global competitiveness. It also demonstrates the power of purposeful partnership and shared ambition.

On behalf of the GCC, I thank the Digital Cooperation Organization, our Member States and all contributors to this initiative. Let this report be the springboard for deeper collaboration, innovative policymaking and bold action that carries us to the next stage.

Let us lead with intent, innovate with purpose and secure a digital future for the GCC that is inclusive, sustainable and transformative for all.

H.E. Jasem Mohamed AlBudaiwi

GCC Secretary-General



Foreword

Digital technologies are rapidly redefining global economic and social landscapes and nurturing vibrant startup ecosystems has become essential for sustained economic growth, job creation, and innovation. The Gulf Cooperation Council (GCC) region, characterized by its dynamic economies and forward-thinking leadership, is uniquely positioned to leverage digital transformation as a powerful catalyst for socioeconomic advancement.

At the Digital Cooperation Organization (DCO), we are committed to advancing inclusive digital prosperity through collaborative innovation, dynamic policymaking, and strategic investment. Recognizing the transformative role startups play in driving economic diversification and digital innovation, the GCC Model Startup Act Report aligns closely with our mission to empower digital economies within the GCC region and beyond.

Startups are pivotal engines of innovation and disruption, particularly within digital sectors. They create new markets, develop innovative products, and drive efficiency and productivity improvements across traditional industries. Recognizing their potential, GCC countries have been actively nurturing entrepreneurial ecosystems to position the region as a global hub for innovation and entrepreneurship.

This GCC Model Startup Act Report represents a critical milestone, providing policymakers and stakeholders with actionable recommendations to enhance regulatory support, access to market, capacity building, access to funding, taxation, and financial incentives. Each recommendation is tailored to address the unique economic, cultural, and regulatory landscapes within GCC Member States, fostering an environment conducive to innovation-driven, sustainable, and inclusive growth.

Through our Digital Space Accelerator, the DCO has facilitated robust multi-stakeholder collaboration, bringing together public and private sectors, international organizations, and academia to co-design practical solutions addressing digital economy barriers. The insights and strategies presented in this report are a direct outcome of such collaboration, exemplifying the collective ambition of GCC countries to harness startup potential for achieving both local objectives and global sustainability goals.

Furthermore, by aligning these recommendations with the Sustainable Development Goals, the report highlights the importance of embedding sustainability at the heart of startup ecosystems. Sustainable practices and innovations can drive long-term economic resilience, environmental stewardship, and social equity—core tenets of the DCO's mission.

As Secretary-General of the DCO, I am proud to endorse this report, encouraging policymakers, industry leaders, and innovators to actively engage with its insights. Together, we can create a cohesive, vibrant startup ecosystem that empowers entrepreneurs, fosters innovation, and positions the GCC as a beacon of digital progress and sustainable growth on the global stage.

Deemah AlYahya

**Secretary-General
The Digital Cooperation Organization**

Deemah AlYahya



CHAPTER I: INTRODUCTION

The Gulf Cooperation Council (GCC), comprising the United Arab Emirates, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar, and the State of Kuwait, stands at the forefront of the digital transformation sweeping across the global landscape. This region, renowned for its economic prowess, is not immune to the challenges and opportunities presented by the evolving digital economy.

In the dynamic arena of digital evolution, the GCC nations are navigating a path that holds promise and potential. The digital landscape is not merely a global phenomenon but an intricate part of the fabric shaping the destiny of these nations. As industries, economies, and societies globally undergo a profound metamorphosis, the GCC finds itself at the nexus of unprecedented opportunities and pressing challenges.

Acknowledging the necessity for strategic leadership to confront the challenges and seize the opportunities of the digital economy, the DCO has stepped forward as a proactive entity on the international stage. It is clear that the intricate, boundary-defying nature of digital change demands a collaborative approach rather than isolated efforts.

To this end, the DCO has identified the key influencers in the area and capitalized on the opportunity to engage with the GCC countries. Consequently, the DCO has actively pursued collaborations with diverse entities from international and regional organizations. Through forming partnerships with entities such as the World Economic Forum, Smart Africa, and the Organization of Islamic Cooperation, the

DCO has created a network of allies that extends across both global and regional spheres.

As part of its role in promoting collaboration, the DCO launched the Digital Space Accelerator (DSA), an innovative cooperation mechanism bringing together stakeholders from the private sector, international organizations, government, academia, and beyond. The DSA fosters multi-stakeholder collaboration to design and propose actionable solutions to address key barriers in the digital economy.

This report builds upon the insights gathered during the GCC Roundtable, organized by the Digital Cooperation Organization (DCO) on November 20, 2024. It serves as a strategic complement to the To-Be report for GCC countries, offering actionable recommendations tailored to the unique contexts of the GCC Member States while aligning with the overarching goals of the DCO Model Startup Act.

The primary objective of this report is to present the recommendations derived from the GCC Roundtable discussions, which are tailored to the specific needs of the GCC Member States. These recommendations are categorized under six key pillars: Regulatory Support, Access to Market, Capacity Building, Access to Funding, Taxation, and Financial Incentives. Each pillar is further divided into specific sub-pillars, offering a granular roadmap for fostering innovation-driven, sustainable, and inclusive growth across the region.

The recommendations align with the Sustainable Development Goals (SDGs), ensuring that

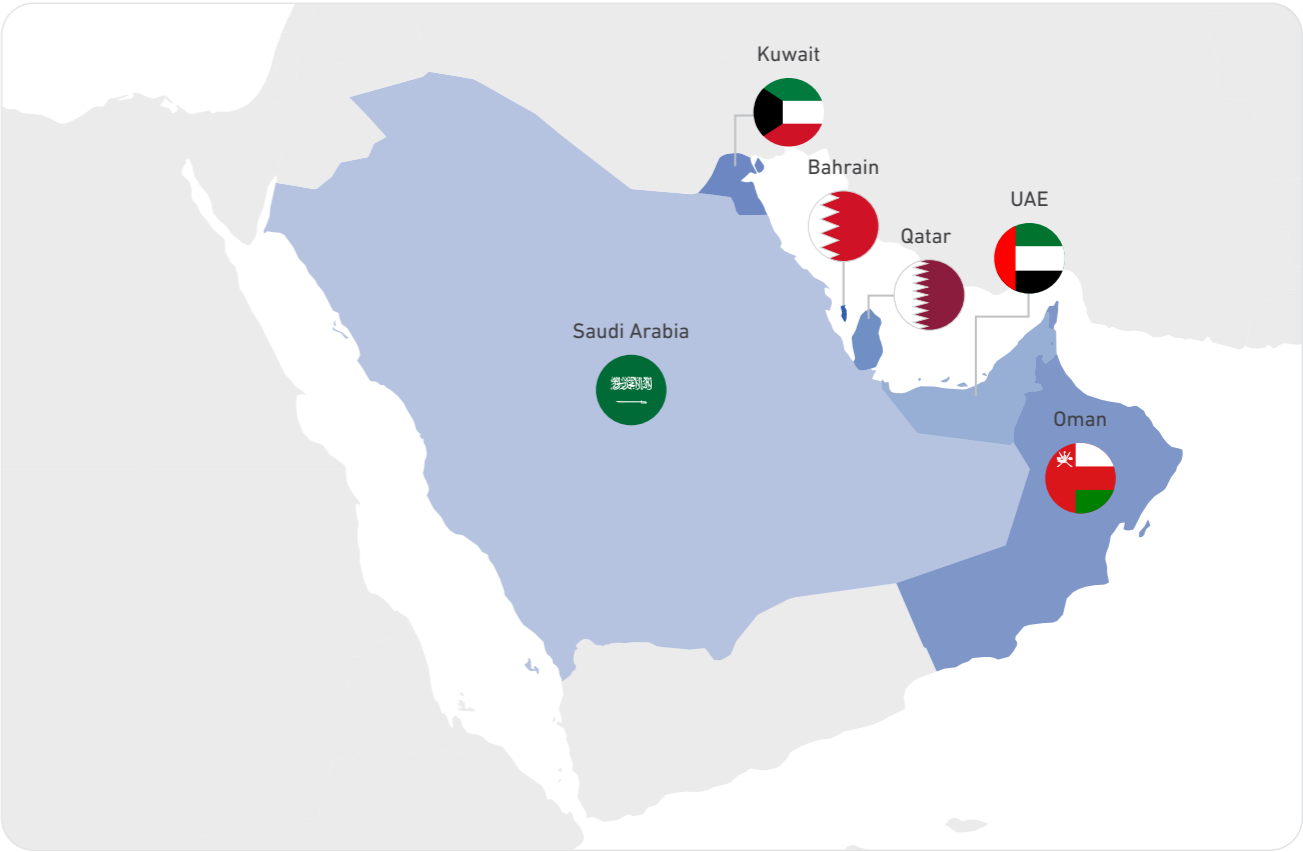
the development of GCC startup ecosystems contributes to economic advancement, social equity, and environmental sustainability. While the DCO Model Startup Act offers a unified framework for all GCC Member States, this report emphasizes the necessity of tailoring strategies to address the cultural, economic, and ecosystem-specific needs of each country.

This document reflects the collective expertise and dynamic discussions of the roundtable participants. It is both a continuation of the collaborative efforts initiated during the event

and a resource for policymakers to build resilient ecosystems that balance local priorities with global sustainability goals.

By consolidating the recommendations from the GCC Roundtable, this report underscores the DCO's commitment to fostering regional collaboration and innovation. It aims to provide actionable insights that empower GCC Member States to navigate the complexities of the digital economy while leveraging their strengths to achieve sustainable growth and global competitiveness.

THE GULF COOPERATION COUNCIL (GCC) MAP



CHAPTER II: GCC COUNTRIES RECOMMENDATIONS

A. ABOUT THE GCC ROUNDTABLE

The GCC Roundtable marked a pivotal step in advancing the startup ecosystems across the Gulf Cooperation Council region. By convening a diverse group of policymakers, entrepreneurs, and global thought leaders, the roundtable fostered an inclusive dialogue on the transformative role of startups in driving innovation, sustainability, and economic resilience.

Central to the discussions was the DCO Model Startup Act, which provides a strategic framework tailored to the unique contexts of GCC Member States. With its focus on six critical areas—Regulatory Support, Access to Market, Capacity Building, Access to Funding, Taxation, and Financial Incentives—the Act underscores the importance of integrating SDG principles into startup policy frameworks.

The roundtable created an opportunity for stakeholders to reflect on the current challenges and opportunities within GCC startup ecosystems. Participants shared insights, best practices, and implementation strategies to address regional specificities while fostering a unified vision for sustainable and inclusive growth.

Interactive tools such as Menti were used during the discussions to gather real-time feedback and facilitate brainstorming sessions. This approach helped bridge diverse perspectives and enabled the co-creation of actionable ideas, ensuring an engaging and collaborative atmosphere.

This report consolidates the insights and actionable recommendations from the roundtable, offering practical guidance for implementing the DCO Model Startup Act. It reflects the shared ambition of GCC Member States to nurture ecosystems that are not only innovative but also aligned with global sustainability goals.



B. KEY RECOMMENDATIONS

1. REGULATORY SUPPORT

1.1 Startup Formation and Liquidation

GCC countries could consider simplifying the startup registration processes in order to reduce bureaucratic hurdles and foster a more dynamic entrepreneurial ecosystem. Establishing clear and transparent guidelines for the liquidation process could help protect the interests of both entrepreneurs and investors. Additionally, creating a fast-track registration process for startups that meet specific sustainability criteria might encourage green and sustainable business practices.

1.2 Intellectual Property

GCC countries could enhance protections for intellectual property to foster innovation and ensure that startups are able to safeguard their intellectual creations effectively. Providing educational resources to startups on intellectual property rights could assist them in navigating the legal landscape, while the establishment of a regional IP advisory council could offer valuable support in protecting innovations.

1.3 Visa Regimes to Support Startups

GCC countries could explore visa policies that support the growth of sustainable startups by facilitating access to international talent. Introducing a startup visa program could encourage the entry of foreign entrepreneurs and skilled workers, while the implementation of expedited visa processing for startups demonstrating potential for significant economic impact could further enhance the region's appeal to global talent.

1.4 One-Stop Shops

GCC countries could consider the establishment of one-stop shops to streamline the startup establishment process, offering a centralized hub for entrepreneurs to access all necessary services. By providing online platforms where startups can easily access regulatory information and submit applications, and ensuring dedicated support staff are available to assist with legal and regulatory inquiries, the process of starting a business could be made more efficient and accessible.



2. ACCESS TO MARKET

2.1 Government Procurement

2.1.1 Facilitation

GCC countries could introduce policies that prioritize startups in government procurement processes to ensure they have fair access to government contracts. The creation of a dedicated procurement portal specifically for startups could provide easier access to opportunities and simplify the submission of bids. Organizing workshops and training sessions to educate startups on how to navigate government procurement processes could further empower them to participate successfully.

2.1.2 Market and Startup

GCC countries could foster initiatives that connect startups with government projects, thereby enhancing their visibility and access to the market. Establishing partnerships between startups and government agencies could enable the co-development of solutions tailored to meet public sector challenges. Promoting successful case studies of startups that have successfully engaged in government contracts could inspire others to follow suit.

2.2 Internationalization

2.2.1 Customs Benefits

GCC countries could offer customs benefits to startups engaged in international trade, reducing costs and facilitating smoother cross-border operations. Simplifying customs procedures and providing training on international trade regulations could help startups navigate global markets more effectively.

2.2.2 Access to Foreign Currency Accounts

GCC countries could allow startups to open foreign currency accounts, making international transactions more accessible. Offering guidance on managing foreign currency risks and establishing partnerships with banks to provide favorable terms for startups opening such accounts could further promote international expansion.

2.3 Digital Payment Services

GCC countries could promote the development of advanced digital payment ecosystems to support startups in accessing financial services. Encouraging collaboration between fintech companies and startups could enhance payment solutions, while offering incentives for startups that adopt digital payment systems could streamline customer transactions.



3. CAPACITY BUILDING

3.1 Handholding

3.1.1 Startup Support Organizations (SSOs)

GCC countries could strengthen the role of Startup Support Organizations (SSOs) in providing guidance and resources to startups. Developing a network of SSOs across the region could enable the sharing of best practices and resources, while offering funding to SSOs that provide impactful support could further enhance their ability to assist startups.

3.1.2 Mentoring

GCC countries could facilitate the launch of mentoring programs that connect experienced entrepreneurs with startups, providing valuable industry insights. Creating a mentorship database based on industry and specific startup needs could improve matchmaking between mentors and mentees. Regular mentorship events could help foster knowledge sharing and valuable networking opportunities.

3.1.3 Networking and Showcasing

GCC countries could organize events that facilitate networking and showcasing opportunities for startups, helping them connect with potential investors. Creating online platforms for startups to showcase their products and services could expand their audience reach. Hosting annual innovation summits could highlight successful startups and foster collaboration across the region.

3.2 Talent

3.2.1 Work Leaves

GCC countries could encourage policies that allow for flexible work leave arrangements to support entrepreneurs in balancing their professional and personal commitments. Implementing programs offering paid leave for startup founders to focus on business development could further promote work-life balance and attract talent to the startup ecosystem.

3.2.2 Trainings

GCC countries could implement comprehensive training programs focused on entrepreneurship and innovation, equipping startup teams with the skills they need to succeed. Specialized training in areas such as digital marketing, finance, and sustainability could add value to startup operations. Collaborating with educational institutions to offer workshops and courses could provide further skill development opportunities for startup teams.

3.2.3 Certifications

GCC countries could develop certification programs that validate the skills of startup teams, enhancing their credibility. Partnering with industry associations to create recognized certification pathways for entrepreneurs could provide additional professional development opportunities. Offering financial support for startups to enroll their employees in certification programs could incentivize continuous learning.

3.2.4 Talent Acquisition

GCC countries could foster initiatives that facilitate the acquisition of skilled talent for startups. Hosting job fairs specifically for startups could help connect startups with potential employees. Offering incentives for companies that provide internships or training programs for startup employees could also contribute to building a skilled workforce.

3.3 Partnerships

3.3.1 Public-Private partnerships

GCC countries could promote public-private partnerships to leverage resources and support startup growth. Establishing joint initiatives between government and private sector entities could address startup challenges more effectively. Creating funding opportunities for projects that involve collaboration between public and private organizations could enhance the impact of such partnerships.

3.3.2 Intergovernmental Partnerships

GCC countries could establish intergovernmental partnerships to share best practices and experiences across the region. Creating a regional platform for collaboration on startup initiatives and policies could foster a more cohesive and unified startup ecosystem. Organizing joint events and workshops could further encourage cooperation and knowledge exchange among GCC countries.



4. ACCESS TO FUNDING

4.1 Government Funds

GCC countries could create dedicated government funds to support startups focused on sustainability, ensuring alignment with regional development goals. Establishing grant programs for startups that demonstrate innovative solutions to local challenges could encourage further entrepreneurial activity. Additionally, providing matching funds for private investments in startups could stimulate funding diversity and increase access to capital.

4.2 Institutional Investors

GCC countries could encourage institutional investors to allocate funds towards startups, particularly in the technology and sustainability sectors. Offering incentives for institutional investors to invest in early-stage startups could help unlock critical funding at the early stages of business growth. Organizing pitch events where startups can present their ideas to potential investors could further support access to capital.

4.3 Credit Guarantees

GCC countries could develop credit guarantee schemes to reduce the risk for lenders financing startups. Establishing a fund that provides guarantees for loans taken by startups, particularly in high-risk sectors, could help overcome funding barriers. Collaborating with banks to promote credit guarantee programs could encourage more lenders to consider startups as viable borrowers.

4.4 Alternative Funding Sources

GCC countries could promote alternative funding sources such as crowdfunding and angel investors, offering startups a broader range of financing options. Establishing platforms that connect startups with potential angel investors and crowdfunding opportunities could help facilitate access to capital. Providing educational resources on how to effectively use alternative funding methods could empower startups to explore different avenues for financing.



5. TAXATION

5.1 Tax incentives

GCC countries could implement tax incentives that align with sustainability goals, encouraging startups to adopt sustainable business practices. Offering reduced tax rates for startups in their initial years of operation could ease financial burdens and provide a smoother path to growth. Additionally, creating tax credits for investments made in startups by individuals and corporations could further stimulate private investment in the startup ecosystem.

5.2 Tax exemptions

GCC countries could provide tax exemptions for early-stage startups to support their growth and reduce operational costs. Establishing tax holidays for startups in sectors deemed critical for economic development could further incentivize entrepreneurship. Implementing exemptions on certain fees and charges that startups face during their initial setup could improve the ease of doing business in the region.



6. OTHER FINANCIAL INCENTIVES

GCC countries could introduce additional financial incentives such as grants for startups focused on innovation and sustainability. Creating subsidies for startups that invest in research and development could further encourage innovation. Offering financial support for startups participating in international trade shows and exhibitions could help them expand their reach and strengthen their global presence.



KEY CONSIDERATIONS & RECOMMENDATIONS



1. REGULATORY SUPPORT

- 1.1 Startup Formation and Liquidation
- 1.2 Intellectual Property
- 1.3 Visa Regimes to Support Startups
- 1.4 One-Stop Shops



2. ACCESS TO MARKET

- 2.1 Government Procurement
- 2.2 Internationalization
- 2.3 Digital Payment Services



3. CAPACITY BUILDING

- 3.1 Handholding
- 3.2 Talent
- 3.3 Partnerships



4. ACCESS TO FUNDING

- 4.1 Government Funds
- 4.2 Institutional Investors
- 4.3 Credit Guarantees
- 4.4 Alternative Funding Sources



5. TAXATION

- 5.1 Tax incentives
- 5.2 Tax exemptions

CHAPTER III:
CONCLUSION

In conclusion, the GCC countries are presented with a promising opportunity to strengthen and diversify their digital economies. The insights drawn from the DCO's engagement and the GCC Roundtable offer valuable guidance in shaping the future of startup ecosystems across the region. By focusing on key areas such as regulatory support, market access, capacity building, funding, taxation, and financial incentives, the recommendations provide a thoughtful approach that aligns with the region's long-term goals for economic growth, social progress, and environmental sustainability.

The collaborative spirit emphasized by the DCO, alongside the involvement of key stakeholders, will be central to addressing challenges while embracing the opportunities that the digital

economy offers. It is important for the GCC countries to consider these recommendations, tailoring them to their specific contexts to ensure both relevance and effectiveness in the pursuit of their digital transformation.

As the region continues to advance in its digital journey, there is a unique opportunity to position the GCC as a leader in innovation, fostering resilient and sustainable ecosystems. By adopting these recommendations, the GCC can enhance its competitiveness on the global stage, while also contributing positively to the achievement of global sustainability goals. The DCO's ongoing support and the thoughtful implementation of these strategies will undoubtedly play a key role in realizing this vision for a prosperous and innovative future.





GCC TO-BE COUNTRY REPORTS: INSIGHTS AND RECOMMENDATIONS FOR SDG-DRIVEN STARTUP GROWTH

ABOUT THE COUNTRY REPORTS

The To-Be Reports build on the insights of the As-Is Reports for each DCO Member State, providing strategic considerations to support the startup ecosystem with a focus on Sustainable Development Goals (SDGs). While these reports emphasize SDGs that are actively implemented or in progress, it is important to note that the prioritized SDGs have the potential to influence all SDGs. However, due to scope limitations, we focused specifically on those currently in development or implementation.

The reports aim to facilitate alignment between legal and regulatory frameworks and the SDGs, thereby supporting sustainable startups, including those contributing SDG-aligned or sustainability-focused services.

For the vision and strategic pillars—relating directly to Startup Definition, Startup Identification System, and Implementation, Monitoring & Evaluation (M&E)—the report follows a structured approach:

- 1. As-Is Conclusion:** A summary of the current status, as identified in the As-Is Report, to clarify the existing conditions.
- 2. Maturity Assessment:** An evaluation of the framework's current state, categorized as existent, in progress, or undeveloped to identify opportunities for enhancement.

3. High-Level Recommendations: Strategic considerations aimed at enhancing these pillars, with insights for further development.

Regarding incentive structures, the report includes:

- 1. As-Is Conclusion:** A summary of the current conditions derived from the As-Is report findings.
- 2. Maturity Assessment:** An evaluation of each incentive's current state, categorized as existent, in progress, or undeveloped, to highlight areas for improvement.
- 3. Propositions:** Suggestions for improvement based on global best practices and examples to support relevance and effectiveness.

The Maturity Assessment is organized as follows:

- **Existent:** The incentive is implemented with SDG components included.
- **In Progress:** The incentive is partially implemented or has limited SDG components.
- **Non-Existent:** The incentive has yet to be implemented.

These reports, compiled through extensive research and analysis, offer valuable insights to help member states strengthen their startup ecosystems in alignment with the SDGs. While not intended as legal guidance, they serve as a resource for strategic planning and ecosystem development.



RECOMMENDATION REPORT FOR KINGDOM OF BAHRAIN



CHAPTER I: INTRODUCTION

The To-Be report builds on the findings of the As-Is report, which provided a detailed examination of Bahrain's current startup ecosystem, particularly in relation to sustainable development. The As-Is Report highlighted the country's commitment to fostering the growth of small and medium-sized enterprises (SMEs) and startups through a variety of initiatives, frameworks, and programs that align with the Economic Vision 2030.

Bahrain's support for sustainable startups and commitment to incorporating SDGs in its vision is demonstrated through initiatives like the "Sijilat" platform for streamlined company registration, a solid IP protection framework, and advanced digital payment e-services. These efforts facilitate innovation and industry while promoting sustainable economic growth, showcasing Bahrain's strategic approach to fostering a startup ecosystem that is economically robust and aligned with sustainability goals.

Furthermore, the As-Is report emphasized that while various funding mechanisms and support organizations have made considerable strides in promoting sustainability, we identified the opportunity to establish a comprehensive regulatory framework specifically designed for sustainable startups.

Such an approach would ensure that Bahrain's efforts contribute more effectively to environmental and social sustainability goals, paving the way for a robust and dynamic startup landscape in alignment with the nation's strategic vision. The To-Be report will outline actionable strategies to build upon these insights, promoting a more integrated and sustainable entrepreneurial environment in Bahrain.

Below, a table summarizes the SDGs implemented and provides an overview of the areas addressed in the To-Be report:

SDGs	Implemented	Not Implemented Yet
SDG1: No poverty	●	●
SDG2: Zero hunger	●	●
SDG3: Good health and well-being	●	●
SDG4: Quality Education	●	●
SDG5: Gender equality	●	●
SDG6: Clean water and sanitation	●	●
SDG7: Affordable and clean energy	●	●
SDG8: Decent work and economic growth	●	●
SDG9: Industry, innovation and infrastructure	●	●
SDG10: Reduced inequalities	●	●
SDG11: Sustainable cities and economies	●	●
SDG12: Responsible consumption and production	●	●
SDG13: Climate action	●	●
SDG14: Life below water	●	●
SDG15: Life on land	●	●
SDG16: Peace, justice and strong institutions	●	●
SDG17: Partnership for the goals	●	●



CHAPTER II: CONSIDERATIONS FOR BAHRAIN'S STARTUP LEGAL FRAMEWORK

This chapter's content will be tailored to showcase the nation's Projected Enhancements, placing a special focus on the integration of Sustainable Development Goals (SDGs) across each foundational area. In harmony with Bahrain's Economic Vision 2030 and its strategic emphasis on sustainability, the proposed incentives are thoughtfully designed to address the unique opportunities and challenges within the evolving startup ecosystem. Every incentive is conceived with the intent to bolster economic expansion, foster innovation, and advance sustainable development, pinpointing crucial SDGs that resonate with the priorities outlined in the vision. Prioritizing SDG 8 and 9 holds particular significance for micro, small, and medium-sized enterprises (MSMEs) and startups, highlighting the need to foster inclusivity within innovation, entrepreneurship, and job creation initiatives. This section will present targeted strategies to strengthen the entrepreneurial ecosystem and create an enabling environment for the growth of sustainable startups. These efforts are designed to align closely with Bahrain's strategic objective of fostering a varied and enduring economy.

A. STARTUP DEFINITION

AS-IS Conclusion: While Bahrain offers a range of government-led programs and initiatives to support startups, further development of a clear and explicit legal framework defining the criteria and parameters for startups within the national legislative context would help ensure a more consistent and streamlined approach to providing tailored support for startups.

Maturity Assessment: The process of formally defining "startup" within Bahrain's legal framework is **in progress**. The broad and non-unified local definition could impact the consistency of government programs and efficiency of support towards businesses that specifically meet the startup criteria.

High-Level Recommendation: Bahrain could work towards establishing a formal legal definition of "startups" that emphasizes key characteristics such as innovation, scalability, and alignment with the nation's Economic Vision 2030 and the Sustainable Development Goals, particularly SDG 9. This definition could be informed by global best practices and tailored to the unique needs of the Bahraini market. By doing so, Bahrain can ensure that startups receive comprehensive support, are recognized within the legal framework, and contribute to the country's economic diversification and sustainable development objectives.

B. STARTUP IDENTIFICATION SYSTEM

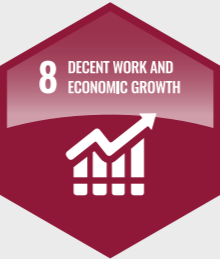
AS-IS Conclusion: In Bahrain, the Small and Medium Enterprises (SME) classification certificate serves as a valuable tool for categorizing small and medium-sized enterprises, including startups, based on their size. While this system establishes a framework for identifying SMEs and enabling their participation in various development initiatives and incentives, a dedicated system for distinctly identifying startups has yet to be introduced.

Maturity Assessment: The current startup identification system in Bahrain is **in progress**, with the SME classification certificate being the closest available mechanism. However, this system is not specifically tailored to startups and does not currently include sustainability metrics, which could enhance alignment with the Sustainable Development Goals.

High-Level Recommendation: Bahrain could refine its identification system to more specifically recognize startups, potentially including sustainability criteria to ensure that these businesses contribute to SDGs such as SDG 8 and SDG 9. To foster innovation, the system could integrate digital tools and platforms for more efficient and accurate identification. Additionally, scalability can be achieved by designing a flexible and modular framework that can adapt to the evolving startup ecosystem and sustainability standards. This approach would streamline the process, support sustainable growth, and ensure Bahrain remains a leader in nurturing innovative startups. Bahrain could look to successful global models which consider sustainability as an integral factor in startup classification. By doing so, Bahrain would not only provide a clear framework for startup identification but also encourage and support the growth of startups that are committed to sustainable practices and principles.



CURRENT KEY SDGs IN BAHRAIN





C. INCENTIVES



1. REGULATORY SUPPORT

1.1 Startup Formation and Liquidation

AS-IS Conclusion: The implementation of the "Sijilat" platform by the Bahraini Ministry of Industry and Commerce represents a significant advancement in the country's efforts to foster a conducive environment for entrepreneurship. By simplifying the company registration process and providing a centralized online portal for selecting business activities and obtaining licenses, Bahrain is actively supporting new ventures from formation to liquidation. The platform's alignment with Sustainable Development Goals underscores Bahrain's commitment to sustainable industrialization and innovation. While the platform serves all types of startups without a specific focus on sustainability-oriented companies, its existence and effectiveness contribute to the broader agenda of sustainable development.

Maturity Assessment: The regulatory framework for enterprise formation and liquidation in Bahrain, as evidenced by the "Sijilat" platform, indicates a mature and supportive ecosystem for entrepreneurs. The system is **existent** and clearly structured to align with the implementation of Sustainable Development Goals. This reflects a strategic approach to integrating sustainable development into the core of economic initiatives. The comprehensive support provided by the National Bureau of Revenue for VAT registration further exemplifies the government's dedication to ensuring startups are well-equipped to meet their fiscal responsibilities.

Proposition: To build upon the success of the "Sijilat" platform, the Bahraini government could consider enhancing its focus on startups that are directly contributing to sustainable development. This could involve creating incentives for businesses that prioritize sustainability in their operations or contribute to the achievement of other Sustainable Development Goals. Such incentives may include automated registration systems, online business filing systems and information retrieval systems, which would be dedicated to incorporating SDGs. By doing so, Bahrain would not only continue its trajectory towards sustainable development but also encourage a new wave of innovation and responsible entrepreneurship that could serve as a model for other nations.



