

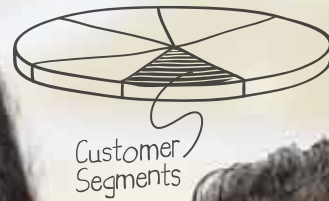
# Empower

## Putting customers first

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### A FRESH APPROACH TO CUSTOMER NEEDS

Moving from enablement to empowerment with an approach that focuses more on specific customer needs



### MAXIMISING BENEFITS

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Developing a new strategic direction with an aim to maximise positive impact on Tamkeen's customers

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Improving Tamkeen's support programmes to better deliver on Tamkeen's strategic objectives



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His Royal Highness  
**Prince Khalifa Bin Salman Al Khalifa**

The Prime Minister of the  
Kingdom of Bahrain

His Majesty  
**King Hamad Bin Isa Al Khalifa**

The King of the  
Kingdom of Bahrain

His Royal Highness  
**Prince Salman Bin Hamad Al Khalifa**

The Crown Prince,  
Deputy Supreme Commander, and  
First Deputy Prime Minister  
of the Kingdom of Bahrain

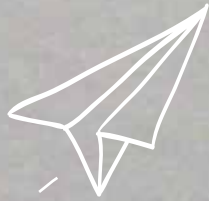
# OUR VISION

Empowering Bahrainis to prosper and contribute to the national economy.



# OUR MISSION

Empowering Bahrainis according to market requirements and building enterprise capabilities to contribute to expanding the national economy.



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## Knowing Tamkeen

Tasked with developing Bahrain's private sector and positioning it as the key driver of economic development, Tamkeen was established in August 2006 and remains one of the cornerstones of Bahrain's national reform initiatives and Economic Vision. Its two primary objectives are 'Fostering the creation and development of enterprises' and 'Providing support to enhance the productivity and growth of enterprises and individuals'.

To achieve the two aforementioned objectives, Tamkeen developed a strategy which focuses on principles of enhancing Quality, serving Customers, and achieving Results. Through this strategy, a number of innovative programmes are provided to Bahrainis and businesses in Bahrain, which include training, consulting, financing, entrepreneurship support and others. To date, Tamkeen's programmes have served more than 116,000 Bahrainis and businesses in Bahrain.

# MEET OUR BOARD OF DIRECTORS

## 2014

In 2014, Tamkeen's Board of Directors consisted of 9 members representing the organisations which play a vital role in the development of the private sector.

Representing the public sector on the Board were Shaikh Mohammed Bin Essa Al Khalifa (Chairman), Dr. Zakaria Ahmed Hejres, and Mr. Abdullellah Ebrahim Al-Qassimi.

Board members from the private sector were Mr. Khalid Ali Rashid Al-Amin (Vice-Chairman), Mr. Isa Mohamed Abdul

Rahim, and Mr. Kadhem Isa Al-Saeed from the Bahrain Chamber of Commerce and Industry as representatives of businesses, Mr. Sayed Salman Jaffar Al-Mahfoodh and Mr. Mohammed Abdulrahman Mohammed from the General Federation of Bahrain Trade Unions as representatives of the Bahraini workforce, and Mr. Abdulkarim Ahmed Bucheery from the Bahrain Association of Banks as representative of the financial sector.



**Shaikh Mohammed  
Bin Essa Al Khalifa**

Chairman



**Khalid Ali Rashid  
Al-Amin**

Vice Chairman



**Isa Mohamed  
Abdul Rahim**  
Board Member



**Dr. Zakaria  
Ahmed Hejres**  
Board Member



**Abdullellah Ebrahim  
Al-Qassimi**  
Board Member



**Kadhem Isa  
Al-Saeed**  
Board Member



**Sayed Salman Jaffar  
Al-Mahfoodh**  
Board Member



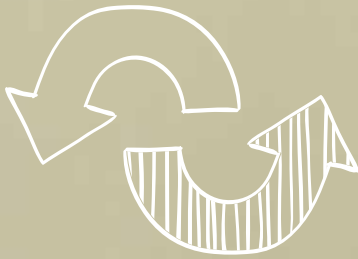
**Mohammed Abdulrahman  
Mohammed**  
Board Member



**Abdulkarim  
Ahmed Bucheery**  
Board Member

# A WORD FROM THE CHAIRMAN

Embracing change is one of the critical success factors that determine whether an organisation succeeds or not.





Markets are an ever-changing landscape; conditions change, new challenges arise, and requirements shift. Hence, it is imperative that organisations that seek excellence also evolve in order to stay ahead of the curve.

As a service organisation tasked with making the private sector the key driver of economic growth, we are always looking for new ways to enhance our services in order to serve our customers more effectively. No more was this true than in 2014.

**2014 was a year of transition for Tamkeen. For the better part of the year, the organisation was busy undertaking its biggest re-structuring exercise ever.**

As of the end of 2014, Tamkeen had served more than 116,000 customers – 86,000 Bahrainis and 30,000 enterprises. As it stands today, the number of customers served has increased only incrementally when compared to years past, a direct result of a fresh approach that emphasises quality over quantity, and impact over numbers. We call it “Tamkeen 2.0”.

The re-structuring exercise, and the subsequent 2015-2017 strategy, is the end product of an ambitious task which commenced in late 2013 and we promised to get it done in less than one year.

All of us at Tamkeen were aware that it was quite a big promise to make at the time, as it marked a considerable paradigm shift in the way we were used to operating. However, we owed it to the Kingdom of Bahrain and its people to deliver on that promise in order to exceed their expectations, and bring us closer to fulfilling our ultimate goal: making the private sector the key driver of economic development.

The challenge, as always, was striking that delicate balance: On the one hand, ensuring that we are evolving in harmony with the changing market dynamics and aligning with emerging customer needs and priorities, and on the other, remaining true to our mandate.

However, Tamkeen’s flexibility in the face of these ever-changing dynamics, economic and otherwise, has long been a key strength for the organisation; a strength that was on full display on many occasions throughout the years since the organisation’s inception in 2006.

Based on the feedback from external consultations with stakeholders and internal reviews and impact assessment studies, Tamkeen outlined 3 principles which will underpin its 2015-2017 strategy: Enhancing quality, being more customer-centric, and adopting a more results-oriented strategy.

These principles are closely inter-linked with one another. And together, they form a solid foundation from which we can build a better future.

From this foundation, we - in coordination with our strategic partners and stakeholders - will create a more integrated support ecosystem for the private sector that nurtures individuals and enterprises throughout their specific growth stages, from start-ups to mature enterprises, and from students to C-suite executives.

We believe this approach will elevate the standards by which we service our customers, and underpin the future growth of the private sector and national economy as a whole.



**Mohammed Bin Essa Al Khalifa**  
Tamkeen Chairman

**"Our fresh approach that emphasises quality over quantity, and impact over numbers. We call it "Tamkeen 2.0".**

# TAMKEEN'S JOURNEY SO FAR

Since its inception back in 2006 up to 2014, Tamkeen's development has been a constantly-evolving journey.

