



INDUSTRY

Driving innovation

There is no shortage of diagnosis for Bahrain's slow pace of industrial innovation, but there is a shortage of therapy

BAHRAIN'S Vision 2030 states, "On a global scale, Bahrain's innovation output is currently negligible. Without increased productivity and innovation, Bahraini companies will not be able to remain competitive in the long run". This assessment is correct and one must conclude that significant effort is required to achieve sustainable, long-term industrialisation on the basis of science, research and technology.

This diagnosis is shared by the other Gulf Co-operation Council (GCC) members. Despite the correct diagnosis and its repeated affirmation, Bahrain lags behind in applying the therapy. While most GCC countries developed their overall strategies into operational, sector-specific approaches and started implementation, Bahrain has not formulated an integrated national research or national innovation strategy. So far, there is no structural approach for addressing research goals accordingly and therefore no allocation of resources.

Others were quicker to define their innovation and industrialisation strategies, establish their science, research and technology set-ups and provide them with the required resources: Masdar and Mubadala in Abu Dhabi, The Emirates Institution for Advanced Science and Technology (EIAST)



by Bernd Hoefler
thegulf@tradedearabia.net

in Dubai, King Abdullah University of Science and Technology (KAUST) and King Abdulaziz City for Science and Technology (KACST) in Saudi Arabia, Qatar Foundation and Qatar Science & Technology Park (QSTP) in Qatar, and others in Kuwait and the UAE.

But who drives this crucial, long-term strategic approach to R&D, innovation and technology in Bahrain? Where are the structures and resources to invest into Bahrain's future?

The Bahrain Economic Development Board's mission is to attract foreign direct investment into Bahrain, and it could look to invest in foreign industrial companies to do so. Mumtalakat has a strong portfolio of local investments but looks to diversify into traded securities abroad. Tamkeen, Bahrain's labour fund, the Bahrain Development Bank and Tenmou, an angel investment company, support small and medium sized enterprises (SMEs) and start-ups in trading and service but not in technology or industrialisation. The University of Bahrain, the Bahrain Centre for Studies & Research and the Ministry of Education don't play any significant role in formulating the national research strategy and research topics are dispersed across ministries.

For example, responsibility for information technology lies with the minister of cabinet affairs while nuclear energy rests with the minister for water and electricity.

Bahrain is wasting time and resources on conferences, councils and attracting global blue chip companies – they provide some publicity but bring little local value creation and virtually no innovation to Bahrain. Microsoft, Cisco and Skype are global top-tier firms, but their impact on building technological and industrial capacity in Bahrain is negligible.

It is necessary to invest in the heads of the young generation with a well-defined, sustainable development strategy and the important realisation that there is no free lunch. Some say innovation is 10 per cent inspiration and 90 per cent transpiration. Building a competitive innovation-based economy is a long-term cycle of transforming money into knowledge – into innovation and into products – and finally back into money.

The task is difficult, but not impossible. Ultimately, one must develop a sound strategy, appoint a responsible entity and provide it with sufficient resources. Funding must be invested strategically into foreign SMEs with relevant technologies and products. There should be an institutionalised angle to bringing them to Bahrain because they can develop

desired industrial clusters in the kingdom alongside the national research priorities. Unfortunately, Bahrain has no institution to invest specifically into technology-transfer into Bahrain.

Where could Bahrain start? "Strengthen your strengths" does not provide guidance as there are no significant research activities in Bahrain. "Differentiate from your competitors" shows the challenge. Aerospace, composites and renewable energy were claimed by other GCC countries; Saudi Arabia and Qatar are claiming automotive. However, there remains plenty of opportunity to achieve Bahrain's unique selling proposition – though whether for example, the nanotechnology sector is the right one, remains to be seen.

The required structures have to develop; they cannot be bought, particularly in research management. A small student satellite, developed jointly by several Bahraini universities in a project of national identification and co-operation is an excellent start to capacity building. We founded our company in Bahrain because we believe in this country and its potential and we stand ready to support the country with all we have. ■

Bernd Hoefler is chief executive of A9C Capital, a Bahrain-based technology consultancy and private equity firm, www.a9c.com