1.2 Intellectual Property

AS-IS Conclusion: Bahrain's commitment to protecting intellectual property rights is evident through its robust national laws and compliance with international treaties. The establishment of e-Services is a testament to Bahrain's dedication to fostering an environment conducive to innovation and creativity. These e-Services are integral to the government's strategy to support Sustainable Development Goals by ensuring that intellectual assets are legally protected, thereby encouraging the development of sustainable solutions. Although the current system does not specifically focus on sustainable technologies, it is aligned with the broader objectives of the Sustainable Development Goals, providing a supportive framework for all startups.

Maturity Assessment: Bahrain's intellectual property framework is well-developed and offers a mature system for safeguarding the research projects and outputs as well as the products of startups. A sustainable IP framework is **existent** and aligns with the country's strategy to support SDGs, which indicates a strategic and forward-thinking approach. The protection offered by this framework contributes to the promotion of industry, innovation, and infrastructure, which are essential components of SDGs.

Proposition: To further continue strengthening its sustainable development, the Bahraini Government could enhance its intellectual property framework to provide additional support for startups focusing on sustainable technologies. By doing so, Bahrain could encourage the development and commercialization of innovations that contribute to sustainability goals. This would involve creating specific incentives or protections for intellectual property in the realm of sustainable technologies, thereby not only maintaining the current process but also enhancing it by placing special emphasis on startups poised to make a significant contribution to the sustainable development of Bahrain.

1.3 Visa Regimes to Support Startups

AS-IS Conclusion: Bahrain's visa regimes are aimed at supporting startups. While these services contribute to the overall startup ecosystem, there is currently no specific visa category or program tailored to attract entrepreneurs with a focus on sustainability to Bahrain.

Maturity Assessment: The visa support system for startups in Bahrain provides a foundation for entrepreneurs and investors to establish and grow their businesses. However, it is still in **progress** in terms of sustainability. The targeted visa options for sustainable entrepreneurs have not yet been developed, highlighting an area for potential growth within the Kingdom's immigration policies.

Proposition: To further strengthen Bahrain's position as a hub for innovation and sustainability, the government could consider introducing visa categories or programs that are specifically designed to attract sustainable entrepreneurs from around the world. This could involve creating a Sustainability Visa with criteria that recognize and prioritize business plans with clear sustainability goals or offering incentives such as expedited processing and extended visa durations for entrepreneurs in the sustainability sector. For example, Bahrain could introduce a Sustainability Visa program similar to the United Arab Emirates' initiative, Dubai Green Visa, which offers long-term residency to investors and entrepreneurs in the fields of clean energy and sustainable technologies. The UAE's Green Visa allows self-sponsorship for five (5) years. By following this example, Bahrain would position itself as a destination for sustainability-driven innovation and talent. By doing so, Bahrain can signal its commitment to sustainable development and attract talent and investment that contribute to the Sustainable Development Goals and the Kingdom's economic diversification efforts.^[1]



1.4 One-Stop Shops

AS-IS Conclusion: Bahrain's one-stop shops have a strong emphasis on sustainability. These platforms are designed to nurture the development and international expansion of startups and enterprises. They are dedicated to generating sustainable, high-value job opportunities for local talent in sectors with high growth potential, while also providing the necessary training to realize these ambitions. Although a one-stop shop exclusively for sustainable startups has not yet been developed, initiatives like StartUp Bahrain are making significant progress in incorporating sustainability into their focus.

Maturity Assessment: The one-stop shop services for startups in Bahrain demonstrate an expanding support system that includes sustainable initiatives. These services are **existent** and are in alignment with the Sustainable Development Goals, reflecting a commitment to integrating sustainability into the broader entrepreneurial ecosystem. The presence of such initiatives indicates a strategic approach to fostering a supportive environment for startups that contribute to sustainable economic growth.

Proposition: Building on the foundation already laid, the Government could continue to enhance its one-stop shop offerings by further tailoring services to meet the specific needs of sustainable startups. This could involve creating specialized one-stop shop programs and incentives that encourage the development of startups with a clear sustainability mandate. A dedicated sustainability one-stop shop could provide a comprehensive range of services, including access to funding and mentorship programs, while focusing specifically on green startups, offering tailored support and resources to help them scale and succeed. By doing so, Bahrain can reinforce its position as a hub for sustainable entrepreneurship and innovation, driving progress towards the Sustainable Development Goals and fostering a more resilient and diversified economy.



2. ACCESS TO MARKET

2.1 Government Procurement

2.1.1 Facilitation

AS-IS Conclusion: Bahrain has implemented measures to support startups and SMEs in government procurement, aiming to strengthen local startup engagement in government projects. While these efforts are supportive, there is an opportunity to develop initiatives that specifically target sustainable startups or those aligned with the Sustainable Development Goals.

Maturity Assessment: The facilitation of government procurement for startups in Bahrain is **in progress**, while several supportive procedures are in place, none have yet been specifically developed to offer tailored support for startups focused on sustainability.

Proposition: Bahrain could establish a Green Public Procurement (GPP) program which encourages public authorities to consider environmental impacts when purchasing goods, services, and works. GPP is a voluntary instrument that encourages public authorities to procure goods, services, and works with a reduced environmental impact. It serves as a catalyst for eco-innovation and sustainable development, allowing startups and businesses that offer green solutions to have a competitive advantage in government tenders. The EU provides guidelines, criteria, and training on how to implement GPP, which could serve as a model for Bahrain to adapt and adopt. By adopting such a program, Bahrain can provide a competitive edge to startups offering sustainable solutions, aligning government procurement with environmental and sustainability objectives. This initiative would not only incentivize innovation in green technologies but also promote a broader

market for sustainable products and services, contributing to the nation's commitment to the Sustainable Development Goals.^[2]

2.1.2 Market and Startup

AS-IS Conclusion: While Bahrain's initiatives play a crucial role in advising startups on regulatory compliance, market entry criteria, and facilitating connections with potential clients and partners, there is a noticeable opportunity to develop specific programs or initiatives that would ease market access for startups prioritizing sustainability and environmental impact. This presents a chance to introduce targeted support within the startup ecosystem to drive growth in the green and sustainable sectors.

Maturity Assessment: Market access programs for startups in Bahrain are **in progress**, with existing frameworks providing general support for startups looking to enter and expand in the market. However, these programs remain limited in their focus on sustainability, indicating room for enhancement in supporting startups that contribute to environmental goals and sustainable development.

Proposition: Bahrain could establish targeted initiatives to enhance market access for sustainable startups, drawing inspiration from successful international models. It could take a cue from **Singapore's Enterprise Sustainability Programme**. This program aims to enhance the capabilities of local enterprises, particularly SMEs, to thrive in the emerging green economy, by supporting them in developing sustainability strategies, improving resource efficiency, and adopting sustainability standards. Additionally, the program helps enterprises create new products, services, and solutions for the green economy, while strengthening the overall sustainability business ecosystem through collaboration with industry partners. Bahrain could thus facilitate connections between sustainable startups and established businesses, encouraging partnerships that integrate green solutions into existing industries. By implementing such initiatives, Bahrain can provide a more conducive environment for sustainable startups to thrive and gain access to new markets.^[3]





2.2 Internationalization

2.2.1 Customs Benefits

AS-IS Conclusion: Bahrain has made commendable progress, offering foreign investors many advantages compared to neighboring regions. Additionally, Bahrain's favorable regulatory environment underscore its effort to building a resilient economy and becoming a leader in trade within the region. Despite these advancements, customs benefits or exemptions specifically designed for sustainable startups engaged in international trade have not yet been developed, nor have preferential treatment schemes for products or services that meet sustainability standards been established.

Maturity Assessment: While Bahrain has taken steps to facilitate international trade, the customs benefits system is evolving but has a limited focus on sustainable startups. They are **in progress**, so there is room for improvement in integrating sustainability considerations into customs policies to support startups that contribute to sustainable development.

Proposition: Bahrain could establish customs benefits for sustainable startups by adopting a program similar to the United States' Foreign-Trade Zones (FTZs) program, which includes a special focus on renewable energy and sustainability. In the U.S., businesses operating within FTZs can receive deferral, reduction, or elimination of customs duties on imported renewable energy equipment or materials used in manufacturing. Bahrain could create a similar incentive within its own trade zones or through its customs regulations, offering duty exemptions or reductions for sustainable startups that import materials and technologies used in the production of renewable energy, energy-efficient products, or other sustainable goods. This targeted approach would encourage

the growth of sustainable startups by lowering the cost of importing necessary components for their environmentally friendly products, aligning with Bahrain's commitment to sustainable development and the SDGs.^{[4] [5]}

2.2.2 Access to Foreign Currency Accounts

AS-IS Conclusion: Bahrain has implemented initiatives to improve access to foreign currency accounts, which are crucial for startups engaging in international trade. However, there are currently no specific procedures, regulations, or support mechanisms that are exclusively designed to assist sustainable startups in opening and operating foreign currency accounts or to facilitate their cross-border transactions.

Maturity Assessment: The provision of access to foreign currency accounts in Bahrain is an evolving incentive, with existing initiatives that support startups and SMEs in general. The focus on tailored benefits for sustainable startups is **in progress**. Particularly, facilitating their international financial transactions is an area that could be further developed.

Proposition: Bahrain could establish a dedicated program to facilitate access to foreign currency for sustainable startups, drawing inspiration from international best practices such as those implemented by Germany's KfW Development Bank. KfW provides targeted financial support to sustainable projects, including access to foreign currency loans for environmental and climate-related ventures. Bahrain could create a similar mechanism within its financial system, possibly through a collaboration between the Central Bank of Bahrain and development banks or financial institutions. This program could offer sustainable startups preferential exchange rates, reduced transaction fees, or even currency hedging options to mitigate the risks associated with

foreign exchange fluctuations. By providing such specialized financial services, Bahrain would not only support the growth of sustainable startups domestically but also empower them to operate more effectively in the global marketplace, aligning with the Sustainable Development Goals and enhancing the country's reputation as a supporter of sustainable business practices.^{[6] [7]}

2.3 Digital Payment Services

AS-IS Conclusion: The digital payment services exemplify Bahrain's commitment to leveraging technology to enhance business operations, offering e-services that enable business owners to conduct transactions efficiently through smart devices. Furthermore, they mark a significant step towards sustainable digital transformation in the region, seeking to integrate sustainability and climate action into payment solutions, fostering the development of innovative practices that aim to minimize carbon footprints and environmental impact and accelerate progress towards the Sustainable Development Goals. Collectively, these developments indicate that digital payment services in Bahrain are not only in place but are also increasingly designed to support sustainable transactions, promote sustainable consumption, and align with the SDGs.

Maturity Assessment: The landscape of digital payment services in Bahrain is mature, with a clear trajectory towards incorporating sustainability into their frameworks. These initiatives are **existent** and demonstrate a strategic integration of sustainability considerations into digital payment solutions. This reflects a comprehensive approach to embedding sustainable practices within the financial sector, which is essential for achieving the Sustainable Development Goals.

Proposition: To further capitalize on the momentum of sustainable digital transformation,

the Bahraini Government could encourage and support the development of more digital payment services and fintech solutions that prioritize sustainability. This could involve providing incentives for innovations that reduce environmental impact, especially fintech, promoting partnerships that focus on sustainable practices, and fostering a regulatory environment that facilitates the growth of green fintech. By doing so, Bahrain can strengthen its position as a leader in sustainable digital finance, contributing to a more sustainable economy and making significant strides towards the Sustainable Development Goals.





3. CAPACITY BUILDING

3.1 Handholding

3.1.1 Startup Support Organizations (SSOs)

AS-IS Conclusion: In Bahrain, a variety of Startup Support Organizations (SSOs) are actively contributing to the growth of a sustainable startup ecosystem, aligning their efforts with the Sustainable Development Goals. Their services range between supporting workers, increasing green spaces, stimulating agricultural industries, nurturing startups in critical sectors, fostering early-stage ventures, and promoting knowledge and technology-based startups in line with Bahrain's Economic Vision 2030. These initiatives are encouraging the development of sustainable financial technologies. They provide an array of resources, access to spaces, and specialized programs that support startups and entrepreneurs with a focus on sustainability.

Maturity Assessment: The SSO landscape in Bahrain is very mature and diverse, with a strong presence of structured programs and initiatives designed to support the development of a sustainable startup ecosystem. Sustainable SSOs are **existent** and show a clear commitment to sustainability and the implementation of the SDGs.

Proposition: To continue fostering a sustainable startup ecosystem, the Bahraini Government and private sector stakeholders could collaborate to expand the scope and depth of support provided to sustainable startups. This could involve increasing funding opportunities, enhancing mentorship programs with a sustainability focus, and creating more platforms for collaboration between startups, investors, and established businesses. By doing so, Bahrain can further

solidify its commitment to sustainability, drive innovation, and ensure that the startup ecosystem not only thrives but also contributes meaningfully to the Sustainable Development Goals and the nation's long-term economic and environmental objectives.

3.1.2 Mentoring

AS-IS Conclusion: The Kingdom of Bahrain is actively fostering entrepreneurial growth through a variety of mentoring initiatives. Mentoring plays a pivotal role in nurturing startup development. Additionally, investment in youth talent is evident through initiatives which offer training opportunities in alignment with SDGs. The Kingdom's dedication to leveraging innovation for sustainable development, with a focus on cultivating leadership among youth. While these programs support the SDGs, there is an opportunity to develop mentorship initiatives that specifically connect startups with experienced entrepreneurs in the sustainability field.

Maturity Assessment: The mentoring ecosystem in Bahrain is mature and diverse, with a range of programs that support the development of entrepreneurial skills and leadership among the youth. These initiatives are **existent** and contribute to the Kingdom's strategic goals and the Sustainable Development Goals. However, there is potential for further specialization within the mentoring ecosystem to address the specific needs of sustainable startups.

Proposition: To enhance the impact of its mentoring programs, Bahrain could continue to develop its mentoring ecosystem with a greater focus on sustainability. This could involve creating mentorship programs that directly connect startups with seasoned entrepreneurs and experts in the sustainability sector. By doing so, Bahrain can support startups focused on sustainable solutions and reinforce its

commitment to the SDGs. Partnerships with established businesses can drive knowledge transfer, innovation, and stronger support for environmental and social challenges.

3.1.3 Networking and Showcasing

AS-IS Conclusion: The various networking initiatives like networking events and platforms in Bahrain play a crucial role in fostering investment attraction and partnership development for startups, with a focus on sustainability. They also provide a dedicated space for sustainability-focused startups, facilitating interactions with experts and investors to drive sustainable innovation in line with the SDGs. These initiatives underscore Bahrain's dedication to innovation and youth empowerment, targeting sustainable ideas and evaluating them based on their potential impact on financial inclusion, as well as creating events that specifically connect sustainable startups with the resources they need to thrive and contribute to the SDGs.

Maturity Assessment: Networking and showcasing opportunities in Bahrain are well-established, providing a fertile ground for startups to connect with investors, partners, and customers. These sustainability-focused opportunities are **existent** and are instrumental in promoting sustainable economic growth and are aligned with the nation's strategic vision and the Sustainable Development Goals.

Proposition: Bahrain could continue to expand and enhance networking and showcasing opportunities that are specifically tailored to sustainable startups. This could involve increasing the frequency and scale of events like the Sustainova Startup Challenge and the Mastercard Challenge, as well as introducing new platforms that facilitate connections between startups and the global sustainability community. By doing so, Bahrain can ensure that its startups

are well-positioned to attract investment, forge strategic partnerships, and access markets that value sustainability, thereby accelerating progress towards the SDGs and fostering a more inclusive and sustainable economic landscape.

Sustainable SSOs are existent and show a clear commitment to sustainability and the implementation of the SDGs.

3.2 Talent

3.2.1 Work Leaves

AS-IS Conclusion: Bahrain's targeted work leave incentives for startup employees to engage in projects focused on innovation or sustainability have not yet been established. Implementing such incentives could foster creativity and support the development of innovative solutions.

Maturity Assessment: Work leave incentives specifically designed for startup employees to dedicate time to innovation and sustainability initiatives are **non-existent**, yet.

Proposition: Bahrain could consider implementing work leave policies that allow employees to explore entrepreneurship with the assurance of job security, thereby lowering the barriers to initiating new ventures. By integrating sustainability into these policies, Bahrain can foster the development of green startups, aligning with Sustainable Development Goals 8 (Decent Work and Economic Growth) and 12 (Responsible Consumption and Production). This approach would incentivize sustainable business practices and eco-innovation, contributing to a more sustainable and resilient economy.



3.2.2 Trainings

AS-IS Conclusion: Bahrain has been proactive in partnering with educational institutions and industry groups to foster talent development tailored for the startup ecosystem. Several initiatives have been initiated to support SDGs and have been instrumental in enhancing support for Bahraini job seekers, offering vocational training and job placement assistance. The training modules and initiatives for individuals and businesses were critical to elevate the private sector's role in economic growth and prioritize Bahraini talent, aligning with SDGs. Despite these advancements, specialized training programs or certifications specifically for startups in the sustainability field have not yet been established, although the existing programs do support various SDGs.

Maturity Assessment: The training ecosystem in Bahrain is diverse, well-established, and is **existent** regarding its sustainability focus. There are multiple programs and initiatives that aim to develop skills and enhance employment opportunities, demonstrating a commitment to sustainable economic growth and productive employment.

Proposition: Bahrain could continue its efforts in building training programs that align with SDGs, but could also consider developing specialized training programs and certifications that are specifically designed for startups in the sustainability field. This could involve creating curricula that address the unique challenges and opportunities within the sustainability sector, offering incentives for startups to participate in these programs, and fostering collaborations between startups, educational institutions, and industry experts in sustainability. By doing so, Bahrain can equip startups with the skills to innovate in sustainability, effectively contributing to the SDGs and enhancing economic resilience.

3.2.3 Certifications

AS-IS Conclusion: There are some training programs dedicated to helping professionals obtain certifications. However, currently, Bahrain has limited recognized sustainability certifications for employees that would enable them to bolster their career prospects and showcase their dedication to sustainable practices. Such certifications are valuable in today's job market, where there is an increasing demand for professionals who are knowledgeable about and committed to sustainability.

Maturity Assessment: The certification landscape in Bahrain is in the early developmental phases, with efforts underway to establish programs that support businesses and individuals. They are **in progress** when it comes to achieving and adhering to sustainability standards. The presence of such programs is essential for fostering a workforce that is equipped to meet the challenges of sustainable development.

Proposition: Bahrain could consider drawing inspiration from the approach taken by countries like Germany, where the Sustainability Code provides a framework for companies to integrate sustainability into their business practices and extends to training programs for employees. Germany offers certified training programs like the "DGNB ESG-Manager" by the German Sustainable Building Council, focusing on sustainable real estate management compliant with ESG (Environmental, Social, Governance) standards. Successful candidates earn the DGNB ESG Manager title, allowing a better understanding of sustainable building operations and EU compliance. By introducing similar certified training programs, Bahrain could develop a workforce proficient in sustainability. Collaborating with educational institutions and international bodies for recognized certifications would enhance professional development, promote sustainable practices, and support the country's commitment to the SDGs.^[8]

3.2.4 Talent Acquisition

AS-IS Conclusion: Bahrain's talent acquisition landscape is enriched by initiatives that assist startups in securing skilled workers, match skilled talent with employment opportunities within the startup ecosystem, and support SDGs by promoting economic growth and productive employment. It has evolved through various stages and contributed to a structured labor market. While these programs support the SDGs and national employment objectives, a specific focus on attracting and retaining top talent for sustainable startups has not yet been established.

Maturity Assessment: The talent acquisition programs in Bahrain are well-developed and effectively align with the nation's employment objectives. The focus on sustainability within these programs is **existent**, ensuring that the workforce development strategies contribute to the broader sustainable development agenda.

Proposition: To further enhance the support for sustainable startups, Bahrain could consider implementing targeted talent acquisition and

retention strategies that cater specifically to the needs of this sector. This could involve creating specialized training programs, incentives, and career development opportunities that attract top talent to sustainable startups. This could include green bootcamps focused on green technologies, renewable energy, and sustainable business practices which could be run in collaboration with businesses to provide hands-on experience and help with talent acquisition. Developing clear career pathways for roles in sustainable startups is another possible initiative, outlining the skills and experiences needed for advancement. This could include rotational programs that allow employees to gain experience in different aspects of sustainability within the company. Additionally, fostering partnerships between educational institutions, private sector entities, and startups can lead to a more robust pipeline of skilled individuals who are equipped to drive sustainability initiatives. By doing so, Bahrain can ensure that sustainable startups have access to a skilled workforce that can advance the nation's sustainability goals and contributing to the SDGs.





3.3 Partnerships

3.3.1 Public-Private partnerships

AS-IS Conclusion: While Bahrain has a robust suite of initiatives that support startup formation and operation, including incubators, accelerators, investment funds, and SME-targeted grants, there is a noticeable opportunity for sustainable startups to collaborate directly with government agencies or larger corporations. Such collaborations could be instrumental in scaling sustainable solutions and integrating them into the broader economy.

Maturity Assessment: The landscape of public-private partnerships (PPPs) in Bahrain is evolving, with existing frameworks that provide valuable opportunities for startups. However, these partnerships are still **in progress**, with limited specific mechanisms or programs that are tailored to support startups with a focus on sustainability. There is potential for growth in this area to ensure that sustainability-focused startups can fully leverage the benefits of PPPs.

Proposition: Bahrain could take inspiration from Denmark's Green Public-Private Partnerships model. Denmark has successfully implemented GPPPs to accelerate the development and implementation of green technologies and solutions. These partnerships involve collaboration between the government, private companies, and research institutions to co-finance and co-develop projects that contribute to the country's ambitious climate and energy goals. Denmark has established a robust framework for Green Public-Private Partnerships aimed at enhancing sustainability through collaborative efforts between public and private sectors. This model is characterized by its focus on green procurement, innovation, and long-term environmental goals. Initiated in 2006, Denmark's Partnership for Green Public Procurement drives

greener practices through joint procurement strategies emphasizing environmental criteria, representing about EUR 5.5 billion annually or 13% of Denmark's public procurement. By adopting a similar approach, Bahrain could create a framework for sustainable startups to engage with leaders, facilitating knowledge exchange and market access. This would support startup growth and align Bahrain's economic strategies with global sustainability goals.^{[9] [10]}

3.3.2 Intergovernmental Partnerships

AS-IS Conclusion: The strategic intergovernmental partnerships exemplify a commitment to creating a sustainable ecosystem, which is poised to influence industries across the MENA region towards embracing sustainability. This collaboration serves as a catalyst for businesses to incorporate sustainable practices into their operations and to take concrete actions in the fight against climate change. Such initiatives are vital in facilitating cross-border collaboration among sustainable startups, enabling them to share knowledge, resources, and innovations. Therefore, initiatives are in place to promote cooperation among sustainable startups across various countries in the MENA region.

Maturity Assessment: Intergovernmental partnerships and collaborations in Bahrain are in place but remain limited in number, providing some targeted support specifically designed to expedite the development of sustainability-focused startups. These initiatives are **existent** and are strategically aligned with the Sustainable Development Goals, reflecting a concerted effort to integrate sustainability into the economic growth of the region.

Proposition: Bahrain could continue to foster intergovernmental partnerships and encourage collaboration between startups from different countries or regions. This could involve creating

more platforms for international dialogue, exchange programs for entrepreneurs, and joint ventures that focus on sustainable innovation. Additionally, Bahrain could take a leading role in establishing a regional network of sustainability-focused startups, providing them with access to a broader market and investment opportunities. By doing so, Bahrain can help to ensure that sustainability is at the forefront of regional economic development and that startups are well-supported in their efforts to contribute to the Sustainable Development Goals.



4. ACCESS TO FUNDING

4.1 Government Funds

AS-IS Conclusion: Bahrain has demonstrated a strong commitment to nurturing a supportive environment for startups and entrepreneurs, particularly those with a focus on sustainability. The government funds are geared towards bolstering the venture capital landscape, facilitating the launch and growth of startups by providing grants, training, and financial resources and fostering market organization, support, funding, and consumer protection, all in alignment with SDGs. They showcase to the Kingdom's efforts to promote social and economic progress. These initiatives indicate that government funds and grants are indeed allocated to support sustainable startups and businesses that are focused on achieving the SDGs.

Maturity Assessment: Government funding mechanisms in Bahrain are very mature, with specific programs and initiatives that focus on supporting sustainability-driven startups. These programs are **existent** and are designed to provide financial assistance and foster an ecosystem conducive to the growth of businesses that contribute to sustainable development.

Proposition: To continue fostering the growth of sustainable startups, Bahrain could maintain and potentially increase the allocation of government funds and grants that target this sector. This could involve expanding existing programs like Tamkeen and the 'Khatwa' program, as well as introducing new funding opportunities that incentivize innovation in sustainability. These programs could be developed further by allocating additional financial resources, larger grants, low-interest loans, and equity investments for startups that demonstrate a clear commitment to sustainable practices, through private investors and international organizations. Providing additional



support for resource efficiency improvements, such as energy-saving technologies, water conservation measures, and sustainable supply chain practices, is also another option. This could include subsidies for adopting green technologies and practices. By doing so, Bahrain can further enhance its support for startups that are aligned with the Sustainable Development Goals, driving economic growth while ensuring environmental and social well-being.



4.2 Institutional Investors

AS-IS Conclusion: Bahrain's investment ecosystem is characterized by a robust presence of national and international institutional investors, some of which are actively supporting sustainability in startups. Their support is aimed at startups with innovative, sustainability-focused ideas. This focus on sustainability by institutional investors reflects their alignment with the Sustainable Development Goals.

Maturity Assessment: The abundance of institutional investors supporting startups indicates a mature market for investment. Institutional investors that integrate sustainability practices into their investment strategies are **existent** but limited in number. These investors are actively focusing on sustainable startups, indicating a good understanding of the importance of sustainability in driving long-term value and impact. This focus not only contributes to the growth of the startups but also aligns with global efforts to achieve the SDGs.

Proposition: Bahrain could encourage more institutional investors to integrate sustainability criteria into their investment decisions. This could involve creating incentives for investments in sustainability-focused startups, such as co-investment funds, and promoting transparency and reporting on sustainability practices among investors. Furthermore, fostering a collaborative environment where investors can share best practices and learn from successful sustainability investments can help to elevate the overall impact of the investment community on achieving the SDGs. By doing so, Bahrain can strengthen its position as a leading hub for sustainable startups and innovation, attracting more investment and driving progress towards a sustainable future.

4.3 Credit Guarantees

AS-IS Conclusion: The banking sector in Bahrain is poised to play a crucial role in promoting Environmental, Social, and Governance (ESG) strategies within the financial landscape. A prime example of this are loans which include sustainability-linked criteria. This enhancement is a landmark in the region, representing the largest sustainability-linked loan facility to date. While there is currently no credit guarantee programs with preferential terms specifically for sustainable startups, the existence of sustainability-linked bank loans indicates a growing recognition of the importance of sustainability in financial products.

Maturity Assessment: Credit guarantees are numerous and mature in Bahrain, with several initiatives and programs being present. The credit guarantees in Bahrain that encompass sustainability-focused initiatives are **existent** but limited in number, which suggests that the financial sector is slowly beginning to acknowledge the significance of sustainability. This demonstrates a growing maturity in the integration of ESG criteria into financial mechanisms, which can be leveraged to support sustainable development.

Proposition: The financial institutions in Bahrain must continue to expand and deepen their commitment to sustainability within the banking sector. This could involve introducing credit guarantee programs with preferential terms for sustainable startups, which would incentivize and support businesses that align with ESG principles. Additionally, the government could work with banks to develop more sustainability-linked financial products, such as green bonds or ESG-focused investment funds, to facilitate access to capital for projects that contribute to sustainable development. By doing so, Bahrain can enhance the financial sector's contribution to achieving the Sustainable Development Goals and foster a more resilient and sustainable economy.

4.4 Alternative Funding Sources

AS-IS Conclusion: Bahrain has proactively developed a robust legal framework for crowdfunding platforms. This initiative is designed to support Sustainable Development Goals by providing SMEs and startups with alternative funding avenues, particularly when traditional financial channels are not viable, thereby fostering a more inclusive and innovative financial environment. While Bahrain currently allows three forms of crowdfunding, alternative funding sources specifically designed to support sustainable projects, such as specialized crowdfunding platforms or insurance initiatives, have not yet been established. However, existing initiatives continue to support the broader implementation of SDGs.

Maturity Assessment: The alternative funding landscape in Bahrain is moderately mature but still needs development. Initiatives conducive to sustainable goals are **existent**. The presence of such a framework indicates a recognition of the importance of alternative finance in supporting the growth of SMEs and startups, including those with a sustainability focus.

Proposition: Bahrain could enhance its alternative funding ecosystem by continuing to incorporate more sustainable alternative funding sources that align with the Sustainable Development Goals. This could include increasing the number of crowdfunding platforms dedicated to SDGs and introducing specialized insurance programs. They could also diversify these sources. This could involve incentivizing the creation of crowdfunding platforms that are dedicated to sustainable projects and offering loans to encourage investment in sustainability-focused ventures. By diversifying the alternative funding options available to startups and SMEs with a sustainability mandate, Bahrain can further stimulate sustainable innovation in line with SDGs.



5. TAXATION

5.1 Tax incentives

AS-IS Conclusion: Bahrain's tax regime offers a favorable environment for businesses, with no taxes on income and capital gains for most sectors, except for those involved in the oil and gas industry or related to fossil fuel extraction and refinement. This could offer an opportunity to encourage and support green innovation and sustainable development within the startup ecosystem.

Maturity Assessment: Bahrain's tax incentive framework is mature and well-established, offering benefits that attract investment across various sectors. The framework's provisions for startups are **existent**. While not explicitly focused on sustainability, businesses in most sectors, including sustainable sectors, benefit under this framework, indicating a better support to startups that contribute to a more sustainable economy.

Proposition: Bahrain could continue developing its tax framework by implementing tax incentives where the government offers a range of tax exemptions and rebates for businesses that invest in energy efficiency, renewable energy, and sustainable practices. It could allow businesses to claim allowances on capital expenditure for energy-efficient equipment or technology. This allowance could be claimed against taxable income, thus reducing the overall tax burden for companies investing in energy efficiency. By introducing such tax incentives, Bahrain could boost investment in sustainable startups, promote green technologies, and align its economic strategies with environmental goals, enhancing its reputation as a sustainable business hub.

Bahrain's tax incentive framework is mature and well-established, offering benefits that attract investment across various sectors.

5.2 Tax exemptions

AS-IS Conclusion: Tax exemptions for startups, including those focused on sustainability, have not yet been established.

Maturity Assessment: The framework for tax exemptions in Bahrain has not yet been developed, and provisions for such incentives remain to be introduced. Tax incentives specifically tailored to support startups, including those focused on sustainability, are **non-existent**.