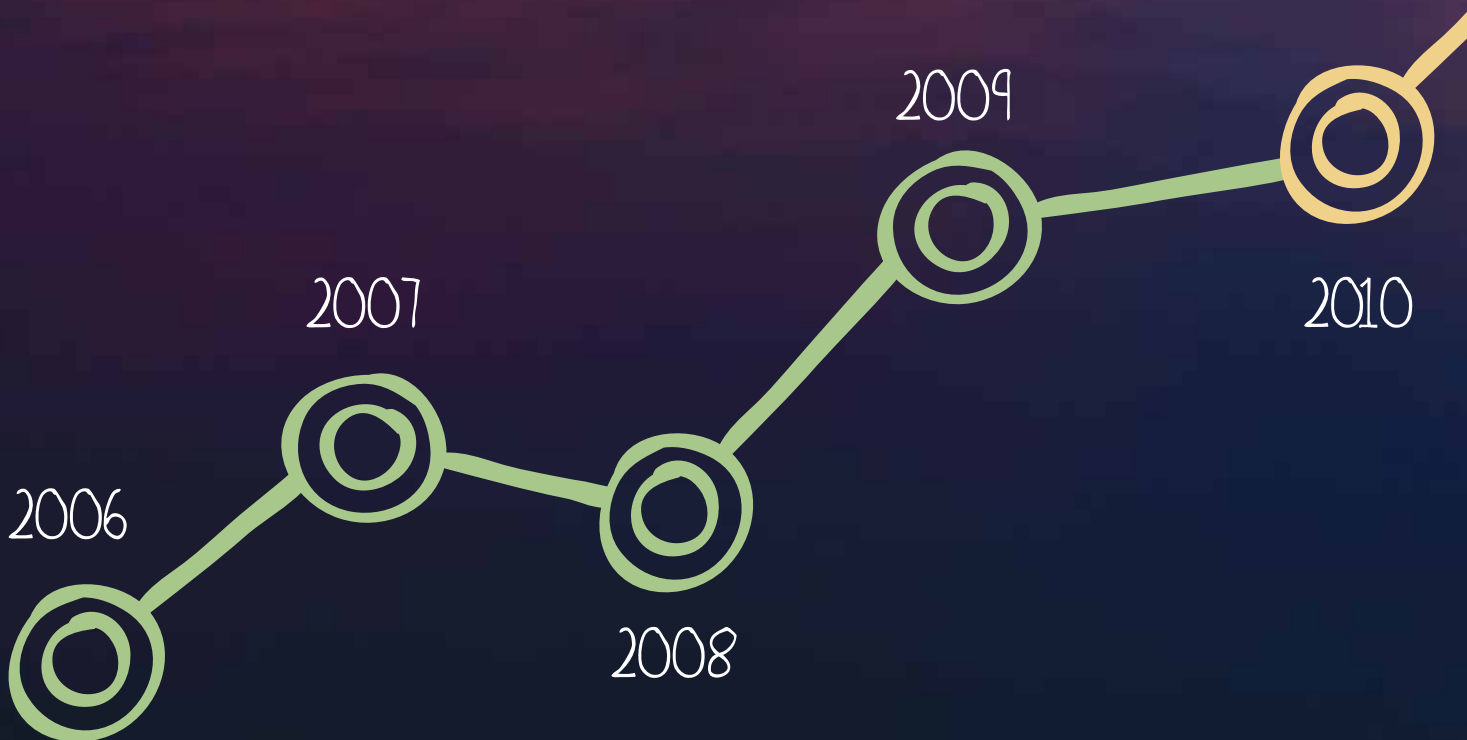
Over that span, the organisation has undergone two strategic cycles (2006 - 2009 & 2010 - 2014), during which it has continued to address the challenges that the private sector faces, keeping it from achieving its true potential.

By closely analysing market dynamics, listening to the audience, building on lessons learnt, and adapting its approach, Tamkeen has managed to become a valuable support system for both individuals and enterprises in the private sector, and a cornerstone which shapes Bahrain's future prosperity.

The upcoming strategy (2015-2017) continues the positive momentum of years past, focusing not just on maximising the number of customers served, but on ensuring that effectiveness and quality of services remain at the heart of everything Tamkeen does with the customer in mind.

## Launch

Over this phase, Tamkeen mainly focused on creating awareness about its mission and vision, and launched a number of its flagship programmes which still serve its customers to this day (Enterprise Support, Finance Scheme, Career Progression, etc.). It also created a number of sector-specific programmes to tackle the existing skills gaps of Bahrainis within these sectors.



# Impact

After the period of rapid growth, it was time to take stock. Tamkeen initiated a comprehensive review of its operations in line with the evolving market landscape and to see how it can continue to exceed its customers' expectations and deliver on its objectives. Based upon the review, it was clear that the time was right to draw a new roadmap to take its operations and services to the next level; 2015 and beyond will be the time for IMPACT!

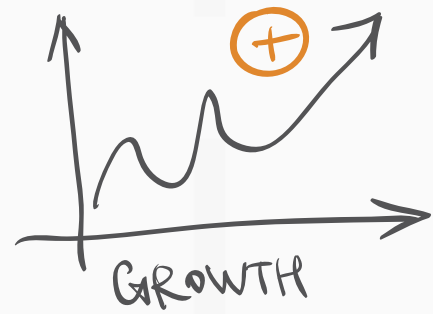


# Outreach

In this phase Tamkeen witnessed a sharp increase both in the number of support initiatives - including the Professional Certification programme - and number of customers served. Overall 320,000 contacts have been made over the past 3 years. In light of the increase in new programmes and customers, the Customer Engagement and Support unit was established to engage directly with the public and further enhance their awareness of Tamkeen's programmes; beginning a shift from an outsourcing model to in-house management.

The successful implementation of the new strategy will lead to a more effective organisation that will demonstrate significant impact on the Bahraini economy and the society as a whole.

# MAXIMISING THE BENEFIT TO CUSTOMERS



Maximising +ve impact on the customers we serve and the economy as a whole

## Developing strategies that truly impact on individuals and businesses

If one were to carefully examine and trace what fuels sustainable growth in modern dynamic economies around the world, the paths will usually converge to a single point: A thriving private sector.

As one would expect, such an advanced level of economic robustness, does not materialise overnight.

The state-managed economies which dominated the latter half of the 20th century,

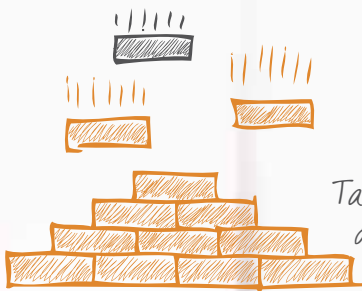
characterised by big business and mass production - are a thing of the past. Today, the landscape is led by economies which are entrepreneurial and knowledge-based, with the state playing the role of facilitator.

In Bahrain, that facilitator is Tamkeen. And as one of the key cornerstones of Bahrain's drive to forge a new economic environment, Tamkeen, through its various support programmes, has helped make enormous strides to instil the foundations of a business-friendly environment that is conducive to sustainable private sector growth and development.

For it to continue to be effective in its role and create the desired business environment, Tamkeen must continually adapt and change along with the market to maximise the benefit to its customers, while at the same time remain true to its mandate: Making the private sector the key driver of economic development.

From the outset, the organisation has focused on implementing a long-term approach in which all stakeholders - public and private - are actively involved. This collaborative and inclusive approach is the most effective way to enable the private sector to grow, develop, and ultimately flourish.

Just as importantly, this approach also boosts the private sector's flexibility and resilience, enabling Tamkeen to continue its upward trajectory despite challenges arising from changing market dynamics.



Tamkeen helps instil the foundations of a business-friendly environment



# GUIDING PRINCIPLES OF THE NEW STRATEGY

The collaborative and inclusive approach of Tamkeen manifests itself clearly in Tamkeen's updated strategy for 2015-2017, which lays out a blueprint for the future; a simplified roadmap which allows the organisation to respond to the ever-evolving needs of the market, and maximise its positive impact on the customers it serves and the economy as a whole.

These 3 principles are closely interlinked, and define the parameters to which all of Tamkeen's support programmes - existing and future - must adhere.

*This new strategy is built on 3 key strategic principles: Quality, Customers, and Results*

Let us examine these principles in more detail.

## Quality:

Effective and result oriented delivery

Quality is directly related to effectiveness because it establishes consistency in all aspects of operation, from performance of support programmes, to processes and customer experience, to name a few.

In order to further enhance the quality of operation, Tamkeen will focus on putting in more stringent systems and processes to track the performance of its support programmes. In doing so, the organisation can gauge the degree of success in achieving the programme's stated objectives.

At the same time, this will also enable Tamkeen to diagnose the obstacles hindering it from achieving its objectives, and look into ways to modify the overall framework to overcome them.