Proposition: Bahrain could consider introducing tax exemptions for startups, particularly during their formative years, to enable them to allocate more resources towards growth, scaling, and job creation. Such measures could include corporate tax holidays, reductions in payroll taxes, and exemptions from local business taxes. These fiscal incentives would not only offer startups much-needed financial stability but also support Sustainable Development Goal 8 (Decent Work and Economic Growth) by encouraging employment and stimulating economic activity. Unlike targeted tax incentives that reward specific actions, these proposed tax exemptions would offer widespread financial relief to startups without necessitating adherence to qualifying activities, thereby creating a more supportive environment for all startups, including those focused on sustainability.



6. OTHER FINANCIAL INCENTIVES

AS-IS Conclusion: Bahrain offers a variety of financial incentives that cater to startups and entrepreneurs, particularly those with a focus on sustainability. Many financial incentives available which encourage sustainable employment practices and contribute to fostering an environment conducive to sustainable economic growth. These initiatives are aligned with SDGs, offering support for startups that adopt sustainable practices.

Maturity Assessment: The financial support landscape in Bahrain is well-developed, with a range of programs and resources available to startups at various stages of their development. The focus on sustainability is **existent**, with specific support targeting green startups and projects aligned with the Sustainable Development Goals.

Proposition: The government could maintain and expand its commitment to implementing programs that benefit sustainable projects and startups. This could involve enhancing existing financial incentives or introducing new subsidies for sustainability-focused ventures. By continuing to support the integration of sustainable practices into the business strategies of startups, Bahrain can further its progress towards achieving the Sustainable Development Goals and fostering a more resilient, inclusive, and sustainable economy.

Bahrain has established a supportive environment for SMEs and startups through several initiatives.

D. IMPLEMENTATION AND M&E

AS-IS Conclusion: Bahrain has established a supportive environment for SMEs and startups through several initiatives. These efforts are complemented by the Bahraini Government's active engagement with the startup ecosystem. However, a dedicated startup act has not yet been established, and the monitoring of sustainability within the startup sector presents an opportunity for further development.

Maturity Assessment: The Monitoring & Evaluation (M&E) landscape for startups in Bahrain is **in progress**, with existing mechanisms to track the general progress of the startup ecosystem. However, specific metrics for evaluating the impact of regulations on sustainable startups are still under development. There is potential for Bahrain to enhance its assessment of sustainability within the startup ecosystem.

High-Level Recommendation: To enhance its M&E systems, Bahrain should integrate sustainability benchmarks into the assessment of its startup ecosystem. Key areas of focus could include tracking the number and performance of sustainable startups, particularly those aligning with environmental, social, and governance (ESG) criteria. This can be achieved by developing sustainability indicators like energy efficiency, waste management, and social impact, which can be integrated into the existing M&E processes.

Clear guidelines for reporting sustainable practices should be provided to startups, ensuring consistent data collection and effective tracking of progress toward sustainability goals such as SDG 7, SDG 12, and SDG 13. Stakeholder engagement, effective change management, and capacity building will be essential in supporting the transition to these new reporting requirements, ensuring their adoption by government agencies, investors, and startups.



CHAPTER III: CONCLUSION

Building on the insights from the As-Is Report, while the Kingdom has made notable progress in supporting SMEs and startups, there is a significant opportunity to enhance the focus on sustainability.

We have developed a series of strategic propositions aimed at strengthening Bahrain's startup ecosystem, particularly for sustainable ventures like unified startup framework and identification system. These measures provide a clear pathway toward fostering a more vibrant and resilient startup environment.

Additionally, leveraging global best practices, such as certification programs for sustainability, and partnerships that prioritize sustainability, can facilitate the growth of innovative businesses aligned with environmental and social goals. As Bahrain continues its economic diversification journey under its Economic Vision 2030, prioritizing sustainability in its entrepreneurial landscape is not just a regulatory necessity but a strategic imperative.

To effectively implement these sustainability initiatives and ensure their success, the government could consider or prepare the infrastructure needed for change management. This is essential for ensuring that new sustainability initiatives are seamlessly integrated into existing systems, fostering smooth transitions and encouraging widespread adoption. It is particularly important for sustainability and economic diversification, aligning all stakeholders with the strategic direction. The government can mitigate risks, foster a culture of continuous improvement, and drive long-term success.

Effective and proactive change management would not only support the transition to sustainable practices but also enhance the overall resilience and adaptability of the startup ecosystem. It plays a pivotal role in the startup ecosystem by enabling startups to navigate transitions smoothly, adopt new technologies and practices efficiently, and remain agile in a rapidly evolving market. By ensuring that startups are well-prepared for change, the government can help them thrive in a competitive environment, fostering innovation and sustainable growth.

By embracing these propositions, the Kingdom can elevate its startup ecosystem and ensure it plays a pivotal role in advancing the Sustainable Development Goals (SDGs). Aligning economic growth with sustainable practices will ultimately contribute to a more sustainable and prosperous future for the Kingdom, positioning it as a regional leader in innovation and sustainability.





RECOMMENDATION REPORT FOR KINGDOM OF SAUDI ARABIA



CHAPTER I: INTRODUCTION

The To-Be report builds on the findings of the As-Is report, which provided a detailed examination of Saudi Arabia's current startup ecosystem, particularly in relation to sustainable development. The As-Is Report highlighted the Kingdom's commitment to fostering the growth of small and medium-sized enterprises (SMEs) and startups through a variety of initiatives, frameworks, and programs that align with Vision 2030.

Among these initiatives are significant regulatory reforms, such as the introduction of the New Companies Law and the establishment of the Simplified Joint Stock Company (SJSC). These reforms have created a more conducive environment for innovation and entrepreneurship, supported by institutions like Monsha'at and KAUST, which offer vital resources and support for startups, including those focused on sustainable practices. Furthermore, the As-Is report emphasized the importance of initiatives

like the Saudi Green Initiative, which reflects the Kingdom's dedication to integrating sustainability into its economic agenda.

While various funding mechanisms and support organizations have made considerable strides in promoting sustainability, it has been observed that the development of a comprehensive regulatory framework specifically tailored for sustainable startups remains an area for further enhancement.

Such an approach would ensure that Saudi Arabia's efforts contribute more effectively to environmental and social sustainability goals, paving the way for a robust and dynamic startup landscape in alignment with the Kingdom's strategic vision. The To-Be report will outline actionable strategies to build upon these insights, promoting a more integrated and sustainable entrepreneurial environment in Saudi Arabia.

Below, a table summarizes the SDGs implemented and provides an overview of the areas addressed in the To-Be report:

SDGs	Implemented	Not Implemented Yet
SDG1: No poverty	●	●
SDG2: Zero hunger	●	●
SDG3: Good health and well-being	●	●
SDG4: Quality Education	●	●
SDG5: Gender equality	●	●
SDG6: Clean water and sanitation	●	●
SDG7: Affordable and clean energy	●	●
SDG8: Decent work and economic growth	●	●
SDG9: Industry, innovation and infrastructure	●	●
SDG10: Reduced inequalities	●	●
SDG11: Sustainable cities and economies	●	●
SDG12: Responsible consumption and production	●	●
SDG13: Climate action	●	●
SDG14: Life below water	●	●
SDG15: Life on land	●	●
SDG16: Peace, justice and strong institutions	●	●
SDG17: Partnership for the goals	●	●



CHAPTER II: CONSIDERATIONS FOR KSA'S STARTUP LEGAL FRAMEWORK

The content of this chapter will be tailored to reflect the country's Projected Enhancements, with a particular emphasis on the Sustainable Development Goals (SDGs) within each pillar. By aligning with Saudi Arabia's Vision 2030 and its strategic focus on sustainability, the recommendations and proposed incentives aim to address the unique challenges and opportunities within the startup ecosystem. Each incentive is designed to support economic growth, innovation, and sustainable development, targeting key SDGs relevant to the Kingdom's priorities, such as SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation, and Infrastructure), SDG 14 (Life Below Water), SDG 5 (Gender Equality), and SDG 8 (Decent Work and Economic Growth). The emphasis on SDG 5 and SDG 8 is particularly significant for MSMEs and startups, underscoring the importance of promoting gender-inclusive entrepreneurship and fostering job creation. This chapter will present targeted measures that strengthen the broader entrepreneurial environment and create a more supportive framework for sustainable startups, ensuring that these initiatives contribute directly to Saudi Arabia's long-term vision for a diversified and sustainable economy.

CURRENT KEY
SDGs IN KSA

7

AFFORDABLE AND
CLEAN ENERGY

8

DECENT WORK AND
ECONOMIC GROWTH

9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

A. STARTUP DEFINITION

AS-IS Conclusion: While the concept of "startup" is widely recognized within the entrepreneurial community and government initiatives in Saudi Arabia, the absence of a formal legal definition may lead to inconsistencies in policy application and support eligibility.

Maturity Assessment: The process of defining "startup" within the Saudi legal framework is **in progress**. The formalization of the startup definition would contribute to better consistency and more effective targeted support.

High-Level Recommendation: Saudi Arabia could establish a formal legal definition of "startups" emphasizing innovation, scalability, and alignment with Vision 2030 and SDGs, particularly SDG 9 (Industry, Innovation, and Infrastructure). This definition could consider global best practices and the unique needs of the Saudi market to ensure comprehensive support and recognition.

B. STARTUP IDENTIFICATION SYSTEM

AS-IS Conclusion: Saudi Arabia has established a startup identification system managed by Monsha'at, which plays a crucial role in recognizing and supporting startups. However, the system could be enhanced by incorporating sustainability metrics and aligning more closely with Vision 2030's goals.

Maturity Assessment: The startup identification system is **in progress** with potential for incorporating sustainability metrics.

High-Level Recommendation: Saudi Arabia could enhance the identification system to include sustainability criteria. Rather than making sustainability criteria a requirement for startup recognition, we recommend the creation of a dedicated "Sustainable Startup" label. This label would provide startups contributing to SDGs such as SDG 11 (Sustainable Cities and Communities) and SDG 12 (Responsible Consumption and Production) with an additional classification. Sustainable startups could then benefit from specific incentives, such as access to targeted funding, mentorship, and networking opportunities. This approach would both encourage alignment with sustainability goals and provide flexibility for a diverse range of startups, supporting inclusive growth in the ecosystem.

C. INCENTIVES



1. REGULATORY SUPPORT

1.1 Startup Formation and Liquidation

AS-IS Conclusion: The introduction of the New Companies Act has streamlined the process for startup formation and liquidation, making it easier for entrepreneurs to start and dissolve businesses. This reform is a positive step towards creating a more dynamic entrepreneurial ecosystem.

Maturity Assessment: The reform for startup formation and liquidation is **in progress** and can be further optimized.

Proposition: To further enhance the startup formation and liquidation process, Saudi Arabia could implement an online platform for streamlined registration and liquidation, inspired by Estonia's e-Residency program. This platform could include a clear, step-by-step guide to improve the overall user experience, minimize the time taken for approvals, and introduce automated notifications and tracking features to keep entrepreneurs informed about their application status. The platform could also prioritize startups contributing to SDG 9 (Industry, Innovation, and Infrastructure) by facilitating the entry of innovative and infrastructure-focused startups into the market.



1.2 Intellectual Property

AS-IS Conclusion: Saudi Arabia has made notable advancements in intellectual property (IP) protection through the adoption of the GCC Trademark Law and the Patent Cooperation Treaty (PCT). The Saudi Authority for Intellectual Property (SAIP) ensures that businesses, including startups, can safeguard their innovations, though there are no specific provisions for sustainable startups.

Maturity Assessment: The intellectual property framework is **in progress** but does not yet provide specialized support or incentives for startups focused on sustainability or SDG-related innovations.

Proposition: To foster innovations aligned with Vision 2030 and SDG 9 (Industry, Innovation, and Infrastructure), Saudi Arabia could introduce tailored IP protections and incentives for sustainability-focused startups. This could include initiatives such as a “Green Fast Track” to expedite patent processing for sustainable technologies, reduced IP filing fees to support cost-effective IP protection, and dedicated IP mentorship through SAIP. Additional incentives, such as rewards for licensing green IP to local companies, would encourage broader adoption of sustainable practices across industries. These measures would create a supportive IP environment that empowers startups to pursue sustainability goals while contributing to national development objectives.

1.3 Visa Regimes to Support Startups

AS-IS Conclusion: Saudi Arabia’s visa initiatives, such as the MISA Entrepreneur License and electronic business visas, provide foreign entrepreneurs with the opportunity to establish businesses without the need for local sponsorship.

These measures contribute to a favorable environment for startups, including those with a focus on sustainability, but do not yet specifically target startups within the sustainability sector.

Maturity Assessment: The visa regime in Saudi Arabia is **in progress**, with streamlined processes that support foreign entrepreneurs and encourage investment.

Proposition: Saudi Arabia could refine its visa regimes to specifically target and support sustainable startups by introducing tailored visa options that prioritize entrepreneurs working on green innovations as sub-regime visa. For example, a “Green Entrepreneur Visa” could be modeled after similar initiatives in countries like Canada, which provides expedited visa processing for startups focused on sustainability. This approach would not only enhance foreign investment but also align with SDG 8 (Decent Work and Economic Growth) and SDG 13 (Climate Action) by promoting sustainable business practices and encouraging innovation in the green sector.

1.4 One-Stop Shops

AS-IS Conclusion: The establishment of one-stop shop services has facilitated easier access to various government services for startups. However, there is potential to expand these services to cover more aspects of startup operations and support.

Maturity Assessment: The expansion of one-stop shop services for startups is **in progress**, with efforts underway to streamline access to resources and support.

Proposition: Saudi Arabia could enhance one-stop shop services to become comprehensive support hubs for startups, focusing on legal, financial, and administrative assistance. This initiative

could aim to provide short turnaround times for services, facilitating faster business formation and growth. Additionally, the one-stop shops could specifically support startups contributing to SDG 11 (Sustainable Cities and Communities) by offering specialized services for urban innovation projects, ensuring that entrepreneurs receive timely support to develop impactful solutions for sustainable urban development.



2. ACCESS TO MARKET

2.1 Government Procurement

2.1.1 Facilitation

AS-IS Conclusion: The Government Tenders and Procurement Law (GTPL) enhances transparency and accessibility for startups through a Unified Electronic Portal and supports local content by prioritizing SMEs. The LIKT program encourages industry localization via collaboration with global investors.

Maturity Assessment: Government procurement facilitation is **in progress**; however, targeted support for sustainable startups has not yet been fully developed.

Proposition: Saudi Arabia could introduce a “Green Startup Procurement Program” within the GTPL, modeled after the UK’s Green Government Procurement Strategy, which reserves 33% of government contracts for green SMEs. This initiative would allocate a percentage of government contracts specifically to startups aligned with SDGs 7 (Affordable and Clean Energy) and 9 (Industry, Innovation, and Infrastructure). Fast-track eligibility and procurement incentives would further drive sustainable innovation.

2.1.2 Market and Startup

AS-IS Conclusion: Programs like the Saudi Green Initiative (SGI), KAUST’s TAQADAM Accelerator, and the National Industrial Development and Logistics Program (NIDLP) support market access for sustainable startups, focusing on renewable energy, industrial sustainability, and logistics.

Maturity Assessment: Market access programs for sustainable startups are **in progress** but would benefit from enhanced coordination efforts.



Proposition: Saudi Arabia could establish a National Green Business Hub, consolidating resources from SGI, NIDLP, and KAUST, inspired by the Netherlands' Green Tech Hub. The Dutch hub provides startups with access to markets through partnerships, funding, and mentorship opportunities for green innovations. Similarly, Saudi Arabia's hub could prioritize international expansion for startups targeting SDG-aligned markets, acting as a gateway to global opportunities. This initiative would facilitate partnerships with international sustainability investors, helping local startups scale their impact in line with Vision 2030 and global environmental goals.

2.2 Internationalization

2.2.1 Customs Benefits

AS-IS Conclusion: Saudi Arabia offers waived export fees, reduced import fees, and preferential treatment under GCC rules, promoting exports but not specifically targeting startups or sustainability ventures.

Maturity Assessment: Customs benefits are in progress, with the potential for greater alignment towards supporting sustainable startups.

Proposition: Saudi Arabia could implement a "Green Export Accelerator Program," like Germany's Export Initiative for Green Technologies, which offers tax breaks and customs incentives for green startups. This program could provide reduced customs fees, fast-track processing, and additional support for startups exporting green technologies, further positioning Saudi Arabia as a leader in sustainable innovation and global environmental solutions.

2.2.2 Access to Foreign Currency Accounts

AS-IS Conclusion: SAMA allows startups to open foreign currency accounts, supporting international trade and access to global markets. However, specific advantages tailored to sustainability-focused ventures have not yet been introduced.

Maturity Assessment: Access to foreign currency accounts is an incentive in progress, towards tailored benefits for sustainable startups.

Proposition: Inspired by Singapore's Global Trader Program, Saudi Arabia could launch the "Green Global Finance Initiative" for startups focusing on sustainable solutions. This would offer reduced foreign transaction fees and preferred exchange rates for startups working on global sustainability challenges, aligning with SDG 8 (Decent Work and Economic Growth) and promoting green innovation globally.

2.3 Digital Payment Services

AS-IS Conclusion: Saudi Arabia's digital payment infrastructure, supported by Mada, FinTech Saudi, and Saudi Payments, enhances the startup ecosystem with efficient, sustainable payment systems. This has been instrumental in scaling digital services, particularly for startups.

Maturity Assessment: Digital payment services exist and support startups in sustainability sectors.

Proposition: Saudi Arabia could introduce a "Green Payment Gateway," modeled after Sweden's Sustainable Fintech Initiative, which prioritizes digital payment solutions that promote sustainability. By offering reduced transaction fees and enhanced integration with Saudi Payments, this gateway would encourage startups in the FinTech space that focus on sustainable finance and SDG 12 (Responsible Consumption and Production).



3. CAPACITY BUILDING

3.1 Handholding

3.1.1 Startup Support Organizations (SSOs)

AS-IS Conclusion: Saudi Arabia has a diverse ecosystem of startup support organizations (SSOs) aimed at empowering entrepreneurs. Programs like Saudi Youth for Sustainability focus on sustainability, while the University Startup Accelerator Program offers training and resources to university startups, including those aligned with sustainability goals. However, most SSOs have not yet developed sustainability-focused initiatives.

Maturity Assessment: The SSO landscape in Saudi Arabia is moderately mature, it is in progress with a solid foundation for general startup support. While there are initiatives targeting sustainability, the overall ecosystem would benefit from a more cohesive focus on sustainable startup support.

Proposition: Saudi Arabia could establish a dedicated network of SSOs with a specific focus on supporting sustainable startups, particularly those addressing SDG 14 (Life Below Water). For example, launching a Blue Incubator Network could provide targeted resources, mentoring, and partnerships for startups working on marine conservation technologies, sustainable aquaculture, and coastal ecosystem restoration. This initiative could foster innovation in preserving marine biodiversity and reducing pollution in Saudi Arabia's waters, in line with the Kingdom's focus on protecting marine resources. The Blue Incubator Network could also collaborate with regional marine research institutions, providing a platform for knowledge-sharing and partnerships with investors committed to SDG 14. Inspired by the regional initiatives like Egypt's Alexandria Business Incubator and the Red Sea Project in Saudi Arabia, this network could serve as a hub for collaboration among sustainability-focused startups, enhancing their potential to contribute to Saudi Arabia's Vision 2030 and SDG goals.





3.1.2 Mentoring

AS-IS Conclusion: The Saudi government supports multiple mentoring and incubation programs, such as the University Startup Accelerator Program and the Misk Growth Accelerator, which assist in developing business strategies and connecting startups with industry experts. While these programs benefit a broad range of startups, specific initiatives targeting sustainability have not yet been developed.

Maturity Assessment: The mentoring ecosystem is **in progress** in terms of general support, offering a range of services for startups and SMEs. However, support specifically tailored for sustainability-oriented ventures has not yet been fully developed.

Proposition: Saudi Arabia could enhance existing programs by introducing specialized sustainability mentoring tracks to strengthen guidance in this area. For instance, the Misk Growth Accelerator could introduce a "Sustainability Mentorship Track" that offers tailored guidance on sustainable business practices, environmental impact assessments, and alignment with SDGs. Drawing inspiration from the UK's Clean Growth Mentorship program, which connects startups with mentors experienced in clean technologies, this track would ensure that startups receive expert advice on integrating sustainability into their strategies, enhancing their contribution to Saudi Arabia's Vision 2030 goals.

Saudi Arabia offers various training programs that support startup capacity building...

3.1.3 Networking and Showcasing

AS-IS Conclusion: National events like Biban, the Sustainova Startup Challenge, and LEAP provide valuable platforms for startups to network, attract investment, and showcase their innovations. The Saudi Green Building Forum also supports sustainable practices. However, these opportunities are broadly accessible, with only some specifically tailored for sustainability-focused startups.

Maturity Assessment: Networking and showcasing opportunities in Saudi Arabia are **in progress**, providing platforms for startups to gain visibility and attract partnerships.

Proposition: Saudi Arabia could introduce a Sustainability Pavilion at key events like LEAP to enhance the visibility of sustainability-focused startups. This pavilion could highlight the achievements of startups dedicated to green tech innovations and SDG-aligned projects, providing them with a platform to connect with investors and industry leaders committed to sustainability. For example, inspired by the Green Zone at COP26, which showcased climate solutions and innovations, the pavilion could serve as a gateway for partnerships with international investors and organizations, supporting SDG 17 (Partnerships for the Goals) and driving sustainable growth.

3.2 Talent

3.2.1 Work Leaves

AS-IS Conclusion: Currently, there are no specific work leave incentives for startup employees in Saudi Arabia to engage in innovation or sustainability projects. Such incentives could enhance creativity and contribute to the development of new solutions.

Maturity Assessment: The establishment of work leave incentives for startup employees is **non-existent**.

Proposition: To encourage innovation and support the development of sustainable projects within the startup ecosystem, Saudi Arabia could consider a phased work leave initiative, initially focused on government personnel, similar to Tunisia's model. This would allow government employees to take leave to work with startups, providing a guaranteed return position if the startup is unsuccessful. This approach could then be evaluated for potential expansion to the private sector, enabling employees in established companies to take similar leaves to participate in startup initiatives. This phased model would promote creativity and entrepreneurial engagement, contributing to SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure) while balancing government support with private sector flexibility.

3.2.2 Trainings

AS-IS Conclusion: Saudi Arabia offers various training programs that support startup capacity building, including KAUST's sustainability and innovation programs, HRDF's Doroobe-learning, and SEEC's energy efficiency training. While these initiatives support a range of industries, they provide limited targeted support for startups focusing on sustainability.

Maturity Assessment: The training ecosystem in Saudi Arabia is advanced with multiple avenues for skill development and **in progress** regarding sustainability focus.

Proposition: Saudi Arabia could develop a Green Startup Academy within existing programs like HRDF's Doroob to better meet the needs

of the growing sustainability-focused startup segment. This academy could offer specialized courses on sustainable business practices, green innovation, and carbon footprint reduction. For example, drawing inspiration from Denmark's Green Entrepreneurship Initiative, which supports training in sustainable business, the Green Startup Academy could serve as a central resource for startups looking to integrate sustainability into their business models, thus supporting the Kingdom's Vision 2030 objectives.

3.2.3 Certifications

AS-IS Conclusion: Saudi Arabia offers several certification programs to support SMEs and startups, such as Monsha'at's Social Enterprise Accreditation and the Green Building Assessment System (SGBF saaf®) award. These certifications help companies align with sustainability standards, though they are available to a broad range of businesses and not specifically focused on startups.

Maturity Assessment: The certification landscape is moderately mature; it **exists** with established programs that support businesses in achieving sustainability standards.

Proposition: Saudi Arabia could continue to build upon its existing certification programs by enhancing them to better address the unique needs of sustainability-focused startups. By refining existing certifications or adding tailored guidance for startups with a strong emphasis on environmental and social impact, these programs could provide more value. For example, further developing criteria around carbon neutrality or circular economy models could better support startups aiming for high sustainability standards, while attracting investors with a focus on sustainable ventures.



3.2.4 Talent Acquisition

AS-IS Conclusion: Saudi Arabia supports talent acquisition for startups through initiatives like the Companies Law (enabling stock-based incentives), the Taqat program (training and employment support for Saudi nationals), and Absher (e-government platform for job searches). While these programs benefit all businesses, sustainable startups can particularly benefit by hiring local talent in line with national employment goals.

Maturity Assessment: Talent acquisition programs are well-developed and align with national employment objectives, while their focus on sustainability is still **in progress**.

Proposition: Saudi Arabia could launch a Green Talent Initiative to provide subsidies or grants to startups that hire local talent with expertise in sustainability fields, such as renewable energy or environmental management. This targeted support could help build specialized expertise in sustainability within the startup ecosystem. For example, the initiative could offer financial support to startups hiring professionals trained in green technology, enhancing their capacity to contribute to sustainable development goals.

3.3 Partnerships

3.3.1 Public-Private partnerships

AS-IS Conclusion: Saudi Vision 2030 promotes collaboration between the public and private sectors, focusing on sustainable startups in sectors like renewable energy, smart cities, and environmental projects. Notable initiatives include the National Renewable Energy Program (NREP), Saudi Aramco's Wa'ed, NEOM, and The WAVE Initiative.

Maturity Assessment: Existing public-private partnerships are **in progress**, providing opportunities for startups, but they would benefit from more tailored mechanisms specifically designed for sustainability-focused startups.

Proposition: Saudi Arabia could establish a **Sustainable Startup Public-Private Partnership Platform**, similar to **Denmark's Green Partnership** for Industry, which connects startups with corporations to co-develop green solutions. This platform would focus on startups contributing to Vision 2030 goals, particularly those targeting SDG 7 (Affordable and Clean Energy) and SDG 11 (Sustainable Cities and Communities). Additionally, corporate partners like NEOM and Aramco could offer dedicated funding, mentoring, and project integration for startups aligned with their sustainability projects.

3.3.2 Intergovernmental Partnerships

AS-IS Conclusion: Intergovernmental partnerships, such as the Middle East Green Initiative (MGI), Biban Forum, and the Sustainability Champion Program, support startups by fostering regional collaboration and sustainability-focused ventures.

Maturity Assessment: Intergovernmental partnerships in Saudi Arabia are **in progress**, offering a solid foundation for collaboration; however, they would benefit from more targeted frameworks and initiatives specifically designed to support and accelerate the growth of sustainability-focused startups, ensuring alignment with SDG goals.

Proposition: Saudi Arabia could establish a Regional Sustainability Innovation Fund, a collaborative initiative that brings together resources from various regional stakeholders, including government agencies, private sector partners, and international development organizations. This fund would focus on

providing financial support, mentorship, and strategic guidance to startups addressing key regional sustainability challenges, particularly those aligned with SDG 13 (Climate Action). Additionally, the Biban Forum could be enhanced by introducing dedicated tracks for sustainability-focused startups, promoting knowledge exchange, cross-border partnerships, and access to regional markets. This would foster a more robust ecosystem for sustainable innovation in the Middle East.



4. ACCESS TO FUNDING

4.1 Government Funds

AS-IS Conclusion: Saudi Arabia has established several government funds, including the Public Investment Fund (PIF), JADA Fund, Saudi Venture Capital Company (SVC), and the Misk Foundation, which provide funding for startups, particularly those aligned with Vision 2030.

Maturity Assessment: Government funding is **in progress** but would benefit from the introduction of programs specifically focusing on sustainability-driven startups.

Proposition: Saudi Arabia could launch a Green Startup Fund, inspired by Singapore's Temasek Eco Fund, which exclusively invests in startups with clear environmental and social impact. This fund could be managed through the Public Investment Fund (PIF) and prioritize investments in green tech, circular economy solutions, and startups addressing SDGs 6 (Clean Water and Sanitation) and 12 (Responsible Consumption and Production). The fund would offer both direct investments and grants for early-stage green ventures.

4.2 Institutional Investors

AS-IS Conclusion: Institutional investors like Riyadh Bank, Saudi Electricity Company, and the Future Investment Initiative (FII) Institute play a crucial role in integrating ESG principles and advancing sustainable development through investments.

Maturity Assessment: Institutional investors are **in progress** in integrating sustainability practices, there is an opportunity to place greater emphasis on green startups.



Proposition: Inspired by Japan's GPIF (Government Pension Investment Fund), which prioritizes ESG investments, Saudi Arabia could establish a **Sustainable Startup Investment Initiative**. This initiative could engage institutional investors like Riyadh Bank and Saudi Electricity Company to allocate a percentage of their portfolios exclusively to sustainable startups. This would not only support Vision 2030 goals but also attract global investors looking for ESG-compliant opportunities.

4.3 Credit Guarantees

AS-IS Conclusion: The Kafalah Program offers high guarantee coverage (up to 95%) for startups, with no administrative fees, making financing more accessible for startups.

Maturity Assessment: Credit guarantees are **in progress** but do not specifically target sustainability-focused startups yet.

Proposition: Saudi Arabia could launch a **Green Kafalah Program**, modeled after France's **Bpifrance Green Guarantees**, which provides enhanced credit guarantees for green and sustainability-focused startups. This program could guarantee up to 100% of loans for startups contributing to SDGs 9 (Industry, Innovation, and Infrastructure) and 13 (Climate Action), with reduced interest rates for startups that meet sustainability benchmarks. The program would incentivize banks to provide more funding for green ventures while reducing the financial risks associated with early-stage startups.

4.4 Alternative Funding Sources

AS-IS Conclusion: Saudi Arabia is fostering alternative funding sources through crowdfunding platforms and angel investor networks, but these initiatives are not specifically focused on sustainability or startups, yet.

Maturity Assessment: Alternative funding is **in progress**, but it has not yet been tailored to sustainable startups.

Proposition: Saudi Arabia could introduce a **Sustainability Crowdfunding Platform**, similar to Germany's **Bettervest**, which allows individuals to invest in sustainable projects. This platform would enable startups working on environmental and social impact projects to raise funds directly from citizens and impact investors, with a focus on projects aligned with SDGs 7 (Affordable and Clean Energy) and 12 (Responsible Consumption and Production). Additionally, angel investor networks could launch **Green Angel Groups**, targeting early-stage green startups and offering mentorship and networking opportunities with industry leaders.

The absence of personal income tax and regional taxes places Saudi Arabia in a favorable position compared to other markets, offering a simple and competitive tax environment.