Tamkeen has already taken several key steps in this regard, key among them being:

- Re-thinking business processes to make them more efficient and deliver more value to the customer
- Automating processes to offer faster service to the customer and reduce costs
- Improving monitoring to ensure that programmes are performing to the desired level

## Customers:

Satisfied customers

As a service organisation, the success of Tamkeen is very much dependent on the satisfaction of its customers. No matter how excellent the support programmes and services may be in theory, if the customer interface does not match up then the programme will ultimately not deliver on its objectives.

Realising this, Tamkeen has worked to ensure that its customers remain satisfied by shifting its entire operational model to new systems that are more customer-centric, and allow it to provide quicker and more responsive service.

The customer-centric model includes an entirely new approach to customer segmentation which will be discussed in the next section, and it strengthens the direct outreach channels between Tamkeen and its customers to offer services for maximum impact.

Tamkeen's accomplishments in 2014 in this regard include:

- Offering scalable funding solutions to meet the varying needs of businesses, from micro-enterprises to large businesses
- Establishing more customer service centres to make Tamkeen more accessible to customers
- Offering counselling and mentorship programmes to help customers decide on the programmes that best meet their needs
- Appointing more Community Engagement Representatives to further encourage two-way communication between Tamkeen and its customers

## Results:

Enhance productivity and sustainable growth of individuals and businesses

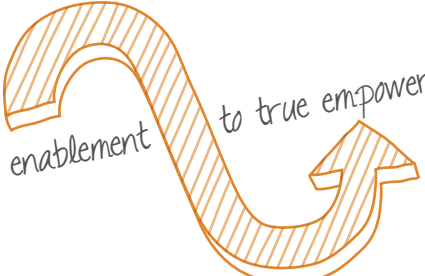
For Tamkeen to demonstrate its value, it must be able to tangibly demonstrate the impact it has - and continues to have - on the sustainable development and growth of individuals and businesses in the private sector, and how this manifests itself in key performance indicators such as economic growth, employment, and so on.

As a facilitator, quantifying Tamkeen's direct impact on these topline indicators is a challenge, especially with so many other external factors involved. Nonetheless, it must be done to ensure that resources - financial, human, and otherwise - are being allocated in an optimal manner.

In order to do so, the organisation must set clear benchmarks to accurately gauge its impact on individual customers, the private sector, and economy at large. Tamkeen has over the years invested heavily in identifying the priority needs of the market and impact of its support initiatives, but the next phase of the strategy will see even more investments in this area.

**Put together, these principles will guide Tamkeen's direction for 2015-2017 strategic cycle; which will shift from mere enablement to true empowerment.**

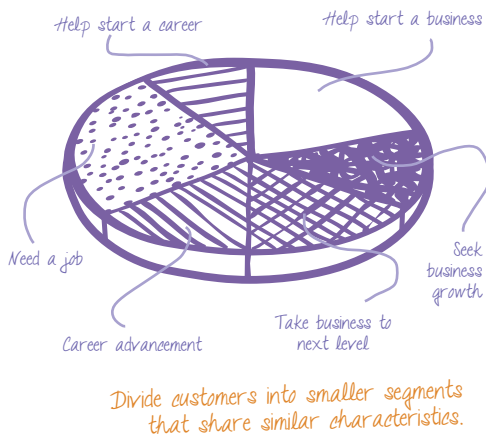
*Shift from mere enablement to true empowerment*



## A FRESH APPROACH TO CUSTOMER NEEDS

The success of Tamkeen is measured by the impact of its support programmes and how well these meet the needs of its customers. In order to ensure that, programmes must be customer-centric, service must be quick and responsive, and there must be efficient and effective monitoring of results.

This was addressed in the new strategy through the new customer segmentation, which sounds like a complex concept, but in actuality is simply a way of dividing customers into smaller segments that share similar characteristics.



The key is to divide customers from a perspective that is relevant to the organisation itself, whether that be by gender, age group, income level, interests, future aspirations and so on. It really can be anything! After all, customers are people, and people are different, so a “one-size-fits-all” approach is highly inefficient and ineffective. Customers had to be divided into segments based on their varying needs, which are - in turn - based on the phase of growth or development they are at.

The second key to sound customer segmentation is that it should be a marketing-led exercise, because it can be a powerful tool to identify unmet customer needs.

Tamkeen’s previous segmentation was largely operational or programme-based, less customer-based. Under this model, there were more than 200+ support programmes and sub-programmes that Tamkeen had created which were grouped into two broad categories: Training & Development, and Enterprise Support, under each of which were placed a number of customer sub-segments that needed to be better defined.

If one looks at organisations with a large target audience - an automobile manufacturer, for example - they would find models catering to a specific customer group that fits a certain profile. So one finds basic entry-level cars, roomy family sedans, versatile SUVs, rugged trucks, speedy convertibles, “green” cars, and so on. Telecoms follow a similar model, with packages and messaging that meet the different data usage patterns of its customer segments, motivating them to ACT.

Understanding customers and what motivates them to act is in fact a large part of why some organisations are so successful! Similarly, Tamkeen has worked for the better part of 2014 to re-think the way it looks at its customers to develop a fresh perspective that is more in tune with its drive to maximise its impact on its customers and private sector.

Tamkeen followed the simplest rule of customer segmentation which states that segmentation is most effective when an organisation tailors its products and services to key segments. This prioritisation will also help them develop more effective marketing campaigns, allocate resources, create products, etc.

Intensive research was carried out by Tamkeen for this purpose with its stakeholders to come up with simpler and more effective way to group its customers. The findings of the research showed that the optimal way to segment the customers was by level of development of the individual and enterprise, because the level and stage of development determined the need.

*Using this model, it becomes much easier to group existing programmes or launch new ones to address those shared needs, thus creating high-impact solutions.*



As the graph below shows, the two broad categories (individuals and enterprises) were subdivided into 6 distinct customer segments. So in essence, this fresh approach which will be used during the 2015-2017 strategy and beyond reverses the previous model, with the customer segments now becoming the centre, and the relevant programmes clustered around them.



## Our previous approach



## Our new approach





## Understanding the Customer

No matter how amazing products or services are, customers will not apply for them if they believe they do not really need them. Convincing them otherwise, without having a proper understanding of their needs, is an uphill task that can consume valuable resources.

Knowing and understanding customer needs is therefore at the heart of every effective organisation and Tamkeen is no exception.

However, gaining this understanding goes beyond simply asking customers what they want, but also why they want it, what they may want in the future, and what other untapped needs they have.

Only then can organisations paint a full picture of what is important to their customers, and then using that information to anticipate what they want and exceed those expectations with value-added offerings.

Organisations that do this well are able to 'sell' to their customers more efficiently, and, in turn, become more effective, which is at the heart of Tamkeen's 2015-2017 strategy.

Therefore, developing this deep understanding of customers was a critical step towards achieving this goal.

As the graphs on the next page show, businesses and individuals are faced with a large number of challenges at each stage of their business lifecycle, from building on ability to accessing capital, from training opportunities to business advisory services, and more. Some of these challenges are applicable across the board, while others are unique to a single segment.



## Business Challenges

	Regulatory challenges (CRs)	Lack of robust market info	Lack of export support	Need for business incubator support	Limited advisory support	Need for business skills training	Lack of marketing support	Funding	Limited Bahraini talent / wage subsidy
Start-up	Low	Low	Low	Low	Low	Low	Low	Low	Low
Growth	Low	Medium	Low	Low	Medium	Low	Low	Medium	High
Maturity	Low	High	High	Low	High	Low	Low	High	High

Potential challenge areas identified for Tamkeen to address

## Individual Challenges

	Below expectation salaries	Limited avenues to search for jobs	Absence of skills development opportunities	Lack of experience career guidance / orientation / counseling	Lack of employment opportunities
Students	Low	Low	Low	Low	Low
Jobseekers	Low	High	High	High	High
Employees	High	Low	High	Low	High

Potential challenge areas identified for Tamkeen to address

Through research studies and close consultations with the public, these challenges were examined in depth to identify the different areas in which Tamkeen can lend its support for each segment, and offer greater value to its customers.

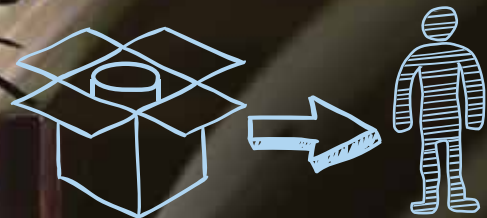
**“As a product designer, Tamkeen’s Pre-Seed Capital Support programme supported me in prototyping the nCycle, and bringing my design from a concept phase on paper to reality.”**

Hussain Al-Mossawi  
Co-founder and Designer - nCycle

Increasingly, organisations are moving away from having a product focused approach to a more customer-centric one.

The growing importance of customers and the customer-centric approach, in turn, put an added emphasis on ensuring that the customer experience is a superior one, and one of the key ways to do that is to create value-added solutions that meet – and hopefully exceed – the customers’ expectations.

Once customer segmentation and the understanding of each segment’s needs have been defined, this information can be used to create value-added solutions that will deliver real positive benefit to customers.



*From product-based approach to a more customer-centric approach.*

Tamkeen's approach going forward, is focused on being customer-centric wherein the needs of each of its 6 new target segments (see illustration on page 12) will serve as the guide for the new programmes which it will develop. Each segment's needs have been clustered under a singular well-defined strategic objective that fits in with Tamkeen's overarching goal of making the private sector the key driver of sustainable economic development.

Looking at the breakdowns illustrated here, one can see that each stage of development

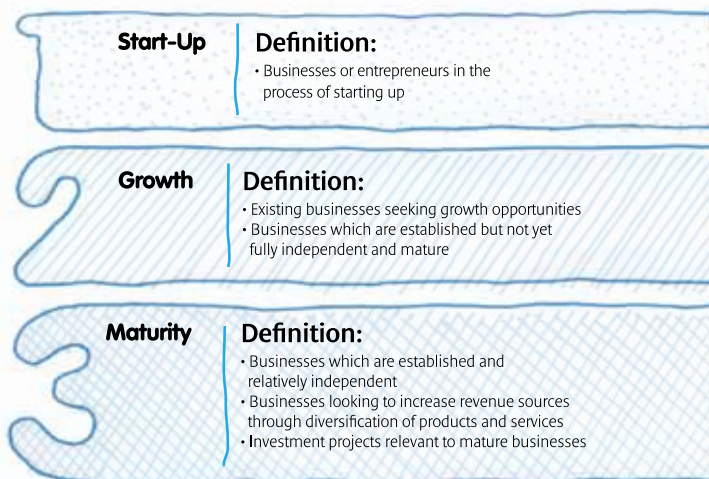
has needs that are visibly differentiated from other segments.

Take students for example, the consultations that were held with this segment indicated that they are focused on getting accurate job market information, guidance on skillset development, advice on career opportunities and help with setting up their own business as an entrepreneur.

Once those needs were defined, Tamkeen clustered them under the strategic objective of 'nurturing students to make

optimal career choices through the dissemination of market and entrepreneurial knowledge'. From this, Tamkeen can create programmes or revise existing ones to fit within that overall strategic objective.

Following this methodology ensures that Tamkeen's support is not only more impactful, but also relevant to the goal for which it was created, and more easily understood by customers.

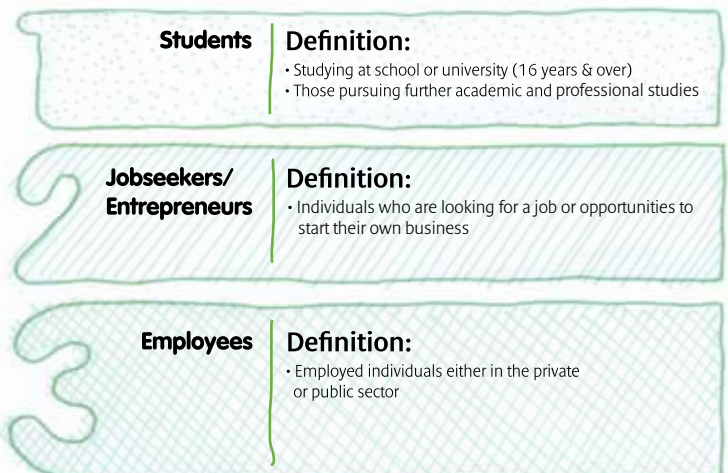


### Understanding the business customer

The needs of the customer type 'businesses' is broken down into 3 groups: Start-ups, Growth, and Maturity. The specific needs of each segment can be summarised under the broad objective of **"Propelling businesses to grow by scaling up and diversifying"**.

### Understanding the individual customer

The needs of the customer type 'individuals' is broken down into 3 groups: Students, Jobseekers/Entrepreneurs, and Employees. The specific needs of each segment can be summarised under the broad objective of **"Enhancing Individuals' capacities to drive their future prosperity"**.





## BEST FIT PROGRAMMES

To ensure that its customer-based impact-driven 2015-2017 strategy was as robust as possible, Tamkeen not only re-visited its current and upcoming programmes by conducting detailed studies in Bahrain, but also looked internationally for ways it can further improve and better cater to the needs of the new segments.

This is called 'Benchmarking' which is a systematic process for comparing business performance/processes in different organisations to learn whether, and how, things may be done better.


Benchmarking is important because organisations need to know where they stand before they can map out their future strategy, and it provides a comprehensive view of the organisation's current performance through a range of relevant metrics. Equipped with this valuable information, organisations can make intelligent decisions that can help them reach their strategic objectives more effectively.

Since its establishment, Tamkeen has continuously benchmarked itself against similar organisations around the world, taking the best current international practices and adapting them to fit the local market.

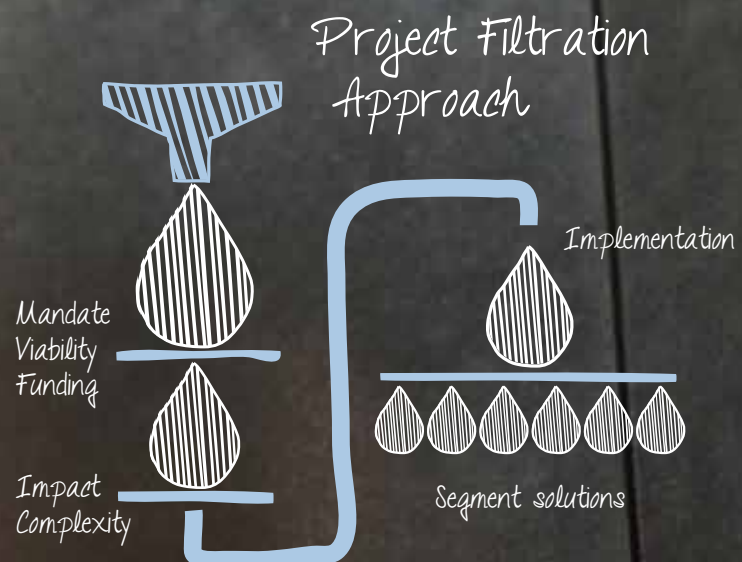
Using a Project Filtration technique, Tamkeen looked into several prominent support programmes provided by similar organisations worldwide. These were filtered down further based on their ability to meet specific criteria (mandate, viability and funding). The second level of filtration was done based on the aptness and impact of these programmes. The final chosen projects were then grouped and categorised under a set of initiatives that would align with the needs of the new customer segments as defined under the 2015-2017 strategy.

Tamkeen's programmes address some of the key challenges which it has identified through its new customer segmentation.