5. TAXATION

5.1 Tax incentives

AS-IS Conclusion: The Kingdom of Saudi Arabia offers a range of tax incentives aimed at promoting investment and economic growth. These include flexibility in determining tax years, Zakat for Saudi and GCC investors, income tax rates for non-Saudi investors, SEZ tax concessions for investments in less-developed regions, accelerated depreciation allowances, loss-carry forward clauses, and tax benefits under the Green Financing Framework. Most of these incentives apply broadly to all businesses, while the Green Financing Framework specifically supports startups focusing on sustainable technologies, aligning with the Sustainable Development Goals (SDGs).

Maturity Assessment: Saudi Arabia's tax incentive framework is mature, it's **in progress** with established benefits that attract investment across different sectors. However, the focus on sustainability is primarily centered around the Green Financing Framework.

Proposition: Saudi Arabia could introduce targeted tax incentives for startups focused on sustainability, such as Green Startup Tax Credits. For example, following the model of France's **Green Tech Initiative**, which offers tax credits for green innovation, Saudi Arabia could provide tax credits for startups that invest in renewable energy projects, waste reduction technologies, or carbon offset initiatives. This would encourage more startups to pursue sustainable solutions while aligning with Saudi Arabia's broader environmental and economic goals.

5.2 Tax exemptions

AS-IS Conclusion: Saudi Arabia's taxation landscape includes significant tax exemptions that reduce financial burdens for businesses and individuals. Notably, there is no personal income tax or local/regional taxes, which simplifies the tax environment and makes the Kingdom an attractive destination for investment. While these exemptions benefit all companies, they provide a competitive advantage, particularly to those involved in sustainable projects and ventures in emerging regions.

Maturity Assessment: The absence of personal income tax and regional taxes places Saudi Arabia in a favorable position compared to other markets, offering a simple and competitive tax environment. However, these exemptions are **in progress**, broad-based, and have not yet been specifically tailored to the needs of sustainable startups.

Proposition: Saudi Arabia could introduce a Sustainability Tax Exemption Program to further enhance the ecosystem for startups with a sustainability focus. For example, inspired by Ireland's **Knowledge Development Box (KDB)**, which provides tax relief for income derived from patents and software, Saudi Arabia could offer similar exemptions for startups in clean tech, renewable energy, and other sustainable sectors. This program would lower entry barriers for sustainability-focused startups and encourage their growth, aligning with the Kingdom's Vision 2030 objectives.



6. OTHER FINANCIAL INCENTIVES

AS-IS Conclusion: Saudi Arabia offers various financial support programs to encourage startup growth, especially in sectors like research and development (R&D) and sustainable projects. Programs such as the Saudi Industrial Development Fund (SIDF) provide medium to long-term loans for manufacturing and R&D activities, while the Human Resources Development Fund (HRDF) offers grants for training and employment of Saudi nationals. These programs play a vital role in promoting innovation and workforce development. However, specific support for sustainability initiatives remains limited.

Maturity Assessment: The financial support landscape is **existent**, providing substantial resources for startups across different stages. While some programs indirectly benefit sustainable projects, there is an opportunity to enhance tailored support specifically targeting green startups and projects aligned with SDGs.

Proposition: Saudi Arabia could establish a Green Innovation Grant to provide direct funding for startups that develop technologies or services aimed at addressing environmental challenges. This initiative could draw inspiration from **Germany's High-Tech Gründerfonds (HTGF)**, which offers early-stage financing for high-tech startups, including those in the clean energy sector. This grant could support projects related to renewable energy, water conservation technologies, and waste management solutions, ensuring that more resources are channeled toward startups that align with Saudi Arabia's environmental goals and Vision 2030.

D. IMPLEMENTATION AND M&E

AS-IS Conclusion: The monitoring and evaluation of regulatory frameworks in Saudi Arabia, such as the New Companies Law, focus primarily on sector trends and investment support, as seen in reports like The Evolution of Saudi Arabia's Startup Ecosystem and Jada, Public Investment Fund Annual Report. However, a specific M&E process to evaluate whether laws related to SMEs effectively meet their intended sustainability objectives has not yet been established. The current evaluation approach has not yet been specifically tailored to target sustainable startups, as suggested in some reports regarding the introduction of M&E processes.

Maturity Assessment: The M&E landscape in Saudi Arabia is **in progress** regarding sustainability. While there are mechanisms to track the general progress of the startup ecosystem, specific metrics for evaluating the impact of regulations on sustainable startups are still in development.

High-Level Recommendation: To support the growth of sustainable startups, we recommend the development of a dedicated M&E framework focused on assessing the impact of policies and incentives specifically designed for sustainability-driven businesses. This framework would provide insights into the effectiveness of regulatory measures aimed at sustainable startups, enabling continuous refinement and alignment with Vision 2030.

To implement this more effectively, we also propose the development of a Sustainable Startup Act. Such a legislative framework would consolidate all sustainability-focused

policies and incentives in one place, allowing for easier application, clear accountability, and more streamlined M&E practices. This Act could include incentives such as tax breaks for green startups, expedited IP processing for sustainable innovations, and access to green-focused funding programs, all under a unified legislative umbrella. In the implementation phase, it is essential to address change management considerations to ensure smooth adoption and integration of the new framework. This would involve engaging stakeholders early in the process, aligning efforts across various government entities and the private sector, and providing adequate training and resources. A structured communication strategy, incremental rollouts, and continuous feedback loops would be vital to building understanding, overcoming resistance, and ensuring the new system is effectively adopted by all stakeholders.

M&E FRAMEWORK KEY ELEMENTS FOR KSA



The first key element is a Sustainability Impact Assessment, inspired by New Zealand's Wellbeing Budget. This process would evaluate the environmental, social, and economic impact of all policies within the Act. Key performance indicators (KPIs) could include the number of startups achieving carbon neutrality, the growth of green tech startups, and the effectiveness of tax incentives in promoting sustainable business practices.

The second element is a Tracking and Reporting System. This system would establish a centralized reporting mechanism for gathering data on all initiatives under the Sustainable Startup Act. Regular evaluations of the Act's impact on sustainable startups would be conducted, allowing for transparent reporting and identification of areas for improvement.

Lastly, Continuous Policy Refinement would be a central aspect of the framework. The Sustainable Startup Act's framework would incorporate periodic reviews and feedback loops to assess the effectiveness of all incentives. Based on M&E data, policies could be refined to ensure that they evolve to meet the needs of the sustainable startup sector effectively.

By establishing a dedicated Sustainable Startup Act, Saudi Arabia could streamline support for sustainable startups, making it easier to implement, monitor, and enhance sustainability-focused initiatives. This would enable Saudi Arabia to track and optimize its progress toward Vision 2030 goals, particularly SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure).



CHAPTER III: CONCLUSION

Building on the insights from the As-Is Report, while the Kingdom has made significant strides in supporting SMEs and startups, there remains a crucial opportunity to deepen the focus on sustainability within the ecosystem. This report recommends the development of a dedicated SDGs-aligned Startup Act, a legislative framework that consolidates sustainability-specific incentives, protections, and support measures into one cohesive system. Such a framework would centralize regulatory support and streamline access to resources, enabling startups that prioritize environmental and social impact to thrive.

However, it is important to acknowledge that the development of a targeted framework for sustainable startups requires a foundational level of maturity within the broader startup ecosystem. Saudi Arabia has made notable strides in creating a supportive environment for entrepreneurship through Monsha'at's initiatives, IP protections, and access to funding. That said, establishing a dedicated framework for sustainable startups would be most effective once the core startup support mechanisms are well-established and integrated within the ecosystem.

Moreover, the importance of change management in this context cannot be overstated. As Saudi Arabia accelerates its Vision 2030 transformation, embedding a sustainability-focused entrepreneurial ecosystem involves thoughtful navigation of organizational change, both within government bodies and private sector stakeholders. Successfully implementing these frameworks will necessitate coordinated

efforts to guide shifts in mindset, organizational culture, and business practices, ensuring that sustainability becomes an integral component of the entrepreneurial ethos.

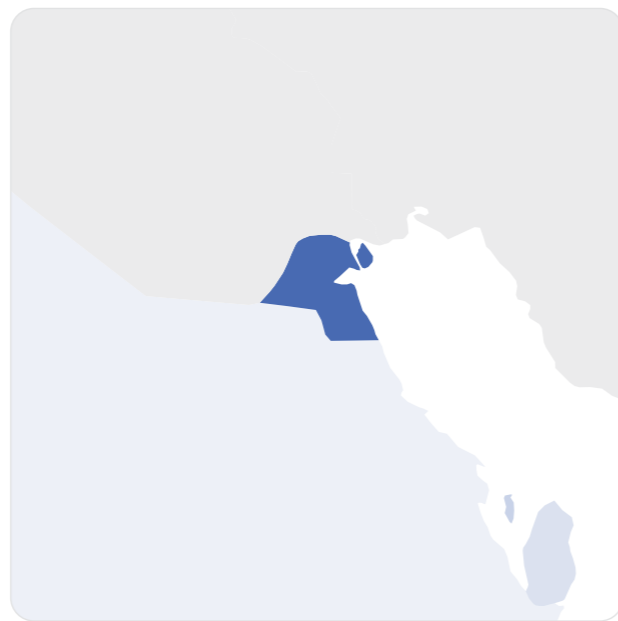
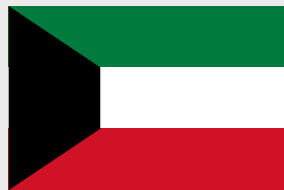
Furthermore, adopting global best practices, such as digital platforms for seamless startup registration and investor networks focused on sustainability, will complement these efforts. These platforms can facilitate the growth of innovative businesses that align with environmental and social objectives, setting the stage for Saudi Arabia to become a regional leader in sustainable entrepreneurship.

As Saudi Arabia advances its economic diversification under Vision 2030, prioritizing sustainability within the entrepreneurial landscape is not only a regulatory goal but a strategic imperative. Embracing these recommendations will enable the Kingdom to elevate its startup ecosystem, positioning it to play a pivotal role in advancing Sustainable Development Goals (SDGs) while achieving long-term economic growth. This alignment between sustainable practices and economic progress will contribute to a more resilient, prosperous future for the Kingdom, reinforcing its position as an innovation and sustainability leader in the region.





RECOMMENDATION REPORT FOR STATE OF KUWAIT



CHAPTER I: INTRODUCTION

The State of Kuwait To-Be report builds on the findings of the As-Is report, which provided a comprehensive analysis of Kuwait's current startup ecosystem, highlighting both achievements and challenges in promoting innovation and sustainability. The As-Is report emphasizes Kuwait's commitment to cultivating a robust startup environment through various initiatives and frameworks aligned with Vision 2035.

Key areas for development detailed in the To-Be report include formalizing the startup identification system, optimizing regulatory frameworks, and introducing targeted incentives for sustainability-driven ventures. These improvements are vital to creating a more supportive environment for entrepreneurship, in line with successful strategies used by global leaders in the startup ecosystem.

Despite significant efforts, such as initiatives supporting small and medium-sized enterprises (SMEs), the As-Is report identifies opportunities for enhancement—specifically, the need for a more tailored regulatory framework designed for sustainable startups. Addressing these opportunities for enhancement will enable Kuwait to leverage its strengths and align its progress with the Sustainable Development Goals (SDGs).

This To-Be report outlines actionable strategies to capitalize on these insights, fostering a more cohesive and sustainable entrepreneurial ecosystem in Kuwait. By drawing on global best practices, the country can position itself as a regional leader in sustainability-focused ventures, ultimately contributing to a resilient economy and advancing its long-term strategic vision.

Below, a table summarizes the SDGs implemented and provides an overview of the areas addressed in the To-Be report:

SDGs	Implemented	Not Implemented Yet
SDG1: No poverty	<div></div>	<div></div>
SDG2: Zero hunger	<div></div>	<div></div>
SDG3: Good health and well-being	<div></div>	<div></div>
SDG4: Quality Education	<div></div>	<div></div>
SDG5: Gender equality	<div></div>	<div></div>
SDG6: Clean water and sanitation	<div></div>	<div></div>
SDG7: Affordable and clean energy	<div></div>	<div></div>
SDG8: Decent work and economic growth	<div></div>	<div></div>
SDG9: Industry, innovation and infrastructure	<div></div>	<div></div>
SDG10: Reduced inequalities	<div></div>	<div></div>
SDG11: Sustainable cities and economies	<div></div>	<div></div>
SDG12: Responsible consumption and production	<div></div>	<div></div>
SDG13: Climate action	<div></div>	<div></div>
SDG14: Life below water	<div></div>	<div></div>
SDG15: Life on land	<div></div>	<div></div>
SDG16: Peace, justice and strong institutions	<div></div>	<div></div>
SDG17: Partnership for the goals	<div></div>	<div></div>



CHAPTER II: CONSIDERATIONS FOR KUWAIT'S STARTUP LEGAL FRAMEWORK

The content of this chapter will be tailored to reflect Kuwait's Projected Enhancements, with a particular emphasis on the Sustainable Development Goals (SDGs) within each pillar. By aligning with Kuwait's Vision 2035 and its strategic focus on sustainability, the proposed incentives aim to address the unique challenges and opportunities within the startup ecosystem. Each incentive is designed to support economic growth, innovation, and sustainable development, targeting key SDGs relevant to Kuwait's priorities, such as SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure). The focus on SDG 8 and SDG 9 is particularly critical for MSMEs and startups, emphasizing the need for job creation, economic diversification, and fostering innovation. This chapter will present targeted measures that strengthen the broader entrepreneurial environment and create a more supportive framework for sustainable startups, ensuring that these initiatives contribute directly to Kuwait's long-term vision for a diversified and sustainable economy.

CURRENT KEY
SDGs IN KUWAIT

8

DECENT WORK AND
ECONOMIC GROWTH

9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

13

CLIMATE
ACTION

A. STARTUP DEFINITION

AS-IS Conclusion: While the term "Startup" is acknowledged within Kuwait's entrepreneurial circles, there is no standardized legal definition nationwide. This may lead to variations in policy implementation and support.

Maturity Assessment: The formal definition of "Startup" within the Kuwaiti legal framework is **non-existent**. Formalizing this definition would help ensure greater consistency and enable more targeted support.

High-Level Recommendation: Kuwait could develop a formal legal definition for "Startup," including a distinct category for Sustainable Startups. This definition could emphasize innovation, scalability, and alignment with SDG 9 (Industry, Innovation, and Infrastructure), as well as the New Kuwait Vision and the country's sustainability goals. Drawing from global best practices while addressing the unique characteristics of Kuwait's market would enhance its relevance and effectiveness. Effective change management, including collaboration with key stakeholders and transparent communication, will play a crucial role in ensuring the definition's successful adoption and implementation.

B. STARTUP IDENTIFICATION SYSTEM

AS-IS Conclusion: Kuwait has not yet developed an identification system specifically tailored for startups, which may limit the effective categorization and support of these ventures.

Maturity Assessment: There is currently no established framework for a dedicated identification system that caters to startups in general, and more specifically, to sustainable startups. Hence, this incentive is **non-existent** at present.

High-Level Recommendation: Kuwait could establish a clear set of criteria for identifying startups, including sustainable startups, to streamline the process and provide targeted support. This will align Kuwait's startup ecosystem with national sustainability goals and Vision 2035, fostering ventures in key sectors such as Clean Energy (SDG 7) and Sustainable Infrastructure (SDG 9). A structured identification system enhances transparency, accountability, and ecosystem efficiency, ensuring resources are directed to startups with the greatest impact on sustainability. Effective change management, including stakeholder collaboration and open communication, will be essential to ensure the successful implementation of this system and to strengthen Kuwait's international competitiveness in sustainability-driven innovation.

C. INCENTIVES



1. REGULATORY SUPPORT

1.1 Startup Formation and Liquidation

AS-IS Conclusion: Kuwait's legal framework for business operations, governed primarily by the Civil Code (Law 67 of 1980), the Commercial Code (Law 68 of 1980), and the Commercial Companies Law (Law 15 of 1960), provides a foundational structure for establishing various business entities, including LLCs and Joint Stock Companies. However, the current framework has not yet incorporated specific adjustments tailored to the unique needs of startups, suggesting an opportunity to further enhance the legal environment to better support entrepreneurial growth and innovation.

Maturity Assessment: The startup formation and liquidation framework are **non-existent**, which may lead to ambiguities in the processes for registering or dissolving startups.

Proposition: Kuwait could tailor its formation and liquidation policies to specifically address startups, rather than SMEs. This targeted approach would better support startups, especially those aligned with sustainability goals, and contribute to **SDG 8 (Decent Work and Economic Growth)** by fostering entrepreneurship and innovation, as well as **SDG 9 (Industry, Innovation, and Infrastructure)** by promoting sustainable industrialization and innovation. Emphasizing a digital-first approach, like Estonia's e-Residency and e-Government solutions, could streamline these processes, allowing startups to be established and dissolved



entirely online. To implement this best practice in the Kuwaiti context, a specialized section for startups could be integrated within the KDIPA One-Stop Shop, providing dedicated services tailored to the unique needs of startups. Such digital solutions would reduce administrative burdens and accelerate entry and exit processes, encouraging more innovation-driven and sustainability-focused ventures. To ensure these reforms succeed, effective change management will be critical, involving stakeholder collaboration, capacity-building, and clear communication to foster adoption and inclusivity within the ecosystem.

1.2 Intellectual Property

AS-IS Conclusion: Kuwait has established a robust intellectual property framework, incorporating domestic legislation and aligning with GCC trademark and patent laws to safeguard various IP rights, including patents, trademarks, industrial designs, and copyrights. While these protections provide a solid foundation, there is currently limited emphasis on sustainable technologies within this framework. Enhancing support for startups focused on innovative, environmentally conscious solutions presents an opportunity to further strengthen the ecosystem and align with national sustainability objectives.

Maturity Assessment: The intellectual property framework is **in progress** however it does not yet offer specialized support or incentives for sustainable startups.

Proposition: Kuwait could introduce tailored intellectual property (IP) protections specifically for sustainable technologies, incentivizing research, development, and commercialization in this critical sector. By prioritizing sustainable innovations, Kuwait can drive progress in clean energy and sustainable practices, aligning with

SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation, and Infrastructure). Inspired by the United States Patent and Trademark Office's (USPTO) expansion of its Patents for Humanity Awards Program to include climate-focused innovations, Kuwait could adopt a similar initiative to offer business incentives for patent applicants and licensees working on green energy solutions. Given that a specific body dedicated to IP has not yet been developed in Kuwait, establishing such an entity could oversee these initiatives. This new body would be responsible for implementing the awards and managing all IP-related matters. Effective change management, emphasizing stakeholder engagement, ecosystem collaboration, and transparent communication, will be essential to ensure these protections are implemented successfully and foster a more innovative and competitive environment for sustainability-driven startups.



1.3 Visa Regimes to Support Startups

AS-IS Conclusion: Kuwait offers general visa options, such as business visit visas, work visas, and work permits, which provide foreign entrepreneurs access to the local business landscape. However, these visas have not yet developed specific categories designed to attract startup founders, particularly those focused on sustainability. Developing targeted visa programs could help draw global entrepreneurial talent, fostering innovation and positioning Kuwait as a competitive hub for sustainable and diverse economic growth.

Maturity Assessment: Kuwait's visa regime is **in progress**, with streamlined processes supporting foreign entrepreneurs and attracting investment; however, specific incentives for sustainable startups have not yet been fully developed.

Proposition: Kuwait could establish visa regimes specifically for sustainable entrepreneurs and innovators. This aligns with SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 17 (Partnerships for the Goals), by fostering entrepreneurship, attracting global talent, and encouraging international collaboration in sustainability-focused sectors like clean energy. A successful example is Singapore's "EntrePass" visa, which allows foreign entrepreneurs with innovative business ideas, including those focused on sustainability, to obtain work permits with ease. Implementing similar visa regimes in Kuwait would increase its attractiveness as a destination for sustainable entrepreneurship, directly contributing to Vision 2035's objectives of economic diversification and sustainable development. Effective change management, including multi-stakeholder collaboration, streamlined administrative processes, and transparent communication, will be essential for the successful implementation and adoption of this initiative.

1.4 One-Stop Shops

AS-IS Conclusion: Kuwait's Kuwait Business Center, under the Ministry of Commerce and Industry, serves as a one-stop shop for business registration and setup, offering guidance on company formation, commercial registration, and essential documentation. However, the center has not yet developed specialized services tailored to SDG-aligned or sustainable startups, suggesting an opportunity to expand support and better cater to the needs of sustainability-focused entrepreneurs. **Maturity Assessment:** The expansion of one-stop shop services for startups is **in progress**; however, dedicated support for sustainability-focused ventures has not yet been fully developed.

Proposition: Kuwait could enhance its one-stop shop by adding services tailored to sustainable startups, including support in business registration, mentorship, and access to funding. This aligns with SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure) by promoting entrepreneurship, fostering sustainable industrial growth, and encouraging sustainable business practices aligned with Kuwait's Vision 2035. A relevant example is Singapore's Startup SG, which provides targeted incentives and support services for sustainable startups, helping them grow through tailored programs and networking opportunities. To implement this best practice in the Kuwaiti context, a specialized section for sustainable startups could be integrated within the KDIPA One-Stop Shop, providing dedicated services tailored to their unique needs. To ensure successful implementation, effective change management will be essential, focusing on engaging ecosystem stakeholders, coordinating across agencies, and ensuring clear communication to drive adoption and maximize impact.



2. ACCESS TO MARKET

2.1 Government Procurement

2.1.1 Facilitation

AS-IS Conclusion: Kuwait's Public Procurement framework, led by the Public Tenders Law, promotes SME participation through initiatives like a 10% procurement allocation, Kuwaitization quotas, and simplified tendering for smaller contracts. While capacity-building support and competitive opportunities through Public-Private Partnerships benefit local SMEs, there are currently no specific procedures to support sustainable startups, particularly those aligned with the SDGs. This represents an area for potential improvement.

Maturity Assessment: Facilitation is in progress; however, specific incentives tailored to sustainable startups have not yet been fully developed.

Proposition: Kuwait could set up a "Startup Procurement Platform" within the Kuwait Business Gate, inspired by India's GeM Startup Runway, which streamlines public procurement specifically for startups. By introducing this platform, Kuwait can offer tailored advantages to sustainable startups, such as prioritizing access to government contracts. This initiative aligns with Kuwait's national sustainability goals and its broader vision, supporting SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation, and Infrastructure). Providing fast-track eligibility and procurement incentives will further encourage sustainable innovation and accelerate the growth of startups within Kuwait's ecosystem.

2.1.2 Market and Startup

AS-IS Conclusion: Kuwait is actively fostering market access for startups with a sustainability focus through initiatives aligned with Vision 2035, such as renewable energy projects, sustainable banking practices, and support from the Environmental Protection Authority. Additionally, Boursa Kuwait promotes ESG awareness and sustainability reporting among market participants, helping create an environment conducive to sustainable entrepreneurship.

Maturity Assessment: This incentive is **existent**, reflecting a mature stage of development with various initiatives aimed at supporting startups, including sustainable ones.

Proposition: Kuwait is making strides in creating a supportive framework for startups, particularly those focused on sustainability. To strengthen this framework, the government could introduce policies that prioritize sustainable startups in public procurement. This could include initiatives that provide guidance and resources to help these startups navigate procurement processes more effectively. Additionally, a portion of government contracts could be reserved for startups that meet specific sustainability criteria, ensuring greater access to public sector opportunities. An example is the UK's Green Government Procurement Strategy, which allocates a third of government contracts to green SMEs. To implement this best practice in the Kuwaiti context, these enhancements could be integrated within Kuwait's Public Procurement framework, led by the Public Tenders Law. By embedding sustainability into public procurement, Kuwait can unlock vital market access for startups, accelerating their growth while advancing the nation's Vision 2035 sustainability goals. Effective change management, including stakeholder collaboration, capacity-building for procurement officials, and transparent communication of new policies, will be essential to ensure successful adoption and maximize impact.

2.2 Internationalization

2.2.1 Customs Benefits

AS-IS Conclusion: While Kuwait provides customs advantages for SMEs engaged in international trade—such as tariff reductions under the GCC, customs exemptions through agreements like GAFTA, and streamlined procedures to reduce bureaucracy—there are currently no specific customs benefits for sustainable startups. Additionally, preferential schemes for products or services meeting sustainability standards have not yet been established, highlighting an area for potential enhancement in support for sustainability-focused initiatives.

Maturity Assessment: Customs benefits is in progress; however, a specific focus on sustainable startups has not yet been fully developed.

Proposition: Kuwait could introduce customs benefits and preferential treatment for sustainable startups engaged in international trade, while extending these benefits to all SMEs to boost the economy. This aligns

with SDG 12 (Responsible Consumption and Production), by promoting the export of eco-friendly products, SDG 13 (Climate Action), by incentivizing green technologies that reduce environmental impact, and SDG 17 (Partnerships for the Goals), by encouraging international trade partnerships that drive sustainability, in line with Vision 2035's goals of economic diversification and environmental responsibility. A relevant example is Morocco, where customs exemptions are granted to companies importing eco-friendly technologies or exporting sustainable products. To implement this best practice in the Kuwaiti context, trade treaties with other GCC countries could be established to offer advantages for sustainable startups. Implementing similar customs benefits for both sustainable startups and SMEs in Kuwait would stimulate the economy, support internationalization, and reinforce the country's commitment to sustainable development. Effective change management will be crucial, focusing on stakeholder collaboration, clear communication of benefits and procedures, and training programs for customs officials to ensure smooth implementation and adoption.





2.2.2 Access to Foreign Currency Accounts

AS-IS Conclusion: Kuwait permits startups to open foreign currency accounts, facilitating international trade and access to global markets. The regulations set by the Central Bank of Kuwait apply equally to all SMEs and sustainable startups; however, specific advantages for ventures focused on sustainability have not yet been introduced.

Maturity Assessment: The incentive is in progress; however, incentives tailored specifically to sustainable startups have not yet been fully developed.

Proposition: Inspired by Singapore's Global Trader Program, Kuwait could launch a "Green Global Finance Initiative" aimed at startups developing sustainable solutions. This initiative would provide reduced foreign transaction fees, preferred exchange rates, and unlimited foreign currency balance to support startups tackling global sustainability challenges. By aligning with SDG 8 (Decent Work and Economic Growth), Kuwait can promote green innovation on a global scale, positioning itself as a hub for sustainable entrepreneurship while fostering economic growth and contributing to global environmental solutions. To implement this best practice in the Kuwaiti context, the Central Bank of Kuwait (CBK) could lead the initiative, ensuring that the financial benefits are effectively administered. Effective change management will be essential to ensure the initiative's success, with a focus on engaging key stakeholders and promoting clear communication about the program's benefits.

Digital payment services are existent and support startups in sustainability sectors.

2.3 Digital Payment Services

AS-IS Conclusion: While Kuwait's digital payment services initiatives are not explicitly focused on sustainability, they promote sustainable consumption patterns by facilitating a shift toward a cashless society, contributing to environmental conservation. Key efforts include the National Bank of Kuwait's initiative to encourage digital payments and the Central Bank of Kuwait's updated regulations for secure electronic transactions.

Maturity Assessment: Digital payment services are existent and support startups in sustainability sectors.

Proposition: While current digital payment initiatives contribute to a cashless society, adding specific support for sustainable startups—such as facilitating eco-friendly payment solutions and cross-border transactions—could enhance their impact. Sweden's digital payment systems, for example, have significantly reduced the environmental footprint by minimizing the use of cash, paper receipts, and energy-intensive cash logistics. Implementing similar solutions in Kuwait would promote sustainability-driven business practices, supporting the growth of sustainable startups and advancing the country's environmental goals. To enhance this in the Kuwaiti context, enabling cross-border transactions within the GCC region could be a key focus, providing seamless and eco-friendly payment solutions for sustainable startups.



3. CAPACITY BUILDING

3.1 Handholding

3.1.1 Startup Support Organizations (SSOs)

AS-IS Conclusion: Kuwait's ecosystem of startup support organizations (SSOs) offers diverse services for entrepreneurs, including funding, mentorship, and training, supporting startups and SMEs aligned with sustainable goals. Key programs include the Fikra Program, KDIPA, KCCI, and various incubators like Brilliant Lab and Sirdab Lab, all contributing to Kuwait's SDG implementation. However, while SSOs provide broad support to startups, few have a specific focus on sustainability.

Maturity Assessment: This incentive is existent and reflects a mature stage of development, characterized by a range of initiatives aimed at supporting sustainability-oriented startups.

Proposition: While support from both government and private SSOs contributes to the implementation of the SDGs, a more targeted approach could enhance assistance for sustainability-driven ventures. Kuwait could develop specialized acceleration programs, establishing a network of SSOs focused on sustainability, and creating dedicated grants or investment funds for startups addressing environmental and social challenges. Additionally, fostering public-private partnerships could further strengthen support, providing startups with access to resources, mentorship, and market opportunities. These initiatives would ensure more effective support for sustainable startups, aligning with Kuwait's Vision 2035 goals.

3.1.2 Mentoring

AS-IS Conclusion: Kuwait provides various mentorship initiatives, such as KWEEN, which supports the career development of Kuwaiti women, and NBK's Mentoring Program, which focuses on leadership growth. While these programs foster career advancement and align with broader SDG goals, they have not yet developed a specific focus on mentoring for sustainability-focused startups.

Maturity Assessment: The incentive is in progress; however, programs that connect startups with sustainability experts have not yet been fully developed.

Proposition: Kuwait could introduce dedicated mentorship programs connecting sustainable startups with experienced mentors in the sustainability field. This aligns with SDG 9 (Industry, Innovation, and Infrastructure), by supporting innovation in sustainable industries, and SDG 17 (Partnerships for the Goals), by fostering collaboration between mentors and startups. These efforts, aligned with Vision 2035, will help startups develop sustainable solutions and scale their businesses effectively. A relevant example is the Impact Hub Network, which operates globally and connects sustainability-focused startups with seasoned mentors in the field, offering hands-on advice and strategic support. Implementing a similar mentorship model in Kuwait would enhance the development of sustainable startups and contribute to the nation's long-term sustainability goals.

Kuwait's ecosystem of startup support organizations (SSOs) offers diverse services for entrepreneurs...



3.1.3 Networking and Showcasing

AS-IS Conclusion: In Kuwait, there are no networking events or platforms that focus on connecting sustainable startups with potential investors, partners, and customers yet.

Maturity Assessment: The structured support for networking and showcasing opportunities specific to sustainable startups is **in progress**.

Proposition: Kuwait could increase the frequency and variety of networking events specifically tailored for sustainable startups to foster collaboration and promote the country’s sustainable vision. While existing initiatives provide startups with networking and showcasing opportunities, the government can further support sustainable startups by facilitating their participation in international events, such as the [GreenTech Festival 2024](#) in Berlin, and by organizing similar events domestically. This approach aligns with SDG 9 (Industry, Innovation, and Infrastructure), by promoting innovation and collaboration, and SDG 17 (Partnerships for the Goals), by fostering international partnerships and showcasing sustainable solutions. Therefore, it is compatible with Vision 2035’s focus on innovation and sustainability. By implementing such strategies, Kuwait can strengthen its ecosystem for sustainable startups, foster partnerships, and highlight innovative solutions, advancing its long-term sustainability goals.



3.2 Talent

3.2.1 Work Leaves

AS-IS Conclusion: Currently, there are no specific work leave incentives for startup employees in Kuwait to engage in innovation or sustainability projects. Such incentives could stimulate creativity and foster the development of new sustainable solutions.

Maturity Assessment: The establishment of work leave incentives for startup employees in Kuwait is **non-existent**.

Proposition: Kuwait could implement flexible work leave policies for employees of startups to take part in sustainability or innovation-related projects and training. A relevant model is Tunisia’s Startup Act, which allows entrepreneurs to take leave from their jobs to launch startups. Introducing a similar policy in Kuwait, with a focus on supporting sustainable entrepreneurship, would align with Vision 2035’s goals of promoting economic growth and sustainability, while contributing to SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure). This would encourage the development of innovative, eco-friendly ventures, driving both sustainability and economic progress. To implement this best practice in the Kuwaiti context, such policies could be introduced into the labour law and administered through the Public Authority for Manpower. To ensure successful implementation, effective change management is necessary, with a focus on engaging employers, employees, and relevant stakeholders to raise awareness and build capacity for the policy’s adoption, ensuring alignment with the country’s broader economic and sustainability objectives.

3.2.2 Trainings

AS-IS Conclusion: In Kuwait, startups in the sustainability sector have access to specialized certifications like LEED, which provide structured training in sustainable practices and resource efficiency, enhancing environmental credentials and marketability. However, with only one initiative identified, there is room for further development in offering targeted training programs to support sustainability-focused startups.

Maturity Assessment: The incentive is **in progress**; however, training programs specifically focused on sustainability have not yet been fully developed.

Proposition: Kuwait could expand specialized training programs and incentives tailored for sustainable startups to enhance their environmental credentials and marketability. This aligns with SDG 4 (Quality Education), by providing valuable training and capacity building, SDG 8 (Decent Work and Economic Growth), by improving the skills and employability of entrepreneurs, and SDG 12 (Responsible Consumption and Production), by fostering sustainable business practices. Increasing access to such programs domestically will further support Kuwait’s sustainability goals. A relevant example is the state-funded Green Growth Programs in South Korea, which offers extensive training and incentives to sustainability-driven startups. Implementing a similar approach in Kuwait could be facilitated by KDIPA, equipping sustainable entrepreneurs with the skills and knowledge needed to contribute to the country’s long-term environmental and economic goals, in alignment with Vision 2035.



3.2.3 Certifications

AS-IS Conclusion: In Kuwait, employees in the sustainability sector can access specialized certifications like ISO 14001, which supports the development of effective Environmental Management Systems (EMS). This certification enhances skills in managing environmental responsibilities and improving resource management, making employees more valuable in the market.

Maturity Assessment: The incentive is in progress, with employees in Kuwait’s sustainability sector gaining access to specialized international certifications that enhance their expertise in environmental practices. However, only one program has been identified, highlighting the opportunity for more diverse options.

Proposition: Kuwait could consider expanding the availability of specialized international certifications for employees in the sustainability sector to enhance training and compliance. This aligns with SDG 8 (Decent Work and Economic Growth), as it increases workforce skills and employability, empowering individuals to contribute effectively to the economy. Additionally, it supports SDG 12 (Responsible Consumption and Production) by promoting sustainable practices within the labor force, ensuring that employees are equipped with the knowledge and skills necessary to drive sustainability initiatives. By introducing these certification programs and incentives, the government can align workforce development with Vision 2035, fostering a skilled labor force that is integral to achieving the nation’s long-term sustainability goals. These certifications could be offered through KDIPA’s one-stop shop, providing a centralized and accessible platform for workforce development in the sustainability sector.

3.2.4 Talent Acquisition

AS-IS Conclusion: Currently, there are no incentives in place for talent acquisition specifically for sustainable startups in Kuwait. Implementing support mechanisms for talent acquisition could be beneficial in fostering the growth of sustainable startups and enhancing their capabilities.

Maturity Assessment: This incentive is **non-existent**, as Kuwait has not yet established specific incentives to support talent acquisition for sustainable startups. This presents an opportunity for improvement in their ability to recruit the specialized talent needed to drive innovation and scale operations.

Proposition: Kuwait could implement talent acquisition incentives for all startups to stimulate growth, innovation, and competitiveness in its entrepreneurial ecosystem. By attracting skilled professionals through specified hiring programs, specialized work contracts, tax advantages, the country can enhance its economic performance and create a vibrant job market. This initiative aligns with SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities), promoting employability in sustainability sectors and fostering a robust startup ecosystem. In fact, establishing specialized agencies for green talent, like the Netherlands’ Green Talent agency, or creating programs like IREX’s Climate Talent Initiative, which connects talent with the climate sector, would help Kuwaiti sustainable startups access the human capital they need to innovate and grow. Aligning these efforts with Vision 2035’s sustainability and economic diversification goals would strengthen Kuwait’s position in green entrepreneurship.

3.3 Partnerships

3.3.1 Public-Private partnerships

AS-IS Conclusion: The Kuwait Authority for Partnership Projects (KAPP), established in 2014, facilitates collaboration between the public and private sectors, allowing sustainable startups to contribute to essential infrastructure projects in areas like power, water, health, and transportation. While current PPP initiatives offer valuable engagement opportunities, they are not specifically focused on sustainability, leaving room for future development to more directly support sustainability-oriented ventures.

Maturity Assessment: Currently, public-private partnerships are **existent** but could be more effective if they exclusively targeted sustainability-driven startups.

Proposition: Kuwait could enhance its public-private partnerships by creating dedicated

programs aimed at sustainable startups. This would provide them with increased access to resources, funding, and mentorship opportunities, as well as foster innovation in areas such as renewable energy, sustainable agriculture, and eco-friendly infrastructure. By focusing on sectors critical to environmental sustainability, these partnerships could accelerate the development of green technologies and sustainable business practices. A relevant example is the UK’s Clean Growth Innovation Fund, which supports startups through collaborations with larger corporations. To implement this best practice in Kuwait, a similar fund could be created by the Kuwait Authority for Partnership Projects (KAPP), actively promoting collaboration between the public and private sectors. This approach would align with Vision 2035’s goals of promoting economic diversification and environmental sustainability, driving forward the development of green technologies and sustainable business practices.





3.3.2 Intergovernmental Partnerships

AS-IS Conclusion: Currently, there are no intergovernmental partnerships focused on startup development in Kuwait. Establishing such partnerships could facilitate knowledge exchange and provide sustainable startups with access to global resources.

Maturity Assessment: This incentive is **non-existent**, as intergovernmental partnerships in Kuwait specifically designed to support sustainable startups have not yet been established.

Proposition: Kuwait could prioritize intergovernmental partnerships, as they are vital for enhancing the entrepreneurial ecosystem by facilitating knowledge sharing, access to resources, and collaboration opportunities that can drive innovation and growth. For startups focused on sustainability, these partnerships are particularly beneficial, providing essential support and the ability to navigate challenges and scale their solutions effectively. By establishing such collaborations, Kuwait can align with its Vision 2035 goals of sustainability and innovation while contributing to SDG 17 (Partnerships for the Goals), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action). A relevant example is Startup India's International Bridges initiative, which forges strategic alliances with other startup ecosystems to exchange knowledge, bolster investment inflows, and facilitate cross-border innovation. To implement this best practice, Kuwait could first establish similar partnerships with other GCC countries and then expand these collaborations to include other countries. By forming such partnerships, Kuwait could significantly strengthen its sustainable ecosystem and accelerate the growth of sustainability-driven startups.



4. ACCESS TO FUNDING

4.1 Government Funds

AS-IS Conclusion: Kuwait's National Fund for SME Development offers funding, training, and support services to empower SMEs, providing up to 80% financing for eligible Kuwaiti-led ventures. While instrumental in fostering youth entrepreneurship and private sector growth, this fund has not yet dedicated resources for sustainability-focused or SDG-aligned startups.

Maturity Assessment: The incentive is **in progress**, but government funds or grants specifically allocated for sustainable startups or businesses focused on the SDGs have not yet been established.

Proposition: Kuwait could establish dedicated government funds and grants specifically for sustainable startups and businesses aligned with the SDGs. This targeted financial support would promote sustainability within the startup ecosystem and encourage ventures that align with Vision 2035's sustainability goals. This initiative aligns with SDG 8 (Decent Work and Economic Growth), by fostering economic development and job creation, SDG 9 (Industry, Innovation, and Infrastructure), by supporting innovation in sustainable industries, and SDG 12 (Responsible Consumption and Production), by encouraging practices that promote sustainability and resource efficiency. A relevant example is Denmark's Green Transition Fund, which provides funding specifically for sustainability-driven businesses. To implement this best practice in Kuwait, the government could establish specialized funds or incorporate sustainability-related features into the existing National Fund for SME Development. This approach would stimulate innovation, support environmentally conscious startups, and drive long-term sustainable growth in alignment with the nation's strategic goals.

4.2 Institutional Investors

AS-IS Conclusion: Currently, incentives for institutional investors in Kuwait to support innovation have not yet been established. Introducing such incentives could significantly benefit sustainable startups by attracting investment and fostering their growth within the ecosystem.

Maturity Assessment: The incentive is **non-existent**. Incentives for institutional investors to invest in startups have not yet been established.

Proposition: Kuwait could introduce incentives for institutional investors, as all startups rely on their support to boost capital flow and drive growth. Institutional investors are crucial for providing the necessary funding to help startups scale and innovate. By implementing specific incentives for investments in sustainable or ESG-focused startups, Kuwait can further accelerate the development of businesses aligned with sustainability goals. These incentives would not only attract more capital into this sector but also align with SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 17 (Partnerships for the Goals). For example, France's Green Finance Initiative, which incentivizes investments in green and sustainable businesses, proving the potential impact of targeted support. To implement similar measures in Kuwait, KDIPA could play a key role in introducing and managing these incentives. By adopting similar measures in Kuwait, the country could promote sustainable innovation and drive the growth of environmentally conscious startups in line with Vision 2035.



4.3 Credit Guarantees

AS-IS Conclusion: Government-backed credit guarantees for startups have not yet been established. The unavailability of such dedicated support may limit the growth potential of sustainability-driven ventures and affect progress within the startup ecosystem.

Maturity Assessment: This incentive is **non-existent**. Government-backed credit guarantees specifically designed for startups have not yet been established.

Proposition: Kuwait could establish credit guarantee programs, as they are beneficial for startups by mitigating risks for financial institutions and encouraging them to extend financing to new ventures. Such programs can ease access to essential capital, significantly bolstering the growth of startups across various sectors. To further support sustainable innovation, Kuwait could introduce specific credit guarantees tailored for sustainability-driven startups, ensuring they receive the funding necessary to thrive. These initiatives would align with SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action), which focuses on promoting sustainable practices. A noteworthy example is South Korea's Credit Guarantee Fund, which provides guarantees for startups, including green ones, thereby streamlining access to bank loans and financing.¹⁷ To implement similar programs in Kuwait, KDIPA could take the lead in establishing and managing these credit guarantee programs. By doing so, Kuwait could foster a more robust financial ecosystem while promoting sustainable entrepreneurship in line with Vision 2035.

4.4 Alternative Funding Sources

AS-IS Conclusion: Alternative funding sources, such as crowdfunding platforms specifically promoting startups, have not yet been established in Kuwait. This may limit access to innovative financing options, potentially restricting growth opportunities for local startups, particularly those focused on sustainability and aligning with development goals.

Maturity Assessment: Alternative funding sources are **non-existent** in Kuwait. This may limit the ability of sustainable startups to access diverse and flexible capital sources.

Proposition: Kuwait could set up alternative funding sources, such as crowdfunding platforms and assurance schemes, to provide startups with diverse capital options essential for driving innovation and growth. These funding mechanisms are especially important for sustainable projects, allowing startups to connect with investors committed to sustainability. By introducing specific incentives for startups aligned with sustainability goals, Kuwait could enhance access to capital and support SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action). A relevant example is Germany's EcoCrowd, a crowdfunding platform dedicated to financing environmentally sustainable projects. Implementing similar funding mechanisms in Kuwait would promote green innovation and support the growth of sustainability-driven businesses in line with Vision 2035. To ensure successful implementation, KDIPA could take the lead in directing and managing the proposed platform. Effective change management will be crucial, focusing on stakeholder engagement, educating investors, and clearly communicating the benefits and processes for accessing these funding opportunities.



5. TAXATION

5.1 Tax incentives

AS-IS Conclusion: Currently, there are no tax incentives available for startups in Kuwait. Implementing tax incentives specifically for sustainable startups could encourage investment in sustainability initiatives and foster the growth of the sustainable startup ecosystem.

Maturity Assessment: Tax incentives for sustainable startups are **non-existent** in Kuwait, which may limit their growth within the Kuwaiti ecosystem.

Proposition: Kuwait could introduce tax incentives for startups, as these benefits are crucial for encouraging investment and fostering growth across the entrepreneurial ecosystem. Specific tax incentives for sustainable startups can further promote sustainability initiatives, driving innovation in green technologies and practices. Proposed measures could include reduced corporate tax rates, tax credits for R&D in sustainable solutions, or exemptions for environmentally friendly operations. This initiative would align with SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action). A relevant example is Portugal's Green Tax Incentives, which offers tax reductions for businesses engaging in environmentally sustainable activities. Implementing similar measures in Kuwait would create a more attractive environment for sustainable investment and support the growth of sustainability-driven startups in line with Vision 2035. To ensure effective adoption of these incentives, change management will be essential, focusing on clear communication with stakeholders and providing guidance on navigating the new tax framework.

5.2 Tax exemptions

AS-IS Conclusion: Currently, Kuwait does not offer tax exemptions or preferential treatments specifically for startups. While the Kuwait Direct Investment Promotion Authority (KDIPA) provides some tax concessions under Law No. 116 of 2013, these have not yet been specifically tailored to sustainable startups.

Maturity Assessment: This incentive is **non-existent** in Kuwait, as tax exemptions or preferential tax treatments specifically aimed at supporting sustainable startups have not yet been developed.

Proposition: Kuwait could introduce tax exemptions for all startups, as such incentives are essential for stimulating entrepreneurial growth, attracting investment, and supporting the overall business ecosystem. Additionally, Kuwait could implement tax exemptions specifically designed for sustainable startups, which would further promote innovation in green technologies and environmentally friendly practices. These targeted exemptions could include reduced VAT rates for green products, tax holidays for new sustainable ventures, or rebates for investments in sustainable technologies. This initiative would align with SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action). A practical example is Malaysia's Green Income Tax Exemption (GITE), which offers tax breaks for companies investing in sustainable practices. Implementing similar measures in Kuwait would foster the growth of sustainability-driven startups and support Vision 2035's goals. Effective change management will be crucial for ensuring successful implementation, involving stakeholder engagement, clear communication, and targeted outreach to ensure the ecosystem fully benefits from these incentives.



6. OTHER FINANCIAL INCENTIVES

AS-IS Conclusion: The Kuwait Foundation for the Advancement of Sciences (KFAS) provides financial support and grants for research and development in key sectors like technology and energy. Through innovation programs and business incubators, KFAS fosters entrepreneurship and supports sustainable development in Kuwait. However, there is currently only one initiative focused on sustainability ventures in general, with no specific financial initiatives targeting startups.

Maturity Assessment: This incentive is in **progress** in Kuwait, as there are diverse financial incentives available, but they are not specific to sustainable startups.

Proposition: Kuwait could expand its range of financial incentives specifically targeting SDG-aligned startups, as this would provide essential support for the growth and innovation of sustainability-focused businesses. By offering diverse incentives such as grants, interest-free loans, and innovation prizes, Kuwait could drive greater investment in green technologies and sustainable initiatives. This would support SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action). A comparable approach can be found in South Korea's Green New Deal, where funds are distributed through various agencies to support green technologies. Expanding such incentives in Kuwait would align with Vision 2035, promoting sustainability across sectors and fostering a more robust ecosystem for sustainable innovation.



D. IMPLEMENTATION AND M&E

AS-IS Conclusion: Kuwait has established various legal frameworks and policies to support businesses, notably through Law No. 1 of 2016, which modernizes corporate regulations and enhances the investment climate. However, there is no formal Startup Act, and monitoring and evaluation efforts often overlook sustainability-specific startups. While the regulatory landscape includes provisions for SMEs, the development of targeted monitoring and evaluation (M&E) processes has not yet been fully established, which may limit the ability to assess the effectiveness of these laws in promoting sustainability objectives.

Maturity Assessment: The M&E landscape in Kuwait is in **progress** regarding sustainability. While there are mechanisms to track the general progress of the startup ecosystem, specific metrics for evaluating the impact of regulations on sustainable startups are still in development.

High-Level Recommendation: Kuwait has made significant strides in creating a supportive environment for businesses through comprehensive legal frameworks. To further enhance the startup ecosystem, particularly in alignment with Vision 2035's sustainability goals, integrating sustainability-focused metrics into existing Monitoring and Evaluation (M&E) processes presents a valuable opportunity. These metrics could track key indicators such as energy efficiency, environmental impact, and social responsibility within startups. Systematically collecting and evaluating this data would enhance transparency and accountability, ensuring that startups addressing sustainability challenges are effectively monitored and supported. This approach would facilitate better resource

allocation and inform policy adjustments, fostering a more sustainable entrepreneurial ecosystem.

Effective change management will be crucial in implementing these enhanced M&E processes. Engaging key stakeholders—including government agencies, industry experts, and startup representatives—early in the process can foster collaboration and alignment. Clear communication about the benefits of sustainability-focused evaluations will help build consensus and minimize resistance. Additionally, providing training and capacity-building initiatives for startups will ensure they are well-prepared to meet new reporting requirements and leverage the associated opportunities.

By embedding sustainability considerations into its M&E framework and applying a structured change management approach, Kuwait can strengthen its position as a regional leader in sustainable entrepreneurship, aligning with broader national development objectives and global standards.



CHAPTER III: CONCLUSION

Kuwait's startup ecosystem stands at a pivotal juncture, with significant progress already achieved and a clear opportunity to deepen the focus on sustainable growth. Key initiatives—such as formalizing startup identification processes, refining regulatory frameworks, and introducing targeted incentives for sustainability-focused ventures—chart a course toward a more resilient and thriving entrepreneurial landscape.

By aligning with global best practices and prioritizing sustainability-driven sectors, Kuwait can unlock the full potential of its startup ecosystem. Complementary measures, including dedicated government funds, enhanced monitoring and evaluation systems, and strengthened networking platforms, will bolster Kuwait's innovation capacity and foster collaboration across the ecosystem.

As Kuwait advances its Vision 2035, embedding sustainability within the startup sector emerges not only as a regulatory goal but as a strategic necessity. Embracing these initiatives will elevate the ecosystem and allow Kuwait to contribute meaningfully to the Sustainable Development Goals (SDGs). Through this alignment of economic growth with sustainable practices, Kuwait can forge a path to long-term prosperity, establishing itself as a regional leader in innovation and sustainability.





RECOMMENDATION REPORT FOR STATE OF QATAR



CHAPTER I: INTRODUCTION

This report builds on the findings of the As-Is report, which provided a comprehensive analysis of Qatar's current startup ecosystem, particularly in relation to sustainable development. The As-Is report highlighted Qatar's commitment to fostering the growth of small, and medium-sized enterprises (SMEs) and startups through various initiatives, frameworks, and programs that align with Qatar National Vision 2030.

Qatar's support for sustainable startups and its commitment to integrating the Sustainable Development Goals (SDGs) into its economic vision are reflected in initiatives aimed at streamlining processes for entrepreneurs, including the creation of a one-stop-shop that encompasses the different benefits and programs given to startups and enhancements to. These efforts promote innovation while facilitating sustainable

economic growth, showcasing Qatar's strategic approach to developing a robust startup ecosystem that is both economically viable and aligned with sustainability objectives.

Furthermore, the As-Is report highlights areas for improvement in the current startup framework, particularly the need for a more comprehensive regulatory structure tailored to sustainable startups. Addressing these areas will enhance Qatar's ability to align its initiatives with environmental and social sustainability goals, fostering a more dynamic and resilient startup ecosystem. The To-Be report will propose actionable strategies to build upon these insights, further strengthening Qatar's entrepreneurial environment and its commitment to sustainability.

Below, a table summarizes the SDGs implemented and provides an overview of the areas addressed in the To-Be report:

SDGs	Implemented	Not Implemented Yet
SDG1: No poverty	<div></div>	<div></div>
SDG2: Zero hunger	<div></div>	<div></div>
SDG3: Good health and well-being	<div></div>	<div></div>
SDG4: Quality Education	<div></div>	<div></div>
SDG5: Gender equality	<div></div>	<div></div>
SDG6: Clean water and sanitation	<div></div>	<div></div>
SDG7: Affordable and clean energy	<div></div>	<div></div>
SDG8: Decent work and economic growth	<div></div>	<div></div>
SDG9: Industry, innovation and infrastructure	<div></div>	<div></div>
SDG10: Reduced inequalities	<div></div>	<div></div>
SDG11: Sustainable cities and economies	<div></div>	<div></div>
SDG12: Responsible consumption and production	<div></div>	<div></div>
SDG13: Climate action	<div></div>	<div></div>
SDG14: Life below water	<div></div>	<div></div>
SDG15: Life on land	<div></div>	<div></div>
SDG16: Peace, justice and strong institutions	<div></div>	<div></div>
SDG17: Partnership for the goals	<div></div>	<div></div>



CHAPTER II: CONSIDERATIONS FOR QATAR'S STARTUP LEGAL FRAMEWORK

This section will focus on Qatar's Projected Enhancements, placing a particular emphasis on the integration of Sustainable Development Goals (SDGs) across each foundational area of the startup ecosystem. In alignment with Qatar National Vision 2030 and its strategic focus on sustainability, the proposed incentives are crafted to address the unique challenges and opportunities present in the startup landscape. Each incentive is designed to stimulate economic growth, encourage innovation, and advance sustainable development, specifically targeting crucial SDGs that align with the priorities established in the vision.

Particularly, the emphasis on SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure) is vital for enhancing the capacity of SMEs and startups, underscoring the importance of

inclusivity in innovation and entrepreneurship. This section will outline specific strategies aimed at improving the entrepreneurial ecosystem, including the introduction of a comprehensive startup identification system, the optimization of regulatory frameworks, and the implementation of targeted incentives that promote sustainable practices.

These enhancements are designed to create a more conducive environment for the growth of sustainable startups, reinforcing Qatar's strategic objective of cultivating a diverse and resilient economy. By implementing these strategies, Qatar aims to solidify its position as a leader in sustainability-focused entrepreneurship, fostering a vibrant ecosystem that meets the challenges of today while aligning with global sustainability standards.

A. STARTUP DEFINITION

AS-IS Conclusion: Currently, there is no legal definition of 'startup' in Qatar, which has not yet been developed, leading to inconsistencies in its application across different entities and programs.

Maturity Assessment: A formalized legal definition for "startups" is **non-existent** within Qatar's regulatory framework. The use of terms like 'startups' and 'innovative SMEs' may lead to varying interpretations among stakeholders regarding eligibility and access to resources.

High-Level Recommendation: Qatar could adopt a standardized legal definition for startups that includes key characteristics such as innovation focus, company size, and growth potential. Establishing this definition will align with Qatar's broader goals under the National Development Strategy (NDS3) to foster Sustainable Economic Growth by creating a vibrant, business-led innovation ecosystem. It will also contribute to Economic Diversification by ensuring clarity in eligibility for resources and incentives, enhancing accessibility, and encouraging the growth of innovation-driven enterprises.

To ensure the successful implementation of this initiative, a robust change management strategy should be incorporated. This includes stakeholder engagement to build consensus on the definition, structured communication campaigns to raise awareness, and capacity-building programs to support entities in applying the new framework consistently. By embedding these measures, Qatar can promote inclusive and sustainable industrialization, foster innovation, and support SDG 9 (Industry, Innovation, and Infrastructure).

B. STARTUP IDENTIFICATION SYSTEM

AS-IS Conclusion: Qatar has established a classification system for Small and Medium-sized Enterprises (SMEs) that categorizes businesses based on employee count and annual turnover. While these classifications provide a solid framework for SME operations, there is currently no identification system specifically tailored for startups.

Maturity Assessment: A dedicated identification system for startups is **non-existent** within Qatar's classification system for SMEs. While progress has been made in recognizing different business sizes and their needs, there is room for further enhancement in the startup identification system.

High-Level Recommendation: Qatar could implement a startup identification system that aligns with its existing SME classification framework but focuses on distinguishing startups based on criteria like innovation intensity, scalability, and growth potential. As Qatar accelerates its transition towards a knowledge-based economy under the NDS3, the introduction of such a system will enhance the effectiveness of entrepreneurial support initiatives and contribute to achieving Sustainable Economic Growth by fostering a more dynamic and innovation-led startup economy. This measure aligns with the country's focus on SDG 8 (Decent Work and Economic Growth), as it encourages economic diversification and employment opportunities through the development of innovative enterprises.

CURRENT KEY
SDGs IN QATAR

7 AFFORDABLE AND
CLEAN ENERGY

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE

13 CLIMATE
ACTION



C. INCENTIVES



1. REGULATORY SUPPORT

1.1 Startup Formation and Liquidation

AS-IS Conclusion: In Qatar, entrepreneurs can choose from various legal structures suited to different business needs. While these options facilitate business formation, the legal framework does not currently include specific regulations dedicated to supporting the formation or liquidation of startups.

Maturity Assessment: The enhancement of Qatar’s legal framework for startup formation and liquidation is **in progress**. While the existing framework offers a diverse range of flexible business structures suited to startups, there is potential to further streamline processes, particularly for startups.

Proposition: Qatar could introduce an online platform for streamlined startup registration and liquidation, this platform would simplify the legal processes for setting up and closing businesses, with a focus on startups aligned with sustainability goals. This initiative would align with Qatar’s NDS3 objectives of fostering Sustainable Economic Growth and building a vibrant, innovation-led economy. By focusing on sustainability-driven ventures, it supports SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure), contributing to economic diversification and environmental sustainability. It also enhances Qatar’s broader commitment to SDG 13 (Climate Action) by promoting businesses that focus on sustainable practices.

1.2 Intellectual Property

AS-IS Conclusion: Qatar has strengthened its IP framework with streamlined patent annuity payments, improved trademark filings, and reduced service fees to foster innovation and growth. However, it does not yet offer specific provisions tailored to startups, particularly those focused on sustainability.

Maturity Assessment: The intellectual property (IP) framework is **in progress**, having made significant advancements, including streamlined patent annuity payments, more efficient trademark filing procedures, and reduced service fees. However, this framework primarily supports general innovation and technological development, with no specific provisions for startups focused on sustainability.

Proposition: Qatar could establish an Intellectual Property (IP) facilitation program specifically aimed at startups working in sustainable technologies, offering tailored support to reduce barriers in IP protection. This could include financial and legal assistance for patent and trademark applications, reduced fees, and mentorship in IP law to help startups navigate complex processes. This approach aligns with Qatar’s National Development Strategy 3 (NDS3) sustainability goals and supports SDGs 8 (Decent Work and Economic Growth) and 9 (Industry, Innovation, and Infrastructure). For instance, India’s Scheme for Facilitating Startups Intellectual Property Protection (SIPP) provides practical insights for Qatar. SIPP offers reduced costs and streamlines application processes for startups, covering fees for IP facilitators who assist with patent, trademark, and design registrations. Qatar could adapt this model by creating a similar program to support local sustainable technology startups. Additionally, such an initiative could be integrated into Qatar’s existing funding and incubation structures, enhancing the visibility of sustainable innovations and attracting more investment in the green technology sector.

1.3 Visa Regimes to Support Startups

AS-IS Conclusion: Qatar has introduced the Mustaqel Visa, a 5-year renewable residency permit aimed at attracting international entrepreneurs, exceptional talents, and skilled professionals. Administered by Qatar Manpower Solutions Co. (Jusour), the program aligns with the Qatar National Vision 2030 by facilitating economic diversification through a dynamic workforce. Eligibility includes entrepreneurs with investments or projects over QAR 250,000 and an endorsement from a recognized Qatari incubator, as well as talented professionals in various sectors with relevant endorsements. While the visa offers comprehensive support, there is room to further develop specific pathways tailored for sustainability-focused startups.

Maturity Assessment: Qatar’s efforts to attract entrepreneurs and professionals are **in progress**, with programs like the Mustaqel Program offering a 5-year residency permit for qualified individuals.

Proposition: To enhance Qatar’s position as a leading hub for innovation and sustainability, the government could introduce visa categories specifically aimed at attracting entrepreneurs focused on the Sustainable Development Goals (SDGs). This could include a dedicated Sustainability Visa that prioritizes business plans with clear environmental objectives and offers incentives such as expedited processing and extended residency durations for these entrepreneurs. By establishing such a framework, Qatar can demonstrate its commitment to sustainable development while attracting global talent and investment that align with the country’s economic diversification and sustainability goals under the National Vision 2030.

1.4 One-Stop-Shops

AS-IS Conclusion: Startup Qatar, developed by the Investment Promotion Agency Qatar (Invest Qatar), serves as a comprehensive platform that streamlines support for startups. It connects entrepreneurs with key resources, including funding opportunities, incubation programs, and government grants, while offering incentives such as a five-year tax waiver, free registration, license renewal, and shared office space.

Maturity Assessment: A dedicated one-stop shop for startups is **in progress** in Qatar, providing incentives and connecting them with key resources and government services. However, it does not yet offer targeted support specifically for sustainable startups.