Tamkeen's list of proposed programmes under each segment will address some of the key issues identified through interactions with its customers and on the basis of market studies. Solutions were designed to cater to the most prominent problems pertaining to each segment.

- 
1. Career guidance support
  2. Entrepreneurship exposure support

1. Employment channeling support
2. Up-skilling for market alignment
3. Career counselling and work readiness support
4. Entrepreneurship guidance and mentorship







### 1. On-job skills optimisation

1. Startup funding support
2. Startup consultancy and mentorship
3. Encourage startup innovation
4. Startup marketing and exposure support

Start up



1. Product and service innovation support
2. Internationalisation and franchising support  
(Foreign Investment and joint venture support)



1. Provide funding for technology and growth
2. Support business process reengineering and innovation
3. Support marketing and customer outreach
4. Workforce capacity building and support

It is clear to see from Tamkeen's case that benchmarking truly is an effective tool for improvement. By taking tried and tested support programmes offered around the world, Tamkeen ensured that its target segments in the new strategy will get the type of comprehensive support they truly need, which will further amplify the impact of Tamkeen's initiatives on individuals and businesses moving forward.

# KEY FOCUS

## AREAS FOR TAMKEEN



Since the inception of Tamkeen, the organisation has been exploring new projects and different ways to maximise its impact in the market. The below proposed key support areas were identified as part of the re-structuring exercise which took place in 2014 which considered the needs of the new customer segments.

### Flexible Financing

Businesses have limited access to commercial channels of financing, forcing them to utilise self-financing. It is evident that instruments customised to different stages of development of a business can prove valuable, as opposed to a one-size-fits-all approach. The flexibility of these mechanisms is essential to respond to the needs of businesses, and thus demonstrate maximum sustenance, growth and impact on the businesses.

Since inception, Tamkeen has played a prominent role in Bahrain to mitigate the financial constraints faced by the private sector (across all stages and maturity levels) by facilitating low-cost financing solutions through constant collaboration with banks. Tamkeen has aided in tackling the major obstacle for small and medium business financing - lack of collateral, which is a pre-requisite to financing.

The elements entailed under this support area include the following:

- Facilitate funds (loans) to businesses to assist in capital expenditure
- Utilise partners (primarily retail banks) to provide financing support
- Cover training costs for individuals, whether they are students, jobseekers, or employees

**“Tamkeen helped achieve my ambition to launch the first interactive digital publication focusing on entrepreneurship in the region in 2013. I was able to get the seed capital and technical and marketing support I needed to turn my idea into reality.”**

Ahmed Al-Sawafiri  
Founder - Start-up Bahrain



**“I have benefited immensely from a number of Tamkeen’s programmes, which gave us a diverse range of affordable training and funding solutions to help grow our businesses and become well-known industry leaders.”**

Dr. Fahad Ebrahim Al-Shehabi  
Owner - ACT SMART Consultancy

## Capacity Building

Over the years, Tamkeen launched dozens of programmes aimed at appropriately skilled and motivated individuals to help enhance the development of their work or businesses across all its phases.

Combined, these programmes have helped over 86,000 Bahrainis upgrade their skills to accelerate their careers and contribute more to the private sector. In fact, for the first time ever, more Bahrainis are working in the private sector than in the public sector.

Still, there are some key areas that require more of Tamkeen’s support to effectively tackle the challenges faced by businesses and individuals.

These areas include advisory and mentoring support to enhance business productivity and career growth, capacity development programmes such as internships, apprenticeships and basic skills training. It also includes creating more career guidance and work-readiness programmes, as well

as organising career and employment fairs to help individuals connect with the right employment opportunities.

To summarise, Tamkeen will enhance its support in the following areas:

- Offer more advisory and mentoring programmes for businesses and individuals
- Introduce new capacity development programmes through on-the-job training
- Provide more career guidance and work-readiness programmes
- Organise career and employment fairs

## Knowledge Sharing

As part of its role as facilitator between the public and private sectors, Tamkeen is in a unique position to help pool the available knowledge resources into one platform and make them accessible to the public.

Modern economies are built on access to knowledge, because it is this knowledge that enables individuals and business owners to make informed decisions about their business plans and career tracks. Unsurprisingly, this area was identified as a priority during Tamkeen’s consultations with the public.

For example, students and jobseekers can learn about which industries or sectors offer more job opportunities; start-ups can access toolkits which contain valuable relevant knowledge resources; market surveys for existing businesses looking to grow beyond Bahrain.

Moving forward, Tamkeen will work to put together a unified framework where relevant and up-to-date information is generated, collected, and disseminated in the most efficient and effective way possible.

To summarise, Tamkeen will enhance its support in this regard in the following areas:

- Enhancing advocacy efforts among key industry players to explore new markets
- Facilitate access to markets through online marketplaces and networking forums
- Organising open information sharing events
- Boosting information collection through public consultations and market surveys

**“Tamkeen’s professional certification programme enabled me to become a specialist in the Health & Safety field, opening up more opportunities for me. This is great for Bahrainis to develop and get the necessary training that will improve their career prospects.”**

Khairiya Al-Khunaizi  
Specialist - Safety and Health





# REVAMPING TAMKEEN'S PROGRAMMES

In 2014, Tamkeen initiated a major re-structuring exercise to align its operations and programmes with its 2015-2017 strategy and its principles of Quality, Customers, and Results.

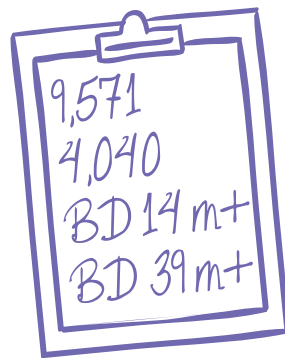
As part of this exercise, Tamkeen started to examine how it can revamp its flagship programmes (Enterprise Support, Professional Certification, and Career Progression) to maximise the benefit to customers and impact on national economic growth.

Some of these programmes were briefly suspended and re-launched with revamped structures that are more in harmony with Tamkeen's strategic direction, which emphasises quality over quantity, and impact over numbers.

However, Tamkeen was still able to cater to its customers, serving 9,571 individuals and 4,040 businesses in 2014, with more

than BD 14 million spent in total across all support programmes targeting individuals, and more than BD 39 million spent in support programmes targeting businesses.

#### Served in 2014



individuals  
businesses  
spent on individuals  
spent on businesses

Below is a brief recap of each of these flagship programmes:

## Career Progression Programme

This programme analyses existing skills gaps in Bahraini employees and provides both standard and customised training solutions that address those gaps, in addition to providing wage subsidies for a pre-determined period.

#### Major Improvements:

- **Integrated all processes into one system for better service and quality**
- **Implemented stricter measures to ensure execution of training and wage increases**

#### Served to date:



total organisations from 18 industries  
total Bahrainis up to 2014  
Bahrainis from 16 different job categories (2014)  
in support (2014)



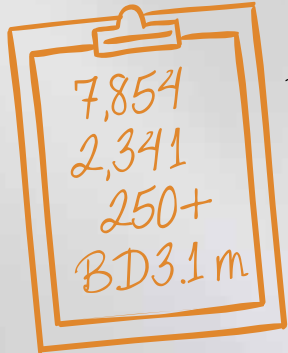
## Professional Certification Support

This programme provides grants to Bahrainis to obtain globally-accredited professional certifications in a wide range of fields and specialisations, which enhances Bahrainis' employability and accelerates career progression.

### Major Improvements:

- **Revision of eligibility criteria and price caps of certifications**
- **Launch of dedicated online portal to browse and apply to available certifications**

### Served to date:



total Bahrainis  
total Bahrainis (2014) a 40% increase from 2013  
certifications in 27 fields  
in support (2014)

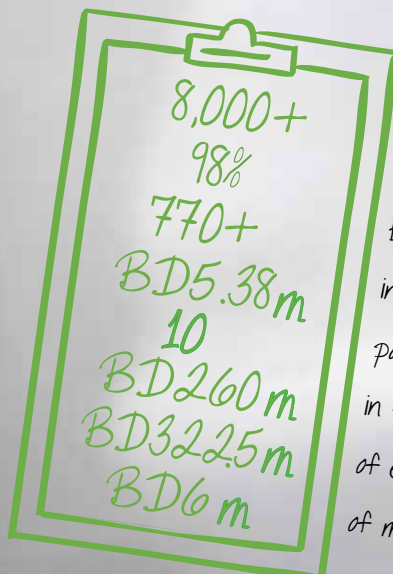
## Finance Programme

Tamkeen has successfully managed to bridge the financing gap for enterprises with a steady injection of BD 50 million every year into the Finance Scheme portfolio. This programme provides SMEs with access to subsidised low-cost capital through a dedicated financing portfolio with a number of partner banks and helps them fund and fuel their growth and expansion plans.

Tamkeen's Finance Scheme is currently provided through local banks and is looking to attract more commercial banks to lend to SMEs.

- **BD 50 million steadily injected into the Finance Scheme portfolio**
- **1,386 new businesses (Start-ups) were created through Tamkeen's Finance Scheme**
- **BD 6 million injected into Micro-finance portfolio**

### Served to date:



businesses  
of them SMEs  
businesses (2014)  
in loan subsidies (2014)  
partner banks currently  
in financing accessed by SMEs  
of enterprise finance portfolio  
of micro-finance portfolio

# THE ALL NEW ENTERPRISE SUPPORT

Of all the programmes that were revamped in 2014, the Enterprise Support programme probably underwent the biggest change.

The programme's core service, to provide grants to subsidise businesses' development and growth in key areas, remained the same. However, the process and delivery mechanism were completely overhauled to make it more flexible, efficient, transparent, and measurable.

At the centre of this overhaul sits a purpose-built online portal on Tamkeen's website. The portal allows for a host of value-added benefits to customers - including both business owners and vendors - such as the ability to conveniently submit and track applications, as well as attach the required documents.

In keeping with its drive to maximise impact, the support amount is now linked to the potential growth of the business, whereas previously the amount was the same for all applicants.

The support amount is determined by the business plans which are now required from all applicants, which should include details such as current status and future plans, financial statements, size of the business, etc.

Therefore, instead of providing pre-packaged solutions as was done before, each business receives a customised and integrated package of support solutions that matches the exact needs of that business. The business plans are assessed by a unified assessment model - another new enhancement to the programme.

It is also important to note that businesses will receive a guaranteed 50% subsidy from Tamkeen on the cost of the desired support which can be scaled up to an 80% based on how well they deliver on the targets set by them.

Collectively, not only do these improvements help Tamkeen provide quality and effective solutions, but they also create a healthier mindset amongst business owners to really think and consider all aspects of their business and what it is they need over the long term, thus motivating them to take their business to the next level.

## Served to date:



total businesses  
beneficiaries (2014)  
in support  
in support (2014)  
increase over 2013



Growth potential  
determines support



**And how has this made a difference to our customers? This is what Tariq Al-Gosaibi Founder & Owner of TriLife has to say.**





*Tailor-made  
solutions to best-fit  
a business need*

“Our involvement over the years in sports as athletes and organisers provided us with a solid understanding of the potential growth in the endurance sports market. Filling in the online form on the Enterprise Support portal provided us with a great opportunity to quantify our expectations and insured we take into consideration everything that is required to develop a good business plan.”



Tariq Al-Gosaibi  
Co Founder – TriLife (Sports Equipment Supply Store)

# TOWARDS A BETTER CUSTOMER EXPERIENCE

An interesting trend is emerging around the world. Customer service used to be the domain of private businesses. Nowadays, agencies at all levels of government are being called upon to behave more like the private sector in this regard.

The reasons for this rising trend are numerous. On the one hand, citizens demand more-responsive service, increased transparency to the general public, and more proactive efforts to improve customer satisfaction. On the other hand, globalisation and free trade agreements give the economic advantage to countries which have efficient government agencies because businesses there can operate without the hassles of endless red tape and long-drawn-out waiting periods.

The increase in number of communication channels further complicates things. Customers now expect to be able to deal with agencies across a multitude of channels, including phone, e-Mail, online, mobile devices, social media, and traditional brick-and-mortar offices.

As a semi-government service organisation, Tamkeen has always lived by the mantra that its success is measured by the success of its customers. Part of that success is delivering a superior customer experience.

The elements driving Tamkeen's continuous improvement in customer service were:

- 1) Listening to its customers to understand their service needs
- 2) Segmenting customers into unique groups based on their needs
- 3) Developing new programmes and streamlining services
- 4) Deploying the latest technologies to accelerate service delivery

Following the feedback public consultations in late 2013 and early 2014, it was clear that the time was right to take Tamkeen's customer service to the next level.

By the end of 2014, Tamkeen broke new ground with a host of new customer service initiatives that would deliver the value customers have come to expect.

## From Outsourcing to Automation

When it was established, Tamkeen was a fledgling organisation undertaking a major national initiative. At that stage, it made sense to use an outsourcing model to manage its support programmes (i.e. using third party service providers). As its programmes and customers increased in number, it began to shift towards an in-house model in order to enhance its efficiency and effectiveness.

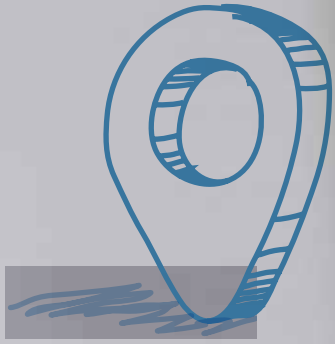
The in-house model also afforded Tamkeen a greater degree of control and flexibility, enabling the organisation to quickly fine-tune its programmes in harmony with the changing market landscape, all the while remaining closely aligned with its strategic objectives.

Taking this a step further, and in line with its new core principles of Quality, Customers, and Results, Tamkeen began transitioning to an automated model in 2014 in a move designed to give its customers a much improved customer experience and further enhance the efficiency of the programmes.

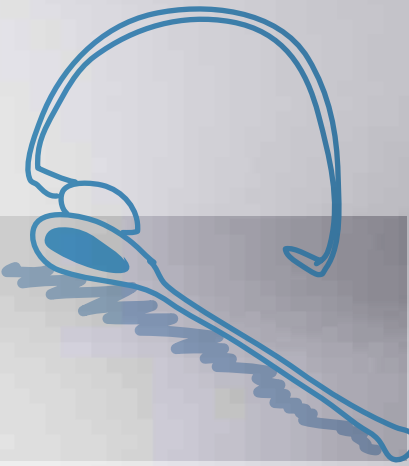
The model entails having integrated online portals for key support programmes which allow customers – and vendors – to register, apply, and track the status of their applications and payments at the click of a button. (see the article on the Enterprise Support programme, page 23, for more details).