Proposition: To enhance Qatar’s support for sustainable startups, the government could develop a one-stop-shop model specifically focused on sustainability-driven businesses. This platform would consolidate tailored services, such as funding options for green technologies and clean energy initiatives, regulatory guidance, and specialized mentorship programs. For example, Qatar could draw inspiration from the Abu Dhabi Sustainability Group (ADSG), which connects sustainability-focused startups with resources and expertise. By offering these targeted services, Qatar could foster a more dynamic ecosystem for sustainable entrepreneurship, helping startups align with Vision 2030 and drive progress towards the Sustainable Development Goals (SDGs), particularly Affordable and Clean Energy (SDG 7) and Climate Action (SDG 13).



2. ACCESS TO MARKET

2.1 Government Procurement

2.1.1 Facilitation

AS-IS Conclusion: Recent legislative changes in Qatar, such as Article 4 of the 2022 Resolution on the Organization of Tenders and Auctions Law, have improved the business climate by exempting SMEs from tender document fees and reducing performance guarantees. Additionally, fee reductions and lower land rents from the Ministry of Commerce and Industry (MOCI) and the Ministry of Municipality further support economic growth and encourage investments. Platforms like *Moushtarayat* provide entrepreneurs and SMEs with digital access to local opportunities, while Hassad Food, a subsidiary of the Qatar Investment Authority (QIA) and Qatar's investment arm in food and agribusiness, has optimized its procurement processes to enhance efficiency. However, this framework primarily supports general innovation and technological development, with specific provisions for startups focused on sustainability having not yet been developed.

Maturity Assessment: Government procurement facilitation is **in progress**; but it does not yet include targeted support for sustainable startups.

Proposition: Qatar could establish a public procurement program specifically for sustainable startups, simplifying their access to tenders and aligning with SDGs 12 and 9. This would encourage innovation in green technologies and support economic diversification. For instance, Slovenia's public procurement guide for startups and Norway's municipal procurement programs facilitate startup participation in public projects. Qatar could adapt these models by creating a similar framework tailored to local

needs, providing clear guidelines, incentives, and simplified processes for startups focused on sustainability. This would enhance startup involvement in government projects, fostering growth in the green sector and advancing Qatar's sustainability goals.

2.1.2 Market and Startup

AS-IS Conclusion: Qatar launched various programs that support innovation and address sector-specific challenges like energy efficiency and climate action. While these initiatives contribute significantly to sustainability goals, they have not yet been specifically targeted at startups.

Maturity Assessment: Market access facilitation for startups in Qatar is **in progress**, with existing initiatives addressing broader innovation and technology needs.

Proposition: Qatar could establish a Green Innovation Program to support startups focused on SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action), aligning with its Vision 2030 goals of economic diversification and environmental resilience. The focus on SDG 7 aligns with Qatar's objectives to improve energy efficiency and expand clean energy solutions, which are essential as it transitions from a hydrocarbon-based economy. And the focus on SDG 13 supports Qatar's commitment to addressing climate change challenges. Inspired by Spain's Iberdrola PERSEO program and Naturgy Connecting Energy program, this initiative would provide targeted funding, mentorship, and collaboration with industry leaders, positioning Qatar as a leader in sustainable technology innovation aligned with national and global priorities.



2.2 Internationalization

2.2.1 Customs Benefits

AS-IS Conclusion: Qatar provides customs benefits for firms and SMEs, but these have not yet been specifically tailored to startups focused on sustainability.

Maturity Assessment: Customs benefits for startups in Qatar are **in progress** but there have not yet been targeted incentives specifically aimed at those focused on sustainability and SDGs.

Proposition: Qatar could introduce specialized customs benefits for startups advancing SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). By offering reduced tariffs or exemptions on key imports for clean technology development—such as solar panels, energy-efficient equipment, or water-saving technologies—Qatar could encourage sustainable innovation and lower market-entry barriers for green startups. This initiative would support green technology startups and reinforce Qatar's leadership in environmental sustainability.

2.2.2 Access to Foreign Currency Accounts

AS-IS Conclusion: Access to Foreign Currency Accounts is available to established firms; however, specific provisions or facilitations for startups have not yet been developed in Qatar.

Maturity Assessment: While Qatar provides access to foreign currency accounts for established firms, tailored support for startups—especially those focused on SDG-aligned initiatives—is **non-existent**. Access to foreign currency is important for startups that engage in international markets, source specialized equipment, or collaborate with global partners.

Proposition: Qatar could implement specialized facilitation for foreign currency accounts by introducing a program similar to Singapore's Startup SG scheme, tailored to align with Qatar's Vision 2030 goals. This program could be launched through partnerships between key financial institutions like Qatar Development Bank (QDB) and commercial banks, ensuring startups gain streamlined access to multi-currency accounts. To prioritize startups aligned with SDG 7 and SDG 13, the program could integrate eligibility criteria emphasizing sustainability-focused business models. Incentives, such as reduced account fees or preferential exchange rates for clean energy and climate-focused startups, could further enhance participation. Moreover, collaboration with TASMU and other ecosystem enablers could create an integrated platform offering startups seamless access to foreign currency accounts, tools for cross-border transactions, and advisory services for global market navigation. This initiative would not only promote international growth for startups but also solidify Qatar's commitment to sustainable economic development, strengthening its position as a global innovation hub.



Qatar hosts networking events that connect startups with investors, partners, and customers...

2.3 Digital Payment Services

AS-IS Conclusion: Qatar offers various digital payment services, including Apple Pay and Google Pay, which feature sustainability elements like carbon emission tracking. While these can be utilized by sustainable startups, they are not specifically designed for them.

Maturity Assessment: Incentives for startups to access tailored digital payment services are **non-existent** in Qatar, particularly for those focused on sustainability.

Proposition: Digital payment services play a key role in driving sustainable practices, yet Qatar's current ecosystem lacks tailored solutions for startups focused on sustainability. By encouraging the development of fintech innovations that promote eco-friendly practices—such as carbon emission tracking and sustainable payment methods—Qatar could position itself as a leader in sustainable digital finance. Incentives for fintech startups focused on sustainability, along with partnerships between established financial institutions and emerging startups, could create a supportive environment for green financial solutions. This would not only foster innovation but also align with Qatar's sustainability goals and the Sustainable Development Goals (SDGs), particularly SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).



3. CAPACITY BUILDING

3.1 Handholding

3.1.1 Startup Support Organizations (SSOs)

AS-IS Conclusion: Qatar has a variety of programs aimed at empowering startups, these initiatives support sectors related to sustainability and address key SDGs such as Affordable and Clean Energy (SDG 7) and Climate Action (SDG 13). However, the overall support framework does not yet prioritize sustainability as a specific focus.

Maturity Assessment: The startup support landscape in Qatar is **in progress**, featuring a solid foundation for general startup assistance. While some programs engage with sustainability, the ecosystem currently shows an opportunity to establish a cohesive strategy specifically targeting sustainable startups.

Proposition: Qatar could enhance its startup ecosystem by introducing specialized support programs tailored for startups addressing a broader range of SDG-aligned challenges. These programs should offer targeted funding, mentorship, and operational assistance for startups in areas like sustainable water management (SDG 6), sustainable cities (SDG 11), and responsible consumption and production (SDG 12). Establishing such initiatives would promote innovation and align with Qatar's National Vision 2030 goals of sustainable development and economic diversification.

3.1.2 Mentoring

AS-IS Conclusion: Qatar has mentorship programs that help startups refine their business strategies and engage with investors, but these programs are not specifically tailored for startups working on the SDGs.

Maturity Assessment: The mentorship programs development and implementation are still **in progress** in Qatar, providing substantial support for startups generally. However, targeted mentorship for SDG-aligned startups addressing sustainability challenges have not yet been established.

Proposition: Qatar could enhance its mentorship framework by creating specialized tracks tailored to startups focused on clean energy and environmental innovation, aligning with its Vision 2030 goals. This could be achieved by establishing partnerships with local and international organizations, such as Qatar Science & Technology Park (QSTP), to design mentorship programs modeled after successful initiatives like the **Google for Startups Accelerator: Climate Change** and the **Chain Reaction Innovations (CRI)**. These tracks could connect startups with seasoned experts in sustainability and clean energy, offering one-on-one guidance, peer-learning sessions, and workshops on sustainable business practices. To maximize impact, Qatar could integrate these programs with existing platforms, such as the TASMU Accelerator, providing participating startups with access to advanced tools, resources, and funding opportunities. This approach would empower startups to address pressing sustainability challenges while strengthening Qatar's position as a leader in fostering environmentally innovative entrepreneurship.

3.1.3 Networking and Showcasing

AS-IS Conclusion: Qatar hosts networking events that connect startups with investors, partners, and customers, but these are not specifically tailored to sustainability-focused startups or those addressing SDGs yet.

Maturity Assessment: Qatar's networking and showcasing platforms are **in progress**, providing general support for startups. However, specific networking opportunities for SDG-aligned startups have not yet been developed.

Proposition: Qatar could introduce a Sustainability Pavilion at major events, creating a dedicated platform for startups addressing SDGs such as clean energy, sustainable infrastructure, and environmental innovation. This initiative could draw inspiration from successful global models like the **UNWTO SDGs Global Startup Competition** and the **SDG Global Business Forum**, which connect SDG-focused startups with investors, mentors, and potential partners. By integrating the Sustainability Pavilion into high-profile events such as the Qatar Economic Forum or Doha Forum, Qatar could offer visibility to local startups working on sustainability-driven solutions. This pavilion could include exhibition spaces, pitch sessions, and networking opportunities, facilitating direct connections between startups and stakeholders invested in sustainability, such as impact investors, corporate partners, and government entities. Additionally, Qatar could provide tailored support for these startups, such as matchmaking services or follow-up initiatives, to ensure that these connections lead to long-term collaborations. This approach would position Qatar as a global leader in supporting SDG-aligned ventures, fully aligning its entrepreneurial ecosystem with the strategic objectives of Vision 2030.



3.2 Talent

3.2.1 Work Leaves

AS-IS Conclusion: Currently, there are no specific work leave incentives for startup employees in Qatar to engage in innovation or sustainability projects. Such incentives could enhance creativity and contribute to the development of new solutions.

Maturity Assessment: Work leave incentives for startup employees currently are **non-existent**.

Proposition: Introducing work leave incentives for startup employees to engage in innovation and sustainability projects could greatly benefit Qatar's entrepreneurial ecosystem. By offering paid leave for activities such as research, development, or involvement in sustainability initiatives, Qatar would encourage a culture of creativity, knowledge sharing, and collaboration within startups. This initiative would not only help drive innovation but also align with Qatar's broader sustainability objectives, supporting the growth of green businesses and contributing to SDGs 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure). It could also serve as a competitive advantage in attracting and retaining talent within Qatar's startup ecosystem.

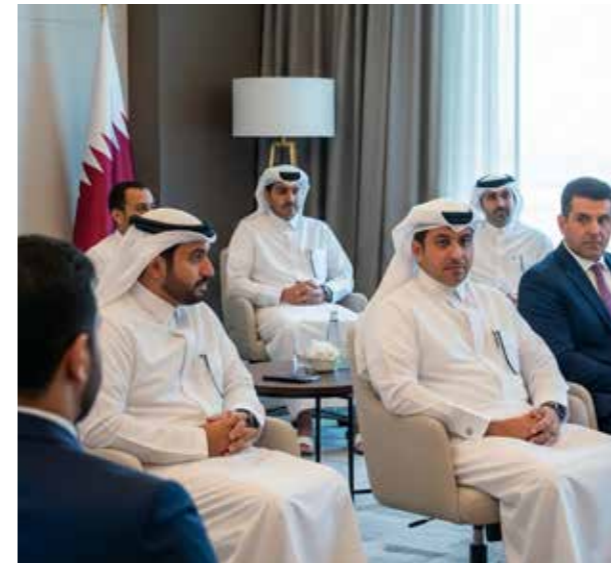
The trainings available for startups and SMEs in Qatar support general entrepreneurial skill development...

3.2.2 Trainings

AS-IS Conclusion: While Qatar's training programs support startups and entrepreneurs, they have not yet been specifically tailored to emphasize environmental responsibility, sustainable practices, or the unique needs of startups working on the SDGs.

Maturity Assessment: The trainings available for startups and SMEs in Qatar support general entrepreneurial skill development, but it is **in progress** for sustainability-focused training.

Proposition: Qatar could establish specialized modules within its existing training programs, focusing on green business practices, sustainable technology, and environmental impact measurement. Drawing inspiration from initiatives like **Finland's Sustainable Growth Programme**, which offers workshops, mentorship, and access to expert networks, these modules could be designed to provide Qatari startups with the tools and knowledge to integrate sustainability into their business models. By collaborating with local institutions like Qatar University and international sustainability experts, Qatar could create a comprehensive curriculum tailored to the needs of startups in various stages of development. These modules could include hands-on workshops, case studies, and access to a network of mentors and industry leaders specializing in sustainable business practices. Additionally, Qatar could provide incentives, such as certifications or funding opportunities, for startups that complete the training and demonstrate their commitment to sustainability. This initiative would not only accelerate the growth of green businesses in Qatar but also contribute to the broader SDG agenda, reinforcing Qatar's Vision 2030 goals of sustainable economic diversification and innovation.



3.2.3 Certifications

AS-IS Conclusion: Qatar currently offers various support programs aimed at fostering innovation, but it does not yet have initiatives specifically focused on providing sustainability certifications for startups.

Maturity Assessment: The development of certifications for startups focusing on sustainability is **in progress**.

Proposition: Qatar could introduce a sustainability certification program specifically aimed at startups working on SDG projects. This certification would assess and validate startups' contributions to environmental goals such as emissions reduction, resource efficiency, and sustainable business practices. By providing a formal certification, Qatar could promote and encourage startups to adopt green technologies and sustainable practices, contributing to SDGs like Responsible Consumption and Production (SDG 12) and Climate Action (SDG 13). This initiative would align with Qatar's broader goals of fostering innovation and sustainability under the National Vision 2030.

3.2.4 Talent Acquisition

AS-IS Conclusion: Currently, there are no specific programs or initiatives in Qatar designed to support startups in attracting and retaining top talent.

Maturity Assessment: Qatar's entrepreneurial ecosystem currently has **non-existent** talent acquisition programs specifically designed for startups focused on sustainability and the SDGs.

Proposition: To enhance talent acquisition for startups, particularly those focused on SDGs, Qatar could launch initiatives targeting skilled professionals in sustainability and innovation. This could include collaborations with universities to develop specialized programs that equip students with the necessary skills to thrive in sustainability-focused industries. Qatar could also offer incentives, such as tax breaks or funding opportunities, for companies that prioritize sustainability roles, thus encouraging a competitive job market that attracts top talent. Drawing inspiration from **Australia's Talent Nation program**, which focuses on recruiting professionals for sustainability roles within startups, Qatar could create a similar initiative that matches skilled workers with startups addressing SDGs like clean energy and environmental innovation. Additionally, Qatar could collaborate with global networks to provide access to international talent pools, fostering a dynamic workforce capable of driving green growth. By aligning these efforts with Vision 2030, Qatar would not only strengthen its talent base but also advance its goal of creating a sustainable and diversified economy driven by innovation.



3.3 Partnerships

3.3.1 Public-Private partnerships

AS-IS Conclusion: Qatar’s public-private partnerships (PPPs) promote collaboration between the private sector and government entities. However, they do not specifically target startups and startups focused on sustainability.

Maturity Assessment: The development of a dedicated framework for public-private partnerships is in progress, creating collaboration opportunities for startups. However, it does not yet include specific mechanisms designed to support startups focused on sustainability.

Proposition: Qatar could introduce targeted Public-Private Partnership (PPP) facilitations to support startups working on SDG-aligned sustainability projects, such as clean energy, water conservation, and waste management. This initiative could involve establishing dedicated funding streams for sustainability-focused startups, alongside creating a structured platform for collaboration between startups, large corporations, and government entities. Drawing from models like **Singapore’s Sustainable Singapore Blueprint**, which offers funding, mentorship, and resources for startups in sectors like waste management and energy efficiency, Qatar could develop a similar program that targets local environmental challenges. By providing tailored support, such as access to financing, technical expertise, and networking opportunities, Qatar can encourage innovative solutions that address both global and local sustainability issues. Additionally, Qatar could establish formal partnerships between startups and government bodies or large corporations, fostering collaborations that drive impactful projects. By focusing on key sectors under its National Vision 2030, Qatar would not only strengthen its entrepreneurial ecosystem but also accelerate the transition to a more sustainable economy.

Qatar’s governmental funding initiatives to support innovation are in progress...

3.3.2 Intergovernmental Partnerships

AS-IS Conclusion: Qatar engages in intergovernmental partnerships to foster innovation and sustainability through various initiatives. However, these initiatives have not yet been specifically focused on startups dedicated to advancing the Sustainable Development Goals (SDGs), which may limit their potential impact on the entrepreneurial ecosystem.

Maturity Assessment: Intergovernmental partnerships in Qatar are in progress, enhancing innovation and knowledge exchange across sectors. However, they do not specifically target startups aligned with the SDGs yet, presenting an opportunity to enhance their effectiveness in driving sustainable development.

Proposition: Qatar could strengthen its intergovernmental collaborations by creating targeted initiatives to support startups focused on SDGs. This could involve developing a framework that facilitates partnerships between international startups and local entities in sectors like clean energy, sustainable infrastructure, and climate resilience. These initiatives would provide startups with access to funding, research facilities, and mentorship, enabling them to scale solutions for global challenges. By aligning these efforts with Qatar’s National Vision 2030, the country could enhance its role as a leader in sustainable innovation and make significant contributions to its sustainability objectives.



4. ACCESS TO FUNDING

4.1 Government Funds

AS-IS Conclusion: Qatar provides funding through initiatives like the QSTP Tech Venture Fund (TVF), which supports innovation in sectors such as healthcare, AI, and food tech. However, there are currently no funds specifically dedicated to startups focused on the Sustainable Development Goals (SDGs).

Maturity Assessment: Qatar’s governmental funding initiatives to support innovation are in progress; however, they do not currently include specific programs aimed at assisting startups focused on the Sustainable Development Goals (SDGs).

Proposition: Qatar could establish a dedicated sustainability fund within the QSTP Tech Venture Fund or as a standalone initiative, specifically targeting startups working on SDGs

like clean technology, energy efficiency, and sustainable infrastructure. This fund would focus on driving innovation that supports Qatar’s environmental sustainability goals, particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action), as outlined in its National Vision 2030. By adopting a model like **Canada’s Sustainable Development Technology Canada (SDTC) program**, Qatar could provide targeted financial support to startups tackling critical environmental challenges. This could include grants, equity funding, and advisory services designed to help startups scale their solutions. Additionally, Qatar could ensure that the fund is integrated with other national initiatives, such as those by Qatar Development Bank (QDB) or the Qatar Science and Technology Park (QSTP), creating a seamless ecosystem of resources for startups. Through this initiative, Qatar would not only enrich its green innovation ecosystem but also advance its long-term sustainability objectives by fostering a new wave of environmental innovations that align with its Vision 2030 goals.





4.2 Institutional Investors

AS-IS Conclusion: Qatar currently has no institutional investors that specifically prioritize sustainability in their investment decisions or focus on supporting startups dedicated to the SDGs.

Maturity Assessment: While Qatar is making strides in attracting institutional investors, a commitment to sustainability and investments in SDG-aligned startups is **non-existent**.

Proposition: Qatar could promote the establishment of institutional investment funds or mandate existing financial institutions to allocate a portion of their portfolios to startups focused on critical SDGs such as Quality Education (SDG 4), Clean Water and Sanitation (SDG 6), and Industry, Innovation, and Infrastructure (SDG 9). This initiative could draw inspiration from the **United Kingdom's Green Investment Bank**, now the **Green Investment Group**, which specializes in funding sustainable projects. Qatar could create a dedicated sustainability-focused investment initiative or encourage the Qatar Investment Authority (QIA) to incorporate sustainability criteria into its investment strategies. This could involve setting clear sustainability benchmarks and encouraging financial institutions to prioritize startups that contribute to SDG-aligned sectors. Additionally, Qatar could incentivize private investors by offering tax breaks or matching funding programs for investments in these high-impact areas. By fostering this alignment between finance and sustainability, Qatar would stimulate the growth of startups driving innovation in education, clean water, and infrastructure, advancing its Vision 2030 goals while supporting global sustainability efforts.

4.3 Credit Guarantees

AS-IS Conclusion: Qatar provides credit guarantee programs, such as the Green Financing Program, which supports SMEs in sustainability-related projects. However, credit guarantee programs specifically tailored for startups have not been developed yet.

Maturity Assessment: Credit guarantee initiatives in supporting startups and sustainable startups are **non-existent** in Qatar.

Proposition: The importance of credit guarantee initiatives for supporting sustainable startups cannot be overstated, especially in the context of early-stage businesses that face heightened risks and financial barriers. These startups, particularly those aligned with SDGs, often struggle to secure financing due to the perceived risks associated with their innovative models and environmental objectives. By introducing tailored credit guarantee programs, Qatar can mitigate these risks for both lenders and investors, fostering an environment where sustainability-focused startups can thrive. Such programs would help de-risk investments in clean technologies, sustainable agriculture, and energy efficiency projects, which are essential for achieving Qatar's sustainability goals and enhancing the overall competitiveness of the local startup ecosystem. Building on regional examples like the **Abu Dhabi Fund for Development's Green Finance Program**, Qatar could create a similar initiative dedicated specifically to supporting SDG-aligned startups. By offering favorable terms such as reduced interest rates and extended grace periods, Qatar would encourage financial institutions to invest in startups addressing key sustainability challenges. Collaborating with local financial institutions such as Qatar Development Bank would also help streamline the program's implementation, ensuring seamless access to funding and providing a structured pathway for scaling solutions.

4.4 Alternative Funding Sources

AS-IS Conclusion: Qatar has initiated green bonds to fund large-scale sustainability projects, yet no alternative funding specifically supports startups, limiting early-stage ventures' access to capital for sustainable innovation.

Maturity Assessment: Alternative funding sources exist for large-scale sustainability initiatives but are **non-existent** yet for startups and SDG-focused startups.

Proposition: Qatar could enhance its alternative funding landscape by introducing specialized funding mechanisms aimed at startups focused on sustainability and the SDGs. This could include establishing a Green Startup Fund or launching green bonds specifically designed for early-stage ventures engaged in eco-friendly projects. These initiatives would provide targeted financial support, such as low-interest loans or grants, for startups working on areas like renewable energy, waste management, and sustainable agriculture. By drawing inspiration from successful models like **Germany's KfW Development Bank**, which offers tailored financial products for green startups, Qatar could accelerate innovation in sustainability-focused sectors. This would align with national priorities under Qatar's National Vision 2030, promoting economic diversification and environmental stewardship.



5. TAXATION

5.1 Tax incentives

AS-IS Conclusion: Qatar provides a five-year tax waiver for qualified startups through the Qatar Financial Centre to encourage innovation and early growth; however, this incentive does not yet specifically target startups focused on the SDGs.

Maturity Assessment: Tax incentives are **in progress** for startups, including those working on the SDGs.

Proposition: Qatar could enhance its support for sustainability-focused startups by introducing targeted tax incentives, similar to France's Green Industry Investment Tax Credit (C3IV) and Research Tax Credit (CIR). These incentives could include significant tax credits for startups developing eco-friendly technologies, undertaking sustainable practices, or engaging in SDG-focused R&D, especially in priority areas like Clean Water and Sanitation (SDG 6) and Climate Action (SDG 13).



5.1 Tax incentive

AS-IS Conclusion: Qatar's tax framework offers various exemptions that provide significant financial benefits to businesses, particularly SMEs and startups engaged in sustainable projects. However, these incentives have not yet been specifically tailored to support startups focused on the Sustainable Development Goals (SDGs).

Maturity Assessment: Qatar's tax exemptions create a favorable financial environment for businesses, but the current tax regime is **in progress** and does not include yet specific provisions targeting startups focused on sustainability or the SDGs.

Proposition: Qatar could introduce targeted tax exemptions designed to incentivize startups contributing to the SDGs, fostering innovation and sustainable development. These incentives could include corporate income tax holidays for startups operating in sectors such as renewable energy, waste management, and water conservation. Additionally, property tax exemptions could be extended to facilities dedicated to sustainable R&D or eco-friendly technology incubation.

By tailoring the tax framework to reward sustainable practices, Qatar can reduce financial barriers for startups, enabling them to scale their operations and contribute to key SDGs such as Clean Water and Sanitation (SDG 6) and Climate Action (SDG 13). Aligning these measures with Qatar's National Vision 2030 will strengthen the country's position as a leader in green innovation and accelerate progress toward its long-term economic diversification and sustainability objectives.



6. OTHER FINANCIAL INCENTIVES

AS-IS Conclusion: Qatar offers financial incentives for green projects through frameworks like the Qatar Financial Centre (QFC) Sustainable Sukuk and Bonds Framework, supporting environmental initiatives such as renewable energy. However, these incentives have not yet been specifically tailored to startups, which may limit their access to targeted financial support for innovation in sustainable sectors.

Maturity Assessment: While Qatar's QFC Sustainable Sukuk and Bonds Framework reflects a commitment to sustainable finance, it is **in progress** and primarily targets larger entities.

Proposition: Qatar could enhance support for sustainability-focused startups by establishing a Sustainable Startup Fund that provides grants, low-interest loans, or equity investments. For example, France's Green Innovation Fund successfully finances startups in sustainable technologies. Streamlining the application process for these funds would further assist startups. Aligning these incentives with Sustainable Development Goals (SDGs) like Affordable and Clean Energy (SDG 7) and Industry, Innovation, and Infrastructure (SDG 9) would effectively foster innovation and sustainability in Qatar's entrepreneurial ecosystem.

D. IMPLEMENTATION AND M&E

AS-IS Conclusion: Qatar Development Bank (QDB) monitors the entrepreneurial ecosystem through its involvement with the Global Entrepreneurship Monitor (GEM). However, the detailed Monitoring & Evaluation (M&E) frameworks have not yet been developed, which may limit the ability to assess the long-term impact on sustainability-driven startups.

Maturity Assessment: QDB's collaboration with GEM demonstrates its commitment to understanding Qatar's entrepreneurial landscape. However, comprehensive M&E systems are in progress and are needed to track progress and align strategies with the SDGs.

High-Level Recommendation: Qatar could implement a comprehensive M&E framework specifically designed to assess the performance and sustainability impact of its entrepreneurial ecosystem. This framework should integrate metrics aligned with key SDGs, such as SDG 8 (Decent Work and Economic Growth) and SDG 13 (Climate Action), enabling the evaluation of factors like carbon footprint reduction, resource efficiency, and social innovation. These metrics would provide a structured approach to track the progress of sustainability-driven startups and measure their contributions to national and global development goals.

To operationalize this, Qatar could establish standardized sustainability reporting guidelines for startups, integrated into QDB's current monitoring processes. This system could include a centralized digital platform to collect, analyze, and visualize key data, offering actionable insights for policymakers and stakeholders. Additionally, pilot projects could serve as test beds to refine

the framework, ensuring it is adaptable to the unique challenges and opportunities of Qatar's entrepreneurial landscape.

Effective change management will be key to ensuring the successful adoption of this framework. Stakeholder engagement sessions could align government agencies, private sector actors, and startups around the new M&E processes. Capacity-building initiatives, such as training programs and workshops, would equip startups with the tools and knowledge to meet reporting requirements and leverage sustainability metrics for growth. A phased rollout strategy, paired with clear communication of benefits, would foster buy-in and ensure a smooth transition to a data-driven and sustainability-focused entrepreneurial ecosystem.





CHAPTER III: CONCLUSION

In conclusion, Qatar has made notable advancements in nurturing its entrepreneurial ecosystem, yet there remains an opportunity for targeted initiatives that specifically support startups dedicated to the Sustainable Development Goals (SDGs). While the existing frameworks have laid a foundation for innovation, optimizing support for sustainability-focused startups is crucial for realizing Qatar's vision for a diversified economy.

However, the successful implementation of these reforms requires a strong focus on change management. The introduction of new policies, financial incentives, and institutional frameworks will necessitate careful planning, communication, and stakeholder engagement to ensure smooth transitions and effective adoption. Qatar could benefit from managing this change effectively to overcome resistance, align all stakeholders, and ensure that the reforms are integrated efficiently within the ecosystem.

To strengthen this support, the government could introduce tailored financial incentives that attract investment into green technologies and sustainable practices. Establishing a dedicated sustainability fund and encouraging institutional investors to prioritize SDG-aligned ventures would drive innovation and foster the growth of startups in critical sectors.

Additionally, implementing robust monitoring and evaluation (M&E) frameworks is essential to assess the effectiveness of these initiatives, ensuring they align with national objectives. By systematically tracking progress and impact, Qatar can refine its strategies and ensure

resources are used efficiently to support sustainable development.

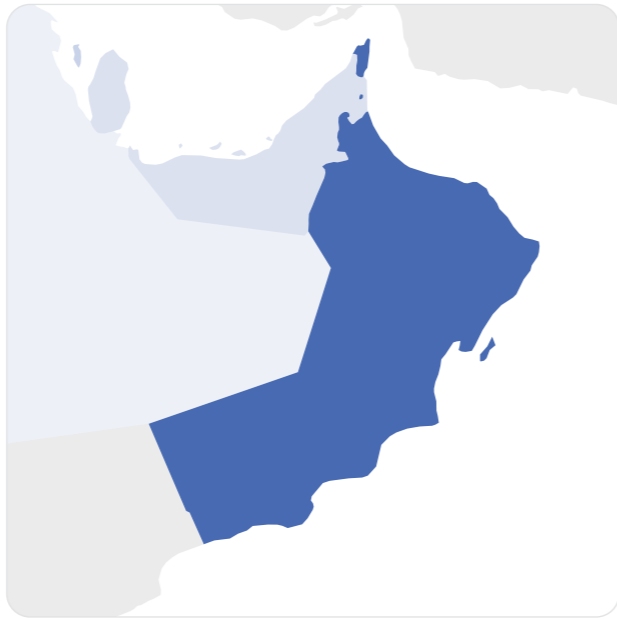
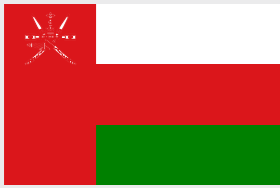
Promoting collaborative partnerships, especially through public-private partnerships (PPPs) and intergovernmental cooperation, will also be crucial in creating a conducive ecosystem for knowledge exchange and resource access. Connecting startups with larger corporations and government entities will enhance Qatar's ability to address environmental challenges and promote innovation across sectors.

By adopting these recommendations and focusing on change management strategies, Qatar can enhance its entrepreneurial ecosystem, align with national goals, and contribute to global sustainability efforts. This approach will drive economic growth while ensuring a more resilient and sustainable future, reinforcing Qatar's commitment to leadership in sustainable innovation.



A photograph of three people in a modern office setting. Two men, wearing white Omani dishdashas and patterned kummahs, are looking at a laptop. One man is seated and typing, while the other stands behind him with his hand on his shoulder. A woman in a grey hijab and blue dress is seated at a desk in the background, also looking at a laptop. The office has large windows and modern lighting.

**RECOMMENDATION REPORT FOR
SULTANATE OF OMAN**



CHAPTER I: INTRODUCTION

The current state of Oman’s entrepreneurial ecosystem, as figured in the As-Is report, provides a detailed examination of the startup landscape, legal framework, and support mechanisms. It underscores the government’s dedication to economic diversification and the strategic initiatives under Oman Vision 2040, which aim to transform Oman into a sustainable and diversified economy. The report highlights significant growth in the startup ecosystem, noting that Oman had 165 startups in 2024. Despite this progress, the report identifies several challenges, including the absence of unicorns and the need for a dedicated startup identification system.

The legal framework in Oman is supportive of small and medium-sized enterprises (SMEs), with various incentives such as tax exemptions,

government procurement programs, and financial mechanisms. However, the report highlights that specific provisions for startups and sustainable enterprises have not yet been fully developed. While there are general incentives available for SMEs, the need for more targeted support for sustainable startups is evident.

Overall, the As-Is report sets the stage for identifying areas of improvement and developing strategies to enhance the startup ecosystem in Oman. As a result, the To-Be report aims to address the highlighted challenges and building on the existing support mechanisms. As such, Oman can better align its entrepreneurial landscape with the broader goals of economic diversification and sustainability outlined in Oman Vision 2040.

Below, a table summarizes the SDGs implemented and provides an overview of the areas addressed in the To-Be report:

SDGs	Implemented	Not Implemented Yet
SDG1: No poverty	●	●
SDG2: Zero hunger	●	●
SDG3: Good health and well-being	●	●
SDG4: Quality Education	●	●
SDG5: Gender equality	●	●
SDG6: Clean water and sanitation	●	●
SDG7: Affordable and clean energy	●	●
SDG8: Decent work and economic growth	●	●
SDG9: Industry, innovation and infrastructure	●	●
SDG10: Reduced inequalities	●	●
SDG11: Sustainable cities and economies	●	●
SDG12: Responsible consumption and production	●	●
SDG13: Climate action	●	●
SDG14: Life below water	●	●
SDG15: Life on land	●	●
SDG16: Peace, justice and strong institutions	●	●
SDG17: Partnership for the goals	●	●



CHAPTER II: CONSIDERATIONS FOR OMAN'S STARTUP LEGAL FRAMEWORK

This chapter outlines the projected enhancements for Oman's startup legal framework, focusing on aligning with the SDGs within each pillar. The enhancements aim to address the current gaps and challenges identified in the As-Is report, fostering a more robust and supportive environment for startups. By refining the startup definition, implementing a dedicated identification system, and introducing targeted incentives, Oman seeks to create a dynamic and innovative entrepreneurial ecosystem. These enhancements will not only support economic diversification and growth but also promote sustainability and inclusivity, in line with Oman Vision 2040. The following sections detail the specific improvements across regulatory support, market access, capacity building, funding, taxation, and other financial incentives, ensuring that the startup ecosystem is well-equipped to thrive in a competitive global landscape.

A. STARTUP DEFINITION

AS-IS Conclusion: Oman does not yet have a clear, specific definition for startups; instead, it categorizes them under the broader definition of small and medium-sized enterprises (SMEs).

Maturity Assessment: Oman's current approach to categorizing startups under SMEs is **non-existent**.

High-Level Recommendation: To foster a robust startup ecosystem, Oman could develop a clear and distinct definition of what constitutes a startup. This definition could consider factors such as innovation, scalability, and growth potential, distinguishing startups from traditional SMEs. Establishing a clear startup definition and support framework will ensure that resources are effectively allocated and that startups receive the necessary support to thrive under SDG 9 (Industry, Innovation, and Infrastructure).

B. STARTUP IDENTIFICATION SYSTEM

AS-IS Conclusion: Oman does not have yet a specific identification system for a startup, an "Entrepreneurship card" is offered for businesses classified as SMEs.

Maturity Assessment: Oman's current system is **in progress** and does not yet include a specific identification mechanism for startups. Instead, it uses a general "Entrepreneurship card" for SMEs, reflecting the early stage of development of a startup identification system.

High-Level Recommendation: To enhance the startup ecosystem, Oman could implement a dedicated Startup Identification System. This system can establish clear, objective benchmarks to identify startups, ensuring that only businesses with genuine growth potential and innovative practices receive the intended support. The criteria can be quantifiable and encompass various aspects of a business's operations and growth trajectory. By doing so, Oman can ensure that incentives and support structures are effectively allocated, fostering a more dynamic and innovative startup environment that aligns with SDG 9 (Industry, Innovation, and Infrastructure).

C. INCENTIVES



1. REGULATORY SUPPORT

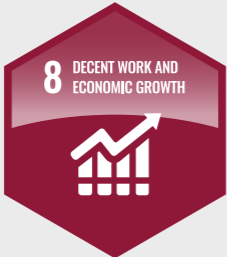
1.1 Startup Formation and Liquidation

AS-IS Conclusion: In Oman, there is currently no distinct regulatory framework or specific provisions for sustainable startups or SMEs, as the existing system does not yet incorporate a sustainability criterion.

Maturity Assessment: The current regulatory environment in Oman for startups and SMEs is **non-existent**, particularly in terms of sustainability-focused initiatives.

Proposition: Oman could streamline the process of incorporating a startup as it can significantly reduce administrative burdens for founders, allowing them to focus on growth and innovation such as the **Startup SG Network**. This aligns with SDG 8 (Decent Work and Economic Growth), by facilitating business creation and job creation. Given that the commercial registration process can be completed online through the Invest Easy portal, further enhancements could include Dedicated Assistance Programs. These programs would provide dedicated assistance to help startups navigate regulatory requirements and access necessary resources in line with SDG 9 (Industry, Innovation, and Infrastructure).

CURRENT KEY SDGs IN OMAN





1.2 Intellectual Property

AS-IS Conclusion: Oman has an intellectual property system in place, but specific protections tailored to sustainable startups have not yet been developed.

Maturity Assessment: The current intellectual property (IP) framework in Oman is **in progress**. However, it currently does not include specific provisions or incentives tailored to sustainable startups.

Proposition: Oman could aim to promote stronger IP protection for sustainable startups to invest in research and development, like the **America Invents Act of 2011**. By shifting the U.S. patent system to a “first inventor to file” approach, the Act streamlines the patent process and encourages timely innovation and research and development investments. This leads to innovative products and services that contribute to SDG goals such as SDG 9 (Industry, Innovation, and Infrastructure), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action). By safeguarding their intellectual property, startups can protect their innovations, secure a competitive advantage, attract investment, and drive economic growth.

1.3 Visa Regimes to Support Startups

AS-IS Conclusion: Oman has visa schemes to promote foreign investments but offers no specific incentives for startups, yet.

Maturity Assessment: The current visa schemes in Oman are **non-existent**. provide long-term residency options for foreign investors. However, these schemes have not yet been designed to specifically target or incentivize startups or entrepreneurs focused on sustainability.

Proposition: Oman could welcome foreign entrepreneurs, investors, and tech talent with specific visa categories tailored to startup founders. Drawing inspiration from the **French Tech Visa**, the government can attract top talent from around the world. Additionally, Oman can introduce Green Visas to attract sustainability-aligned entrepreneurs and talent. This initiative would support the country's commitment to sustainable development and environmental conservation, fostering a community of innovators dedicated to creating eco-friendly solutions and promoting green business practices. This aligns with SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action).

1.4 One-Stop Shops

AS-IS Conclusion: While a portal is in place to provide valuable support for small and SMEs, it does not yet include specific provisions tailored to sustainable startups.

Maturity Assessment: The current support system for SMEs in Oman is **in progress** in terms of streamlining business procedures. However, it does not specifically address the unique needs of sustainable startups, yet.

Proposition: Oman could further develop One-Stop Shops for startups, similar to the **Pennsylvania Business One-Stop Shop**, as they streamline various administrative processes, offering a centralized resource for legal proceedings, compliance, registration, and other legal requirements. Within this One-Stop Shop, special provisions could be included for sustainable ventures, ensuring that eco-friendly businesses receive tailored support and incentives. This would encourage the development of green businesses and contribute to Oman's sustainability goals. This aligns with SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action).

Oman is digitalizing its application process and offering incentives for SMEs in public procurement...



2. ACCESS TO MARKET

2.1 Government Procurement

2.1.1 Facilitation

AS-IS Conclusion: Oman is digitalizing its application process and offering incentives for SMEs in public procurement; however, it does not yet have specific measures targeting sustainable startups.

Maturity Assessment: The current public procurement system in Oman is **in progress** with notable incentives. However, specific measures tailored to support sustainable startups have not yet been developed.

Proposition: Oman could broaden market access through public procurement as it enables startups to engage with larger markets via public contracts. A portal like India's Government e-Marketplace which offers procurement incentives and facilitating access to projects helps startups become suppliers for major infrastructure and innovation initiatives and a startup runway where startups can showcase their solutions and offerings to potential government buyers. This directly supports SDG 9 (Industry, Innovation, and Infrastructure) by encouraging innovation and sustainable industrialization. It also indirectly supports SDG 11 (Sustainable Cities and Communities) when startups contribute to sustainable urban projects.



The National Payment System enhances payment efficiency and supports sustainability by facilitating cashless transactions and reducing paper use.

2.1.2 Market and Startup

AS-IS Conclusion: Oman supports businesses in accessing public contracts, but has not yet developed specific initiatives for startups.

Maturity Assessment: The current public procurement system in Oman **non-existent** in terms of including specific incentives for startups, as such measures have not yet been developed.

Proposition: Oman could focus on easing and promoting public procurement requirements that can support startups by encouraging innovation and competition. For example, The Small Business Research Initiative (SBRI) in the UK is a successful program that uses public procurement to drive innovation and support startups. It tailors frameworks to be more startup-friendly helps early-stage companies meet public needs and adopt new technologies. This approach enhances market entry and fosters technological advancement as SBRI runs competitions where government departments and public sector organizations set out specific challenges. These efforts can align with broader policy goals, such as promoting sustainable infrastructure (SDG 9) or fostering industry innovation and economic growth (SDG 8), helping to drive progress in key areas.

2.2 Internationalization

2.2.1 Customs Benefits

AS-IS Conclusion: Oman has established various free zones to boost entrepreneurship; however, specific incentives for sustainable startups have not yet been developed.

Maturity Assessment: Oman's implementation of various free zones to boost entrepreneurship demonstrates an **in progress** approach to startups internationalization.

Proposition: Oman could offer more customs benefits as they help reduce costs for startups by easing the importation of essential equipment such as **South Korea's Customs Benefits for Startups**. Offering duty exemptions or reductions on key items like technology and machinery allows startups to access necessary tools for growth and international competition. This supports SDG 9 (Industry, Innovation, and Infrastructure) by enabling access to the tools necessary for innovation and infrastructure development. It also has potential implications for SDG 12 (Responsible Consumption and Production) by promoting the efficient use of resources through the importation of advanced technology and machinery. This approach supports broader objectives like fostering innovation (SDG 9) and driving economic growth (SDG 8).

2.2.2 Access to Foreign Currency Accounts

AS-IS Conclusion: Startups in Oman have access to foreign currency accounts, but special incentives for sustainable ventures have not been developed yet.

Maturity Assessment: This initiative is **in-progress** in Oman; however, tailored incentives or simplified processes for sustainable startups

to open and manage foreign currency accounts have not yet been developed.

Proposition: Oman could develop proper legislation that empowers sustainable startups by providing easier access to foreign currency accounts, tailored financial products and regulatory support such as **Singapore's Banking and Financial Services Framework for Startups**. This presents an opportunity for Oman to develop targeted support for sustainable startups, enhancing their ability to engage in international transactions and attract foreign investment. This aligns with SDG 9 (Industry, Innovation, and Infrastructure).

2.3 Digital Payment Services

AS-IS Conclusion: The National Payment System enhances payment efficiency and supports sustainability by facilitating cashless transactions and reducing paper use.

Maturity Assessment: The development of Oman's digital payment ecosystem is **in progress**. However, there is still room for improvement in terms of broader adoption and integration of these technologies across all sectors.

Proposition: Oman could further enhance the maturity of the digital payment ecosystem; it is essential to expand the digital payment infrastructure. Strengthening the regulatory framework to keep pace with technological advancements will ensure a secure and efficient payment environment. Additionally, implementing a similar initiative to Sweden's Sustainable Fintech Initiative, which emphasizes sustainable digital payment solutions by providing reduced transaction fees and improved integration to existing payment channels, would offer significant benefits. These benefits include increased financial inclusion, enhanced economic growth, and a more resilient financial system. This aligns with SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action).





3. CAPACITY BUILDING

3.1 Handholding

3.1.1 Startup Support Organizations (SSOs)

AS-IS Conclusion: Startup support organizations focused on sustainability, such as the Eco-Innovate Oman Accelerator Program, are present, though their numbers are currently limited.

Maturity Assessment: The development of Oman's SSO ecosystem is in **progress**, indicating that there is significant potential to further enhance its overall maturity.

Proposition: Oman could further advance the maturity of its startup ecosystem, particularly in sustainability, by expanding the network of SSOs. Establishing more accelerators and incubators that focus on sustainable and eco-friendly business practices is crucial. Oman could draw inspiration from **Germany's Smart Green Startup Accelerator Program**, which offers a comprehensive support system for startups, including mentorship, funding, networking, and business development services. This approach aligns with SDG 8: Decent Work and Economic Growth and SDG 13 (Climate Action). The benefits include fostering innovation, promoting sustainable economic growth, and enhancing environmental stewardship.

Oman is actively engaged in networking and showcasing initiatives to promote sustainable entrepreneurship.

3.1.2 Mentoring

AS-IS Conclusion: Oman has a strong mentorship ecosystem that focuses on promoting sustainable ideas and startups, with programs like the Eco-Innovate Oman Accelerator Program providing valuable guidance and resources.

Maturity Assessment: Mentoring initiatives focused on sustainable startups are **existent** in Oman.

Proposition: Oman could further enhance the maturity of its mentorship ecosystem for sustainable startups by expanding and deepening the focus on sustainability within mentoring programs. This can be achieved by integrating more comprehensive training on green business practices and sustainable development into the existing mentorship framework. Encouraging mentors to emphasize the importance of crafting green business plans and incorporating sustainable practices will align with SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action). Additionally, increasing collaboration with international sustainability experts and organizations can provide startups with broader insights and opportunities. By focusing on these areas, Oman can strengthen its support for environmentally conscious entrepreneurship and drive sustainable economic growth.

3.1.3 Networking and Showcasing

AS-IS Conclusion: Oman is actively engaged in networking and showcasing initiatives to promote sustainable entrepreneurship. However, there is potential to further develop and expand these efforts to ensure broader participation and impact.

Maturity Assessment: Oman is actively engaged in promoting sustainable entrepreneurship through various networking and showcasing

initiatives. This demonstrates an **existent** networking and showcasing incentives.

Proposition: Oman could further enhance the maturity of its networking and showcasing initiatives for sustainable entrepreneurship by increasing the frequency and diversity of such events. This can include organizing more sector-specific showcases and networking opportunities that cater to different industries and stages of startup development. Additionally, leveraging digital platforms can broaden the reach and accessibility of these events, allowing more startups to participate and benefit. Strengthening partnerships with international organizations and sustainability experts can also provide startups with global insights and opportunities. By focusing on these areas, Oman can drive business development and innovation, contributing to economic growth (SDG 8) and promoting industry advancement (SDG 9).



3.2 Talent

3.2.1 Work Leaves

AS-IS Conclusion: Special work leaves for entrepreneurs to develop their own startup ideas have not been implemented yet in Oman.

Maturity Assessment: In Oman, work leaves for entrepreneurs are currently **non-existent**.

Proposition: Oman could offer paid work leaves for public sector employees to develop their startups, drawing inspiration from **Tunisia's Startup Act**. As for private sector employees, the government could introduce flexible working hours policies, like **Google's "20% time" policy**, allowing them to work on passion projects related to sustainability and innovation. These initiatives could support startups in contributing to SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure).

3.2.2 Trainings

AS-IS Conclusion: The Omani Government is actively engaged in training sustainable startups to achieve growth and reach their goals. However, there is an opportunity for further development in areas specifically related to sustainability.

Maturity Assessment: In Oman, training programs related to sustainability are in **progress**.

Proposition: Oman could further advance the maturity of training initiatives for sustainable startups by broadening the scope of training programs to include more diverse and specialized topics relevant to sustainability. This can be achieved by integrating advanced modules on green technologies, sustainable supply chain management, and impact investing. Drawing inspiration from the **Netherlands' Climate-KIC Accelerator**, Oman can strengthen partnerships



with international sustainability experts and educational institutions to provide startups with global insights and best practices. By focusing on these areas, Oman can align with SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth), preparing individuals for the green economy and sustainable business practices.

3.2.3 Certifications

AS-IS Conclusion: While certification programs are available for businesses, professional certificates specifically for individuals have not yet been developed.

Maturity Assessment: While certifications for companies do exist, employee certifications remain **non-existent**.

Proposition: Oman could introduce professional certification programs for individuals. These certifications could be designed to align with sustainability goals such as SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action), equipping professionals with the necessary skills and knowledge to drive sustainable practices across various industries. By doing so, employees can gain formal recognition for their expertise in sustainable practices, which will not only validate their skills but also enhance their commitment to best practices. Additionally, these certifications can help build a workforce that is well-versed in sustainability, contributing to a greener economy and a more responsible business landscape. Encouraging continuous professional development through these certifications will ensure that the workforce remains updated with the latest advancements in sustainability, driving innovation and economic growth.

The current state of talent acquisition in Oman is in progress system.

3.2.4 Talent Acquisition

AS-IS Conclusion: While no specific talent acquisition programs exist for sustainable startups, the overarching vision of Oman Vision 2040 aims to empower the national talent pool to provide the country with the human resources needed for sustained growth. However, there is room for improvement in creating targeted talent acquisition programs tailored for sustainable startups, which could further enhance the country's ability to meet its growth objectives.

Maturity Assessment: The current state of talent acquisition in Oman is **in progress** system.

Proposition: Oman could develop targeted talent acquisition programs to support sustainable startups. Drawing inspiration from the International Labor Organization's green jobs programme, Oman could establish a robust framework for talent acquisition and development in sustainability-focused sectors. This can be achieved through government initiatives that provide hiring incentives and support flexible work models. Additionally, offering grants for hiring professionals with green skills can align with SDG 8 (Decent Work and Economic Growth) and SDG 13 (Climate Action). By fostering a workforce skilled in environmental sustainability, Oman can not only meet its economic growth targets but also contribute to global sustainability efforts. These steps will ensure a more robust and future-ready talent acquisition framework, supporting both national and international sustainability goals.

3.3 Partnerships

3.3.1 Public-Private partnerships

AS-IS Conclusion: Initiatives exist for SMEs in general, but specific provisions for sustainable startups have not been fully developed yet. This presents an opportunity for public-private partnerships to be tailored to support sustainable entrepreneurship.

Maturity Assessment: The current state of public-private partnerships for sustainable startups in Oman is **in progress**.

Proposition: Oman could introduce specific provisions within the existing SME Development Authority's programs. This can be achieved by drawing inspiration from The Netherlands' Green Deals, a Public-Private Partnership (PPP) that focuses on investing in sustainable projects with targeted funding and support. By aligning these initiatives with SDG 7 (Affordable and Clean Energy) and SDG 11 (Sustainable Cities and Communities), Oman can further support sustainable startups. Providing targeted funding, expertise, and infrastructure support for sustainable startups will not only foster innovation but also contribute to the country's long-term sustainability objectives. These steps will ensure a more inclusive and future-ready support system for SMEs, driving both economic growth and environmental stewardship.



3.3.2 Intergovernmental Partnerships

AS-IS Conclusion: Currently, intergovernmental partnerships exist in Oman, but none have been specifically tailored for startups or sustainable startups yet. This presents an opportunity to develop targeted partnerships that support sustainable entrepreneurship.

Maturity Assessment: Intergovernmental partnerships specifically supporting startups are currently **non-existent** in Oman.

Proposition: The Omani government can negotiate to add specific startup provisions within existing intergovernmental partnerships. By leveraging these partnerships, Oman can enhance support for sustainable startups through shared resources, knowledge, and policies. This could lead to joint funding for green startups, collaborative international trade agreements, and shared environmental standards. In addition, Oman can join the **SEED initiative by the United Nations**, which supports sustainable development partnerships. Aligning these efforts with SDG 13 (Climate Action) and SDG 15 (Life on Land) will foster eco-friendly business practices and innovations, supporting sustainable startup growth and contributing to global sustainability efforts.



4. ACCESS TO FUNDING

4.1 Government Funds

AS-IS Conclusion: Oman has funds that support SMEs and startups, including sectors with a direct impact on sustainability, such as green energy. However, there are no funds specifically allocated for sustainable startups.

Maturity Assessment: Government funds for sustainable startups are currently **in progress** in Oman.

Proposition: Oman could allocate specific funds within the Future Fund Oman dedicated to sustainable ventures. This can be achieved by increasing the percentage of resources allocated to startups, with a particular focus on those that align with the SDGs. By offering targeted grants, low-interest loans, and equity participation, the government can reduce the risks faced by sustainable startups in their early stages. This aligns with SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation, and Infrastructure), ensuring that Oman is better positioned to meet its sustainability objectives and contribute to global environmental efforts.

4.2 Institutional Investors

AS-IS Conclusion: Oman has a growing venture capital (VC) ecosystem that supports sustainable startups. Notable examples include IDO Investments and Oman Technology Fund, which provide funding, mentorship, and strategic guidance, driving innovation in renewable energy and green technologies.

Maturity Assessment: Institutional investors are **existent** in Oman and support sustainable ventures.

Proposition: Oman could further strengthen the maturity of institutional investment in sustainable startups by expanding the scope and reach of venture capital initiatives. This can be achieved by encouraging more institutional investors to adopt sustainability-focused investment strategies and by increasing collaboration between VC firms, government bodies, and international organizations. By fostering a more inclusive and supportive investment environment, Oman can enhance its capacity to drive sustainable innovation and achieve long-term economic and environmental goals.

4.3 Credit Guarantees

AS-IS Conclusion: Credit guarantee schemes are available for SMEs and startups; however, schemes specifically designed for sustainable startups have not been established yet.

Maturity Assessment: Credit guarantees are **in progress**, as they do not yet cater specifically to the unique needs of sustainable startups.

Proposition: To improve the maturity of credit guarantee schemes for sustainable startups, Oman could develop targeted credit guarantee programs specifically for these ventures. Drawing inspiration from India's Credit Guarantee Scheme for Startups, Oman could provide credit guarantees to loans extended by banks and financial institutions to sustainable startups. This approach would lower financial risks for lenders and make it easier for sustainable startups to access necessary funding. This strategy will not only foster entrepreneurial growth and stimulate economic activity but also ensure that sustainable startups have the financial support needed to thrive. By aligning with SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure), Oman can contribute to global sustainability efforts.

4.4 Alternative Funding Sources

AS-IS Conclusion: Oman provides alternative funding sources focused on sustainable and impact-driven investments through platforms like EthisX.

Maturity Assessment: In Oman, Alternative funding sources for sustainable startups are **existent**.

Proposition: Oman could further enhance the maturity of alternative funding sources by expanding the range of available platforms and mechanisms. This can include promoting and developing additional crowdfunding, peer-to-peer lending, and fintech solutions that specifically target sustainable and impact-driven startups. By democratizing access to capital, these innovative financial mechanisms can support a wider array of startups, particularly those that may not meet the criteria of traditional institutional investors or government grants. This aligns with SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities), ensuring that alternative funding sources contribute to economic empowerment and reduced inequality. This approach fosters a more inclusive and dynamic entrepreneurial ecosystem, enabling a diverse range of startups to thrive and drive sustainable innovation.



5. TAXATION

5.1 Tax incentives

AS-IS Conclusion: Tax incentives specifically for startups have not been established yet in Oman. Additionally, tax incentives for sustainability initiatives have not been developed, highlighting an area for potential growth and development.

Maturity Assessment: Currently, tax incentives for sustainable startups in Oman are **non-existent**.

Proposition: Oman could introduce specific tax incentives for sustainable startups, including tax credits and deductions aimed at encouraging investments in green technologies and R&D. Drawing inspiration from **France's Green Tech Initiative**, which offers tax credits for green innovation, Oman can design incentives to support startups that focus on innovation and sustainability. By providing tax credits for expenses related to renewable energy R&D or other environmentally sustainable practices, Oman can motivate startups to allocate more resources towards sustainable innovation. This approach will not only foster technological advancement but also promote environmentally sustainable practices, contributing to the country's long-term economic and environmental objectives. This aligns with SDG 9 (Industry, Innovation, and Infrastructure) and SDG 13 (Climate Action).



5.2 Tax exemptions

AS-IS Conclusion: The current tax incentive framework in Oman provides substantial benefits to SMEs. However, specific tax incentives targeted at sustainable startups have not been developed yet.

Maturity Assessment: In Oman, tax exemptions for sustainable startups are **in progress**.

Proposition: Oman could introduce targeted tax credits and deductions that specifically support sustainability initiatives. This can include tax credits for R&D expenses related to green technologies, deductions for investments in renewable energy, and incentives for startups that implement environmentally sustainable practices. A relevant example is **Portugal's Green Tax Incentives**, which offers tax reductions for businesses engaging in environmentally sustainable activities. These incentives align with SDG 9 (Industry, Innovation, and Infrastructure) and SDG 13 (Climate Action). By providing these targeted tax incentives, Oman can encourage startups to focus on innovation and sustainability, fostering a more dynamic and sustainable entrepreneurial ecosystem and promoting long-term economic growth and environmental stewardship.



6. OTHER FINANCIAL INCENTIVES

AS-IS Conclusion: Oman has established a comprehensive Sustainable Finance Framework, aligning with international standards to support environmental and social projects. However, specific financing incentives for startups adopting sustainable practices have not yet been developed.

Maturity Assessment: Other Financial incentives are still **in progress** in Oman.

Proposition: To enhance the maturity of financial incentives for sustainable startups, Oman could introduce specific initiatives within the Sustainable Finance Framework that directly support these ventures. This can include offering direct subsidies, grants, rebates, and cost-sharing schemes aimed at encouraging startups to invest in research and development (R&D), hire employees, or adopt sustainable practices. By strategically applying these incentives to sectors aligned with the SDGs, Oman can foster a more inclusive and dynamic entrepreneurial ecosystem. Providing these targeted financial incentives will not only reduce the immediate costs for startups but also promote innovation and sustainable development, contributing to the country's long-term economic and environmental objectives.



D. IMPLEMENTATION AND M&E

AS-IS Conclusion: The Omani government implements various policies through ministries and dedicated bodies, such as government agencies. The National Business Register in the Ministry of Commerce and Industry provides comprehensive data about companies in Oman. The Ministry of Commerce, Industry, and Investment Promotion emphasizes the open data policy, making data accessible to researchers and investors in line with the digital transformation plan and business environment requirements. Impact reports on government policies, including Oman Vision 2040, are published regularly, ensuring effective implementation and evaluation. However, a dedicated startup act aimed at fostering innovation and technology-driven startups has not been fully developed yet in Oman.

Maturity Assessment: The current state of policy implementation, monitoring, and evaluation in Oman is in progress.

High-Level Recommendation: Oman can prioritize the development of a comprehensive implementation and management plan for a Startup Act. This would involve forming a dedicated committee or council comprising representatives from key ministries (e.g., Finance, Technology, Commerce), industry experts, and civil society stakeholders. This entity would oversee the execution of the Startup Act, ensuring alignment across sectors, fostering collaboration, and resolving challenges as they arise.

To enhance the impact of the Startup Act, Oman may consider establishing a robust M&E framework. This framework could track the progress of the Startup Act by utilizing data collection

methods, regular assessments, and independent evaluations to gauge its effectiveness. Key areas for evaluation could include fostering innovation (SDG 9), reducing disparities (SDG 10), and advancing sustainable development (SDG 8). Regular impact assessments would provide the necessary feedback to adapt and refine the policies, ensuring they remain effective and aligned with national objectives.

Additionally, periodic public impact reports could be released to maintain transparency. These reports would provide updates on the progress of the Startup Act, highlight successes, and identify areas for improvement. Keeping the public, governmental bodies, and investors informed would not only build trust but also ensure sustained support for the initiative.

As Oman advances in the implementation of the Startup Act, the integration of change management will be key to its success. Establishing a clear implementation roadmap and continuous management processes will help ensure smooth adoption of the new frameworks and policies. Stakeholder alignment will be essential, and engaging various sectors early in the process could foster collaboration. Addressing potential challenges and resistance to the new structures will be important in ensuring the effectiveness of the Startup Act. A well-defined change management strategy could focus on supporting both government bodies and the private sector, ensuring the transition is seamless and sustaining the long-term success of the initiative.



CHAPTER III: CONCLUSION

Oman’s startup ecosystem is experiencing significant growth, fueled by a wave of innovative entrepreneurs and a supportive government framework. Key initiatives, including diverse funding programs and strategic financial support, provide essential resources for emerging businesses. The development of technology hubs has further strengthened the collaborative environment, fostering innovation and facilitating knowledge exchange. These efforts demonstrate the government’s strong commitment to cultivating a more vibrant entrepreneurial landscape, positioning Oman as an attractive destination for startups.

To fully realize its potential and enhance its competitiveness on both regional and global levels, Oman could benefit from further aligning

its ecosystem with sustainability objectives. While the foundations for a robust startup environment are in place, there is an opportunity to develop targeted support for sustainable startups, including strengthened monitoring and evaluation mechanisms and the introduction of specific financial incentives. Additionally, focusing on strengthening training, talent acquisition, and mentorship programs will be key to nurturing the next generation of leaders in the startup space. By addressing these key areas, Oman can strengthen its position as a prominent startup hub, fostering economic growth while promoting environmental stewardship and aligning with global sustainability standards.





RECOMMENDATION REPORT FOR THE UNITED ARAB EMIRATES



CHAPTER I: INTRODUCTION

The To-Be report builds on the foundations laid by the As-Is report, which offered a comprehensive analysis of the UAE's startup ecosystem and its role in economic diversification and job creation. The As-Is assessment highlighted both the strengths and challenges within the existing framework, pinpointing key areas where the UAE can enhance its legal and regulatory landscape to better support entrepreneurial growth.