Customer service centres at 7 locations across Bahrain



More locations



Single point contact

One point call centre number for all Tamkeen services - 17383333



Online application portal

Convenient online applications for Tamkeen programmes on [www.tamkeen.bh](http://www.tamkeen.bh)



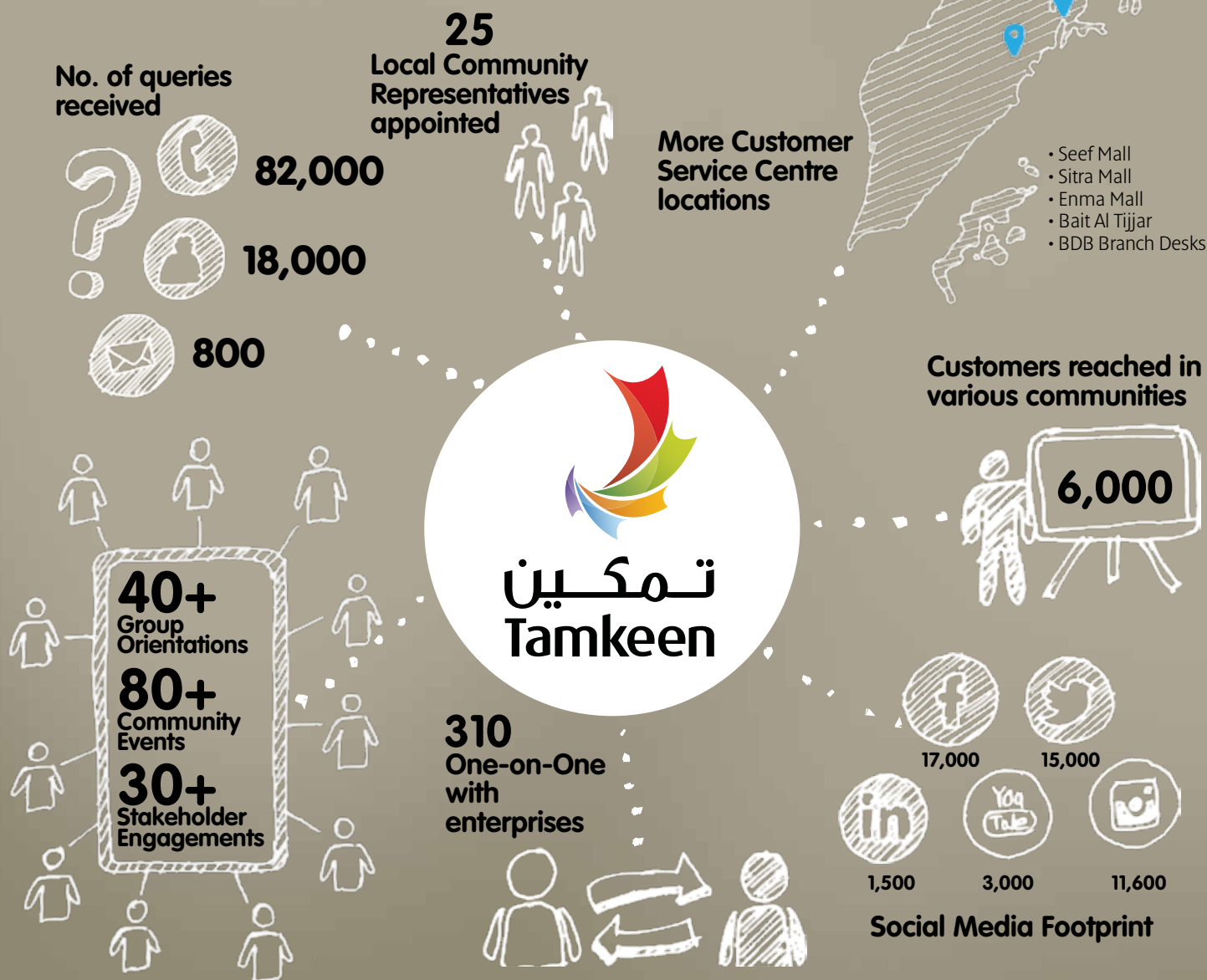


## Enhancing the Outreach

Relying on only technology for customer service is not enough; personalised engagement is equally important.

In 2014, Tamkeen's direct outreach increased in frequency, going beyond simply promoting a better understanding of what Tamkeen's support programmes are, to explaining how the organisation is transforming to serve customer's needs more effectively in the 2015-2017 strategic cycle.

Tamkeen increased its presence at events and functions held across Bahrain, as well as conducted regular orientation sessions and workshops with the public.



One of the more significant additions in this regard was expanding from engaging with just civil and professional societies and organisations, which target individuals, to one-on-one engagements at enterprise level as well. Over 310 such enterprise-level engagements took place in 2014. These outreach efforts have not only proven to be more effective at disseminating information about Tamkeen, but the two-way interaction and feedback also helped keep the organisation's hand firmly on the pulse of the changing market dynamics.

Other significant upgrades include the addition of 2 more full-service customer service centres in Riffa (Enma Mall) and Sitra (Sitra Mall) and opening of 3 customer service desks at select Bahrain Development

Bank branches in Hamad town, Riyadat Mall and Isa Town, raising the number of customer service locations from just 2 in 2013 to 7 in 2014. Besides collaborating with Bahrain Development Bank, Tamkeen expanded its customer outreach by adding more local community representatives due to popular demand by the public. Over the course of 2014, the number of local community representatives in the various governorates almost doubled, going from 14 in 2013 to 25 by end of 2014. The social media footprint also witnessed significant growth across all channels. The number of followers increased eight-fold in 2014, going from just under 25,000 followers from the beginning of the year to just over 48,000 by its end.



“The communication between us and Tamkeen is ongoing. We work together to answer people’s questions as quickly and clearly as possible. There are many success stories of people in our communities who have benefited from Tamkeen’s wide range of support programmes.”

Mr. Mohsin AlGhurairi  
Local Community Representative



# NURTURING AN ENTREPRENEURIAL CULTURE

Entrepreneurship is more than a buzzword; it is one of the most critical pillars which underpin the modern economies of today.

The reasons why entrepreneurship is such an effective economic development tool are many; most importantly entrepreneurship is a viable solution to the global challenge of youth unemployment, and it is a significant source of innovation and job creation. Without it, economies become stagnant and fall behind. As modern economies have demonstrated, there must be a comprehensive strategy in which everyone

## A Singapore case study

In 2003, the Economic Review Committee of Singapore recommended to make Singapore an 'entrepreneurial nation willing to take risks to create fresh businesses'. Less than 10 years later, Singapore was ranked tops in the world in ease of doing business and fourth for starting a business, according to the World Bank.

Naturally, such an outstanding achievement was the result of many factors. For example, the public sector in Singapore established grants and other facilities to those wishing to start their own business, provided entrepreneurship study programmes in academic and training institutes, and helped create business incubators. The private sector also played a role through the angel investors and venture capital funds.

plays an active role in order to create the right kind of environment for entrepreneurship to truly flourish.

Singapore, for example, is a textbook study in how a small country with limited natural and human resources created that entrepreneur-friendly environment.

In Bahrain, Tamkeen, in addition to its role as the facilitator that brings stakeholders from the public and private sector together, similarly looked into how it can enhance its support to further nurture and foster entrepreneurship.

The next sub-sections will shed more light on 3 specific areas in this regard.

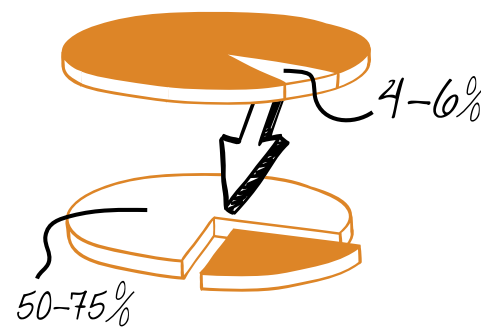
## 1 Proper allocation of resources

As part of its drive to create impact, the question that became ever more pressing for Tamkeen was how to allocate its resources in order for it to deliver on that goal. To tackle this question, Tamkeen looked at the common needs of a typical business in its initial stages and identified the best ways to lend its support to help it develop into a growing and, ultimately, mature business.

Typically, there are two types of start-up businesses: 'High-growth businesses', which constitute the minority of all SMEs in most economies, yet contribute more significantly to economic growth, and 'Slow-growth businesses', which constitute the majority of all SMEs (typically more than 90%).

Indeed, research from the prominent international economic body, the Organisation for Economic Co-operation

and Development (OECD), shows that net job creation comes from a small group of successful fast-growing businesses (the high-growth businesses), rather than from a large majority of averagely-performing SMEs (the slow-growth business). These findings showed that around 4 to 6 percent of high-growth businesses produce one-half to three-quarters of all new jobs.