Driven by a national commitment to fostering innovation, the UAE has introduced initiatives and reforms aimed at creating a conducive environment for startups. Among these are policies and infrastructures that seek to improve

ease of business and accessibility to resources, demonstrating the UAE's responsiveness to evolving business needs and market dynamics.

As the global landscape continues to prioritize sustainable and forward-looking economic practices, there remains an opportunity to enhance the framework specifically for startups committed to social and environmental sustainability. This To-Be report proposes actionable steps toward a more responsive and resilient startup environment, aligning with the UAE's broader strategic objectives in its "We the UAE 2031" vision.

Below, a table summarizes the SDGs implemented and provides an overview of the areas addressed in the To-Be report:

SDGs	Implemented	Not Implemented Yet
SDG1: No poverty	●	●
SDG2: Zero hunger	●	●
SDG3: Good health and well-being	●	●
SDG4: Quality Education	●	●
SDG5: Gender equality	●	●
SDG6: Clean water and sanitation	●	●
SDG7: Affordable and clean energy	●	●
SDG8: Decent work and economic growth	●	●
SDG9: Industry, innovation and infrastructure	●	●
SDG10: Reduced inequalities	●	●
SDG11: Sustainable cities and economies	●	●
SDG12: Responsible consumption and production	●	●
SDG13: Climate action	●	●
SDG14: Life below water	●	●
SDG15: Life on land	●	●
SDG16: Peace, justice and strong institutions	●	●
SDG17: Partnership for the goals	●	●



CHAPTER II: CONSIDERATIONS FOR UAE’S STARTUP LEGAL FRAMEWORK

This chapter outlines the projected enhancements to the UAE’s startup legal framework, aligning with the country’s “We the UAE 2031” vision and its commitment to sustainable development and economic innovation. By building on insights from the As-Is analysis, these recommendations aim to address specific opportunities for improving the startup ecosystem and fostering alignment with strategic objectives such as economic diversification, green growth, and social advancement.

Emphasizing the importance of sustainable development goals (SDGs), these recommendations focus on key areas relevant to the UAE’s priorities, including SDG 9 (Industry, Innovation, and Infrastructure), SDG 13 (Climate Action), and SDG 8 (Decent Work and Economic Growth). Initiatives designed around these SDGs will encourage startups to engage in environmentally sustainable practices and contribute to the UAE’s leadership in green technologies and emissions reduction.

In addition, targeted measures will aim to streamline the legal framework for startups, including refining startup definitions and establishing an effective startup identification system to ensure that resources and incentives are directed to businesses with high growth and innovation potential. These enhancements also support the UAE’s broader vision of increasing non-oil exports, strengthening the tourism sector, and elevating foreign trade value, ultimately contributing to the nation’s GDP goals.

This chapter presents a framework of regulatory improvements and incentives that will create a supportive and future-ready environment for UAE startups, ensuring their alignment with “We the UAE 2031” and its vision for a prosperous, inclusive, and globally engaged economy.

CURRENT KEY
SDGs IN UAE

8
DECENT WORK AND
ECONOMIC GROWTH

9
INDUSTRY, INNOVATION
AND INFRASTRUCTURE

13
CLIMATE
ACTION

A. STARTUP DEFINITION

AS-IS Conclusion: The UAE has made significant progress in creating a supportive ecosystem for innovative and scalable businesses, facilitated by various government initiatives and private sector efforts. However, the unified national definition for startups has not been developed yet, which may limit the establishment of consistent operational parameters across the country, potentially hindering alignment with broader sustainability and innovation objectives.

Maturity Assessment: The definition of “startup” within the UAE’s legal framework is **in progress**, requiring formalization for targeted support.

High-Level Recommendation: The UAE could consider developing a formal legal definition of “startups” that emphasizes innovation, scalability, and alignment with the We the UAE 2031 vision and its targeted Sustainable Development Goals, particularly Goals 8 (Decent Work and Economic Growth) and 9 (Industry, Innovation, and Infrastructure). This definition should draw from global best practices while catering to the unique characteristics of the UAE market.

In facilitating the adoption of this definition, a thoughtful approach to change management may be beneficial. Engaging key stakeholders, including government agencies, private sector entities, and startups, in discussions about the definition and its implications could help ensure clarity and consensus. Additionally, providing clear communication and support throughout the process could foster broader understanding and facilitate the effective integration of the new framework within the UAE’s entrepreneurial ecosystem.

B. STARTUP IDENTIFICATION SYSTEM

AS-IS Conclusion: The UAE has made strides in identifying SMEs through established frameworks, such as Cabinet Resolution No. 22 of 2016, which provides a basis for recognizing small businesses. However, the current unavailability of a dedicated identification system tailored for startups presents an opportunity for further development to enhance targeted support, fostering innovation and growth in this critical sector.

Maturity Assessment: The startup identification system is **in progress**, needing enhancements to better recognize startups beyond the current SME criteria.

High-Level Recommendation: The UAE could establish a comprehensive startup identification system that includes a dedicated classification for “Sustainable Startups.” This classification would recognize and incentivize startups contributing to the We the UAE 2031 vision and targeted Sustainable Development Goals, particularly Goals 8 (Decent Work and Economic Growth) and 9 (Industry, Innovation, and Infrastructure). By introducing criteria that reflect sustainability practices, the UAE can foster a culture of innovation while supporting a diverse range of startups. This approach could be informed by successful international models, enabling startups to access tailored resources, funding opportunities, and mentorship specifically designed for sustainable initiatives.



C. INCENTIVES



1. REGULATORY SUPPORT

1.1 Startup Formation and Liquidation

AS-IS Conclusion: The startup formation and liquidation processes in the UAE are streamlined by the Department of Economic Development, providing clear steps that facilitate ease of entry and exit for startups. However, variations in application across different emirates may present challenges and impact the overall startup experience.

Maturity Assessment: Startup formation and liquidation processes are in progress, needing streamlining to enhance clarity and efficiency.

Proposition: While the UAE has streamlined startup formation and dissolution, an online, centralized platform specifically for sustainable startups could enhance the process. This platform, inspired by Estonia's e-Residency, could offer customized guidance, application tracking, and automated updates to reduce processing times. Additionally, it could feature dedicated resources for startups aligned with SDG 9 (Industry, Innovation, and Infrastructure), facilitating the entry of scalable, eco-friendly businesses and fostering innovation in line with the UAE's sustainability objectives.

The UAE's Green Visa program currently supports entrepreneurship; enhancing it with a dedicated track for sustainable business founders could increase its impact.

1.2 Intellectual Property

AS-IS Conclusion: The UAE has developed a comprehensive intellectual property framework that protects innovative ideas and technologies, fostering a conducive environment for startups. However, the current framework could be further enhanced by introducing specific protections for sustainable startups, thereby strengthening support for environmentally focused innovations.

Maturity Assessment: Intellectual property protection is **in progress** and requires enhancements to more effectively support startups, particularly those focused on sustainability.

Proposition: The UAE could strengthen its IP framework by introducing a "Green Fast Track" initiative for startups focused on sustainable technologies. Influenced by Japan's expedited "Green IP" system, this could prioritize and accelerate patents for sustainable technologies, while offering discounted filing fees and mentorship on IP strategies. This initiative would promote innovations aligned with SDG 9 and SDG 12 (Responsible Consumption and Production), motivating startups to develop sustainable technologies with faster access to protection and support.

1.3 Visa Regimes to Support Startups

AS-IS Conclusion: The Green Visa Program has been successfully implemented, attracting sustainable entrepreneurs and providing them with long-term residency options. This initiative supports the growth of sustainable ventures in the UAE.

Maturity Assessment: Visa regimes for startups are **existent** and effectively attract sustainable entrepreneurs.

Proposition: The UAE's Green Visa program currently supports entrepreneurship; enhancing it with a dedicated track for sustainable business founders could increase its impact. By creating a "Sustainability Entrepreneur Visa," akin to Canada's Start-Up Visa program, the UAE could attract founders focused on SDG-aligned goals, such as SDG 8 (Decent Work and Economic Growth). Streamlined visa approvals and expedited processing for these entrepreneurs would establish the UAE as a global destination for sustainable innovation.

1.4 One-Stop Shops

AS-IS Conclusion: The establishment of one-stop shops by Dubai SME and free zones has effectively facilitated startup support, offering a comprehensive range of services to entrepreneurs.

Maturity Assessment: One-stop shops for startups are **existent** and provide essential support services.

Proposition: The UAE's one-stop shops effectively streamline startup support services. To deepen this impact, they could integrate sustainability advisory services, offering specialized guidance on eco-certifications, green financing options, and sustainable business practices. This addition, inspired by Singapore's Enterprise Sustainability Programme, would provide tailored support for startups aiming to achieve SDG 9 and SDG 17 (Partnerships for the Goals), helping them incorporate sustainable practices from inception.





2. ACCESS TO MARKET

2.1 Government Procurement

2.1.1 Facilitation

AS-IS Conclusion: The implementation of initiatives under Federal Decree-Law No. 11 of 2023 has streamlined government procurement processes, enhancing access for sustainable and innovative suppliers. These measures reflect the UAE's commitment to integrating sustainability into its procurement practices.

Maturity Assessment: Facilitation measures for government procurement are **existent** and streamline access for startups.

Proposition: The UAE has made strides in simplifying processes for startups; further improvement could be achieved by establishing a centralized, eco-focused digital platform specifically designed for sustainable startups. This platform could serve as a comprehensive resource hub, providing easy access to regulatory information, sustainable business practices, and green financing options. Inspired by Denmark's "Green Entrepreneur" platform, which supports sustainable business practices, this initiative would streamline guidance for eco-friendly startups, aligning with SDG 9 (Industry, Innovation, and Infrastructure) and SDG 8 (Decent Work and Economic Growth). Through targeted support for sustainable startups, the UAE would foster a more resilient and responsible entrepreneurial ecosystem.

2.1.2 Market and Startup

AS-IS Conclusion: Free zones and digital platforms like 'Tawreed' have been instrumental in facilitating market access for startups, particularly those focused on sustainability. These initiatives create a supportive environment that enables startups to connect with potential customers and partners effectively.

Maturity Assessment: Market and startup initiatives are **existent**, effectively supporting startups in customer engagement.

Proposition: The UAE has already achieved considerable success in facilitating market access for startups. To build on these achievements, the UAE could implement a preferential procurement program that prioritizes startups with sustainable practices for government and large-scale projects. Drawing inspiration from Saudi Arabia's efforts under the Vision 2030 framework, which emphasizes local content requirements and sustainability in procurement, this initiative could allocate a defined percentage of public contracts to startups that meet specific environmental and social criteria.

This enhancement would encourage the adoption of sustainable business practices, offering startups a competitive advantage in the market while supporting SDG 8 (Decent Work and Economic Growth) and SDG 17 (Partnerships to Achieve the Goals). By aligning with the UAE's sustainability and innovation objectives, the program could further strengthen the startup ecosystem and contribute to the country's broader economic diversification goals.



2.2 Internationalization

2.2.1 Customs Benefits

AS-IS Conclusion: Free zones offer customs exemptions and preferential schemes, significantly benefiting startups engaged in sustainable goods. These incentives reduce operational costs and enhance competitiveness in both local and international markets.

Maturity Assessment: Customs benefits in free zones are **existent** and significantly support startups in sustainable goods.

Proposition: Building on the UAE's existing customs benefits for free-zone startups, the country could introduce a "Green Customs Initiative" that grants expedited customs clearance and reduced tariffs for startups importing or exporting sustainable goods. Inspired by Singapore's Green Trade Facilitation Framework, this would support SDG 9 (Industry, Innovation, and Infrastructure) by promoting environmentally conscious practices in logistics and easing regulatory processes for sustainability-focused startups. This approach could streamline green trade operations and enhance the global competitiveness of startups engaged in sustainable goods.

2.2.2 Access to Foreign Currency Accounts

AS-IS Conclusion: There are frameworks under which startups can open foreign accounts, but nothing specific to sustainable startups. While access to foreign currency accounts is available, further clarity and criteria may enhance the accessibility for startups aiming for international markets. This improvement could enable startups to manage foreign transactions more effectively.

Maturity Assessment: Access to foreign currency accounts is **in progress**, needing enhancements for better accessibility.

Proposition: While UAE-based startups have access to foreign currency accounts, a targeted program to support sustainable startups could be introduced. This program could facilitate favorable foreign currency exchange rates or reduced transaction fees for businesses with sustainability credentials. Germany's KfW bank provides a similar advantage, offering reduced rates to green enterprises. Such a policy would support SDG 8 (Decent Work and Economic Growth) by reducing operational costs for sustainable startups, enhancing their financial stability in international transactions.



The UAE's robust digital payment infrastructure has accelerated a shift toward a cashless society, benefiting sustainable business practices.

2.3 Digital Payment Services

AS-IS Conclusion: Robust digital payment services support startups in managing transactions efficiently and tracking sustainability metrics. These services foster financial transparency and can enhance customer trust in startup operations.

Maturity Assessment: Digital payment services are **existent** and effectively support startups in financial transactions.

Proposition: The UAE's robust digital payment infrastructure has accelerated a shift toward a cashless society, benefiting sustainable business practices. To further this, the UAE could integrate eco-friendly payment solutions that prioritize low-carbon transaction methods or offer discounts on fees for startups that track and offset their carbon footprint. Similar to Sweden's integration of green digital banking incentives, this enhancement would contribute to SDG 9 (Industry, Innovation, and Infrastructure) by promoting eco-friendly financial transactions and supporting startups in minimizing their environmental impact.



3. CAPACITY BUILDING

3.1 Handholding

3.1.1 Startup Support Organizations (SSOs)

AS-IS Conclusion: The presence of numerous SSOs provides essential resources and guidance to entrepreneurs, fostering a strong support network. These organizations play a crucial role in nurturing the startup ecosystem and facilitating knowledge transfer.

Maturity Assessment: The presence of SSOs is **existent**, significantly nurturing the startup ecosystem.

Proposition: The UAE could enhance SSOs by creating a Green Business Accelerator, an initiative like the UK's Green Business Network. This would involve designating SSOs that specialize in supporting startups with sustainability-focused missions and offering services such as tailored mentorship, funding access, and regulatory assistance. These SSOs could host dedicated events, boot camps, and seminars that connect green startups with ecosystem stakeholders, enabling knowledge-sharing across industries and aligning with SDG 17 (Partnerships for the Goals) by strengthening networks dedicated to sustainability. By creating a green-centered ecosystem, this initiative would cultivate an environment where sustainable startups can thrive and gain targeted support, positioning the UAE as a leader in green entrepreneurship.

3.1.2 Mentoring

AS-IS Conclusion: Effective mentoring programs connect experienced professionals with startups, offering invaluable insights and advice. This relationship often leads to better strategic decisions and increased chances of success for startups.

Maturity Assessment: Mentoring programs for startups are **existent** and enhance strategic decision-making.

Proposition: The UAE could launch a Sustainable Business Mentorship Program, where experienced leaders in green technology and sustainability guide startups on best practices for scaling sustainably. This could potentially be inspired by Canada's Clean Tech Mentorship Program. Mentors could provide industry-specific insights into environmental regulations, efficient resource management, and accessing green funding channels, helping startups navigate the challenges of sustainable business. By connecting green startups with seasoned mentors, the UAE would support SDG 8 (Decent Work and Economic Growth) by promoting sustainable economic practices and SDG 9 (Innovation) by encouraging startups to pursue cutting-edge, eco-friendly technologies.

3.1.3 Networking and Showcasing

AS-IS Conclusion: Opportunities for networking and showcasing innovations contribute to increased visibility and collaboration among startups. These events create vital connections that can lead to partnerships and investment opportunities.

Maturity Assessment: Networking and showcasing opportunities are **existent**, promoting collaboration among startups.

Proposition: To further support the ecosystem, the UAE could organize an Annual Green Startups Expo, like Norway's Green Startups Expo. This event would provide a platform for sustainable startups to showcase their innovations, network with investors, and secure funding opportunities. The expo could feature specific categories for SDG-aligned technologies and services, helping startups gain visibility in the UAE's market and internationally. To ensure year-round engagement, the event could also include a digital platform with virtual networking spaces and a directory of green startups, investors, and corporate partners. This approach supports SDG 9 (Industry, Innovation) and SDG 17 (Partnerships for the Goals), making it easier for startups to connect with like-minded companies and investors.





3.2 Talent

3.2.1 Work Leaves

AS-IS Conclusion: Policies supporting work leaves facilitate talent retention and development, allowing employees to gain valuable experience. Such initiatives contribute to a more skilled workforce that can drive startup success.

Maturity Assessment: Policies supporting work leaves are **existent**, enhancing talent retention and development.

Proposition: Introducing a Green Sabbatical Program would enable founders and employees of green startups to take paid leave for professional development in sustainable practices. This initiative, inspired by Denmark's Green Leave Policy, would allow staff to attend courses, conferences, or even participate in global exchanges to learn about sustainability advancements. This time away would be dedicated to building expertise in environmentally conscious practices, driving innovation upon their return, and encouraging upskilling in support of SDG 8 (Decent Work) and SDG 13 (Climate Action).

3.2.2 Trainings

AS-IS Conclusion: Training initiatives equip entrepreneurs and their teams with the necessary skills to navigate the startup landscape effectively. This continuous learning approach helps maintain competitiveness in a rapidly changing environment.

Maturity Assessment: Training initiatives for startups are **existent**, equipping them with necessary skills.

Proposition: The UAE could implement a Green Skills Training Program to provide founders and employees of startups with technical expertise

in areas such as renewable energy, sustainable supply chain management, and carbon footprint reduction. Modeled after Singapore's Green Skills Initiative, this training program would offer courses led by sustainability experts and partner with universities and global organizations. This initiative would align with SDG 9 (Industry, Innovation, and Infrastructure) by enhancing the UAE's sustainable human capital and ensuring a competitive, green-ready workforce.

3.2.3 Certifications

AS-IS Conclusion: Access to certification programs enhances the credibility of startups, bolstering their reputation in the market. Certifications can also improve market access and customer trust in the products or services offered.

Maturity Assessment: Access to certification programs is **existent**, improving market credibility for startups.

Proposition: A Green Startup Certification Program could be introduced to award sustainability certifications to startups committed to eco-friendly practices. Modeled after Japan's Green Certification initiative, the program would assess startups on criteria such as carbon footprint, waste reduction, and resource efficiency. Certification would provide a visible endorsement of their commitment to SDGs, especially SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action). Startups holding this certification would be eligible for additional incentives, like government grants or reduced business rates.

3.2.4 Talent Acquisition

AS-IS Conclusion: Effective strategies for talent acquisition enable startups to build strong teams, driving innovation and growth. By attracting top talent, startups can leverage diverse skill sets and perspectives to enhance their offerings.

Maturity Assessment: Talent acquisition strategies are **existent**, enabling startups to build strong teams.

Proposition: The UAE could build A Green Talent Incentive Scheme to support sustainable startups in hiring eco-focused professionals. Inspired by Germany's Green Talent Acquisition Program, the UAE could provide recruitment grants to startups that hire sustainability specialists, helping them attract the expertise needed to drive environmentally conscious growth. This program would support SDG 8 (Decent Work and Economic Growth) by fostering job creation within green sectors and reinforcing UAE's commitment to advancing its sustainability goals.

Talent acquisition strategies are existent, enabling startups to build strong teams.

3.3 Partnerships

3.3.1 Public-Private partnerships

AS-IS Conclusion: Public-private partnerships play a crucial role in resource sharing and strategic alignment, enhancing support for startups. These collaborations enable the pooling of knowledge and resources, leading to more effective startup initiatives.

Maturity Assessment: Public-private partnerships are **existent**, amplifying support for startups through shared resources.

Proposition: The UAE could establish a dedicated Green Innovation Hubs, inspired by the Netherlands' Green Business Hubs, it would facilitate collaboration between government bodies, private companies, and startups focused on sustainable development. These hubs could focus on critical areas such as renewable energy, waste management, and sustainable transportation, creating a collaborative environment to address pressing environmental challenges. The initiative would support SDG 9 (Industry, Innovation) and SDG 17 (Partnerships) by fostering public-private partnerships that drive green innovation.

3.3.2 Intergovernmental Partnerships

AS-IS Conclusion: Intergovernmental partnerships facilitate knowledge exchange and best practices, contributing to a more robust startup environment. Such collaborations strengthen the overall framework for supporting innovation and entrepreneurship.

Maturity Assessment: Intergovernmental partnerships are **existent**, facilitating knowledge exchange and best practices.

Proposition: The UAE could expand its intergovernmental network by creating the Sustainable Startup Partnership Initiative. Similar to the EU Green Deal's international alliances, this initiative would promote knowledge exchange, joint research, and technology transfer with countries known for sustainable innovation. By participating in international green technology forums and cooperative projects, the UAE can attract investment, build expertise, and support SDG 17 (Partnerships) while advancing global sustainability goals.



4. ACCESS TO FUNDING

4.1 Government Funds

AS-IS Conclusion: The UAE has established several government funds dedicated to supporting innovative projects, providing vital financial resources for startups. These funds are crucial for nurturing new ideas and facilitating their growth in the market.

Maturity Assessment: Government funds for innovative projects are **existent**, providing vital financial resources for startups.

Proposition: The UAE could establish a Green Innovation Fund, inspired by South Korea's Green New Deal fund, which would allocate grants and loans specifically for startups working on SDG-related initiatives. This fund would prioritize projects focusing on renewable energy, sustainable agriculture, and eco-friendly technology, advancing SDG 9 (Innovation and Infrastructure) and SDG 13 (Climate Action) by financing startups committed to environmental impact.

4.2 Institutional Investors

AS-IS Conclusion: Key institutional investors actively seek opportunities in the startup ecosystem, prioritizing investments in sustainability-focused ventures. Their involvement not only boosts funding availability but also brings valuable expertise to the startups they invest in.

Maturity Assessment: Key institutional investors are **existent** and prioritize investments in sustainable ventures.

Proposition: UAE's established network of institutional investors could be enhanced by

creating a dedicated "Impact Investment Hub" to connect green startups with sustainability-focused investors. Like the UK's Impact Investment Strategy, this hub would provide guidance, matchmaking, and incentives for investments that align with SDG 17 (Partnerships for the Goals) and SDG 9. By focusing on impact and environmental, social, and governance (ESG) metrics, the UAE can foster an investment climate that supports long-term, sustainable growth.

4.3 Credit Guarantees

AS-IS Conclusion: While there are several credit guarantee schemes in place, enhancements could increase accessibility and effectiveness for startups seeking funding. Improving these programs can significantly reduce the financial risk for startups and encourage lending.

Maturity Assessment: Credit guarantee schemes are **existent**; however, opportunities remain to expand their scope to better support green startups.

Proposition: Building on the existing framework, expanding credit guarantees specifically for sustainable ventures could provide critical support for green startups. Inspired by the UK's Green Finance Strategy, the UAE could introduce a "Green Guarantee Fund" targeting startups aligned with SDG 12 and SDG 13 criteria. This fund would offer guarantees for projects demonstrating clear environmental benefits, facilitating easier access to financing for eco-friendly products and services. Such an initiative would reinforce the UAE's commitment to sustainability while supporting the growth of a robust, environmentally conscious entrepreneurial ecosystem.

Key institutional investors are existent and prioritize investments in sustainable ventures.

4.4 Alternative Funding Sources

AS-IS Conclusion: A diverse array of alternative funding sources, including crowdfunding platforms and angel investors, supports startups in securing necessary capital. This variety enables entrepreneurs to explore different avenues for financing their ventures.

Maturity Assessment: Diverse alternative funding sources are **existent**, supporting startups in securing necessary capital.

Proposition: The UAE could launch a Green Crowdfunding Platform to support public investment in sustainable startups. Inspired by the UK's Green Funding Platform, this would allow eco-conscious citizens and organizations to directly support green startups and SDG-aligned projects. The platform could provide



5. TAXATION

5.1 Tax incentives

AS-IS Conclusion: The UAE's tax incentives, such as low corporate tax rates, encourage the growth of startups and attract foreign investment. This favorable tax environment helps reduce operational costs and enhances profitability for new businesses.

Maturity Assessment: Tax incentives for startup growth are **existent**, fostering a favorable environment for innovation.

Proposition: To further incentivize sustainable business growth, the UAE could enhance its tax benefits by introducing a Green Tax Deduction Program. This program would provide additional deductions for startups that achieve measurable impacts aligned with the UAE's sustainability goals, particularly SDG 13 (Climate Action) and SDG 12 (Responsible Consumption and Production). Startups meeting specified criteria—such as reduced carbon emissions, resource efficiency, or recycling initiatives—could qualify for incremental tax deductions. This model, inspired by Japan's Green Tax Deduction Program, would encourage startups to integrate eco-friendly practices into their operations, rewarding sustainable business decisions that contribute to national and global sustainability objectives. A certification or verification process could be established to assess each startup's eligibility, ensuring that the tax incentives specifically support meaningful environmental impact.



Tax exemptions for green products are existent, promoting eco-friendly business practices.

5.2 Tax exemptions

AS-IS Conclusion: Tax exemptions for green products promote eco-friendly business practices, supporting startups with a sustainability focus. These incentives encourage innovation in sustainable solutions and contribute to the UAE's environmental goals.

Maturity Assessment: Tax exemptions for green products are **existent**, promoting eco-friendly business practices.

Proposition: Building on the UAE's existing tax exemption framework in free zones, a Targeted Green Tax Exemption Program could be introduced to support startups focused on critical areas such as renewable energy, sustainable agriculture, and circular economy practices. This program would offer extended tax exemptions for startups with a clear alignment to SDG 7 (Affordable and Clean Energy) and SDG 12 (Responsible Consumption). Inspired by Malaysia's Green Investment Tax Allowance, the UAE could extend tax exemptions for qualifying startups beyond free zones, covering companies that demonstrate high environmental responsibility and sustainable operations across all emirates. This targeted approach would support eco-conscious startups, strengthen the green economy, and create an environment where sustainable innovation is consistently rewarded through the tax system.



6. OTHER FINANCIAL INCENTIVES

AS-IS Conclusion: The availability of various financial incentives, including the Dubai Green Fund and Khalifa Fund, supports startups in achieving their growth objectives. These funds provide essential capital to facilitate innovation and expand business operations.

Maturity Assessment: Various financial incentives are **existent** to support startups in innovation and expansion.

Proposition: The Dubai Green Fund is an effective financial instrument supporting green initiatives; complementing this with a specialized green bond framework could attract further investment. Akin to France's Green Bond Program, which finances projects with environmental benefits, this bond initiative could specifically target SDG-aligned startups, emphasizing SDG 9 and SDG 13 (Climate Action). This framework would bolster funding for green startups, while signaling the UAE's leadership in sustainable finance.

D. IMPLEMENTATION & MONITORING& EVALUATION

AS-IS Conclusion: The UAE has implemented a structured framework for monitoring and evaluating startup initiatives, showcasing its commitment to fostering a vibrant startup ecosystem. This framework effectively supports startups and tracks their economic contributions, ensuring that policies are aligned with the evolving needs of the sector.

Maturity Assessment: The implementation and monitoring framework for startup initiatives is **existent** and effectively supports economic contributions.

Proposition: The UAE has made significant strides in implementing structured frameworks to monitor and evaluate startup initiatives, but there is an opportunity to further enhance these systems by integrating more detailed KPIs related to SDG contributions. This approach would enable the tracking of how startups contribute specifically to sustainability, innovation, and economic growth.

To implement this, the UAE could introduce an annual SDG-focused report. This report would not only track SDG-related contributions but also

provide data-driven insights into the successes of startups within the sustainability landscape. The integration of detailed KPIs for SDG 8 (Economic Growth) and SDG 9 (Innovation and Infrastructure) would help in aligning startup activities with the UAE's national goals, providing a transparent and actionable framework for stakeholders.

Moreover, to ensure the successful integration of these SDG-focused KPIs, change management would be essential. This process would involve training stakeholders—both public and private sectors—on how to collect, analyze, and report relevant sustainability data. Additionally, continuous engagement with startups to ensure alignment with SDG objectives and data submission protocols will be crucial. Effective change management would help in overcoming any resistance, ensuring a smooth transition, and driving the necessary cultural shift towards prioritizing sustainability within the startup ecosystem.

This initiative would not only promote a transparent, data-driven approach to monitoring but would also empower policymakers to make more informed decisions and adjust regulations as needed to better support innovation and sustainable growth in the UAE's startup landscape.





CHAPTER III: CONCLUSION

Based on the analysis presented in the As-Is Report, the UAE has demonstrated robust commitment to advancing its startup ecosystem. However, a clear opportunity remains to expand the focus on sustainability, aligning more deeply with the UAE’s We the UAE 2031 vision and targeted Sustainable Development Goals (SDGs). This To-Be Report advocates for the introduction of a Sustainable Startup Act, a centralized framework that streamlines and enhances sustainability-oriented incentives, resources, and protections specifically tailored for startups committed to environmental and social impact.

The foundation for such a framework is well-supported by the UAE’s mature ecosystem, which includes streamlined visa regimes, established free zones, and forward-looking financial incentives. A targeted framework for sustainable startups would not only complement these existing resources but also amplify their impact by providing an integrated system that prioritizes SDG-aligned growth across the entrepreneurial landscape. By focusing on incentivizing eco-friendly practices, social entrepreneurship, and resource-efficient technologies, this framework would attract innovative startups and investors with a sustainability focus, reinforcing the UAE’s goal of fostering a diversified, knowledge-based economy.

Adopting best practices from global pioneers—such as dedicated digital platforms for eco-certification and streamlined public procurement pathways for green startups—will enhance the UAE’s ability to support innovative businesses aligned with SDG priorities like Decent Work and Economic Growth (Goal 8), Industry,

Innovation, and Infrastructure (Goal 9), and Partnerships for the Goals (Goal 17). Moreover, introducing specialized programs for training, mentorship, and tax relief for sustainability-focused enterprises can create a comprehensive ecosystem that nurtures socially and environmentally responsible entrepreneurship.

As the UAE continues to advance its economic diversification agenda, prioritizing sustainability within the startup sector will not only contribute to national resilience but also solidify the UAE’s position as a leader in sustainable innovation in the region. Embracing these strategic recommendations will enable the UAE to attract and grow startups that drive positive social and environmental change, aligning economic progress with a sustainable future and positioning the nation at the forefront of global sustainable entrepreneurship.



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