**"4 to 6 percent of high-growth businesses produce one-half to three-quarters of all new jobs."**

So, while it is important to support both categories, it stands to reason that Tamkeen allocate the majority of its resources to the high-growth business category, because they are the ones that create the most impact over the long term.

The support can be generally broken down in the following way:

For high-growth businesses:

- Entrepreneurship and business support programmes
- Foster coaching and mentoring relationship



## 2 Access to capital

For lower-growth businesses:

- Encourage an on-going high volume of start-ups
- Provide support for improvement and development

Tamkeen's flagship Enterprise Support programme, which provides support in basic areas of business operation, was revamped to follow this new direction. Whereas previously the support amount was uniform for applicant businesses across the board, the new assessment model links the support amount to the projected value of the applicant businesses' growth potential.

In this way, businesses that have the potential to achieve greater impact are given the support they need to blossom, while at the same time continuing to support the ones that do not impact the economic landscape as much.

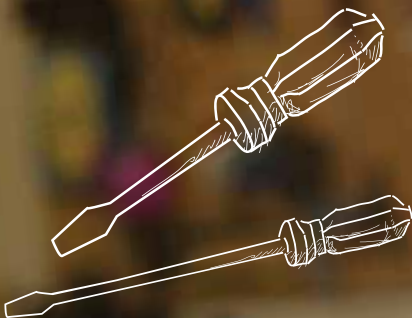
Naturally, the rapid rate of business growth of high-growth businesses is not sustainable, especially in a small market such as Bahrain. Once the business establishes a foothold, its growth steadily slows down and eventually plateaus.

To spur another cycle of growth, it needs to expand, which, in turn, requires access to funding. But capital is not easily attainable for businesses often considered to be too young or small or underdeveloped to warrant risk from financial institutions.

Realising the importance of this issue, Tamkeen will continue to offer entrepreneurs the access to capital they need through its other flagship business support programme, the Enterprise Finance programme, as well as its other finance programmes such as the micro-finance programme etc. Tamkeen will also play a more active role in actually directing entrepreneurs to the available options which best suit their needs.

**“Through Tamkeen’s support programmes, I was able to set up my business and work on increasing my production lines. I was also able to diversify without having to worry about extra costs. I advise all new start-ups to benefit from Tamkeen’s support to further expand their business production.”**

Tariq Al-Murbati  
Founder and Owner - JM Coolers



**“Having an organisation such as Tamkeen is a great advantage for entrepreneurs in Bahrain. The support I received was immensely valuable, and helped me start my gallery the right way to achieve future growth and success.”**

Amina Al-Abbasi  
Owner - Amina Gallery



### 3 Managing business growth

In addition to access to capital, business growth also requires better management skills to successfully run the business. Often times, fast business growth, while positive, can also be disruptive - or even detrimental - because it changes the existing organisational dynamics.

In keeping with its new customer segmentation, whereby the support programmes are refined and clustered according to the needs of the different customer segments to create complete

solutions, Tamkeen is working to provide the necessary holistic support to ease start-ups through this. What this means is that the support will no longer encompass only business support and finance programmes but other aspects as well. The most important element in this regard are the people that make up the business, which includes the entrepreneur himself or herself, because if they are not prepared to manage this change, then the business will suffer; and most entrepreneurs are not.

To address that, Tamkeen’s human capital development programmes will provide leadership and human resources training for entrepreneurs to properly equip them with the skills needed to manage this change. The support also includes programmes which ensure that the appropriate supply of qualified and motivated human capital is provided.

## EMPOWERING WOMEN

As part of its wider role to support Bahrainis and private sector enterprises, Tamkeen has worked diligently to create opportunities for Bahraini women to succeed and contribute to economic development.

Tamkeen’s initiatives include facilitating micro-loans for women-owned businesses and productive families, grants to set up businesses in a range of fields such as transportation, photography, and fashion, and training workshops to improve basic work skills of Bahraini women to enable them to find gainful employment. Tamkeen also supports Bahrain’s first business incubator in the region at Riyadat Mall, exclusively created for businesswomen, thus paving the way for Bahraini women to start their own enterprises.

These efforts were recognised with Tamkeen winning HRH Princess Sabeeka Award for Bahraini Women Empowerment twice, first in 2009 and again in 2014.

Currently, Bahraini women comprise around 35% of the total Bahraini workforce. In fact, of the 116,000 customers Tamkeen has served to date, nearly half of them have been women, which makes it even more imperative for Tamkeen to continue to focus on this segment.





# THE LAUNCH OF BAHRAIN NOOR EL AIN

## A Celebration of Bahrain's Spirit!

The Bahrain Noor El Ain Festival is a nationwide multi-event platform jointly initiated by Tamkeen and its stakeholders from the public and private sectors. Conceived as the Kingdom's first large-scale annual shopping festival, the inaugural edition was launched in mid-December 2014 and would conclude in the first quarter of 2015.

The festival embodies Tamkeen's role as a facilitator and highlights its drive to maximise its impact and broaden its outreach by bringing tangible economic benefit and enhancing Bahrain's reputation as a dynamic commercial and entrepreneurial hub.

The three main components of the festival include a shopping festival across Bahrain's malls, retailers and outlets, weekly rotating bazaars in each governorate of the Kingdom, and the Bahrain Award for Entrepreneurship to recognise outstanding examples of Bahrain's entrepreneurial spirit.



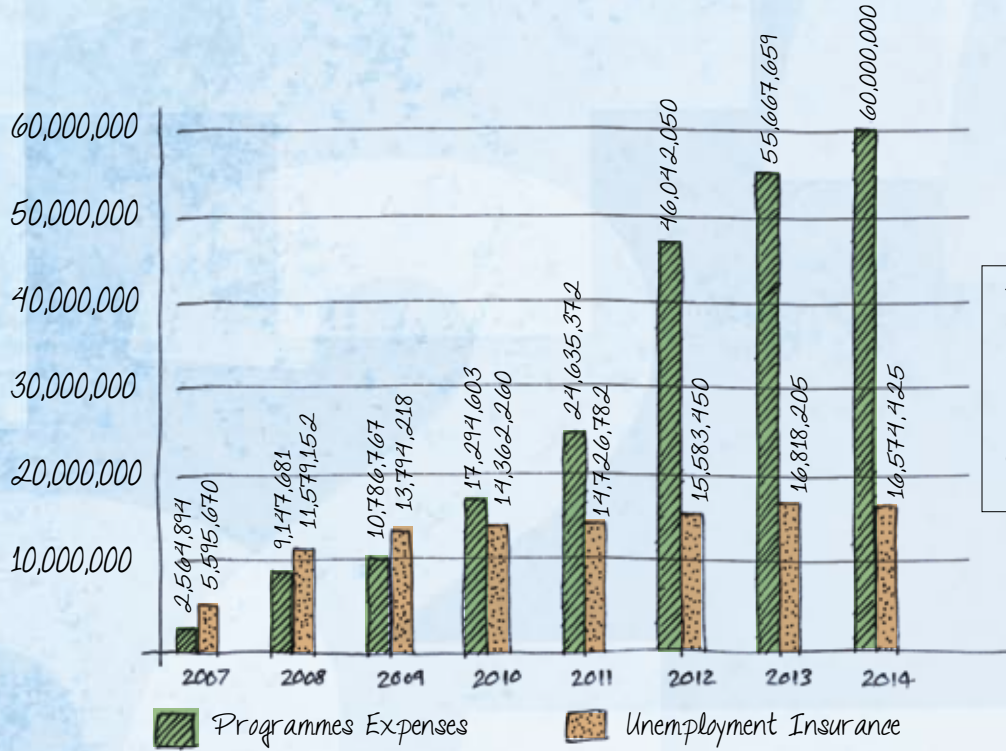
## جائزة البحرين لريادة الأعمال The Bahrain Award for Entrepreneurship

الاحتفاء بالريادة . إلهام الابتكار  
Celebrating Entrepreneurship . Inspiring Innovation



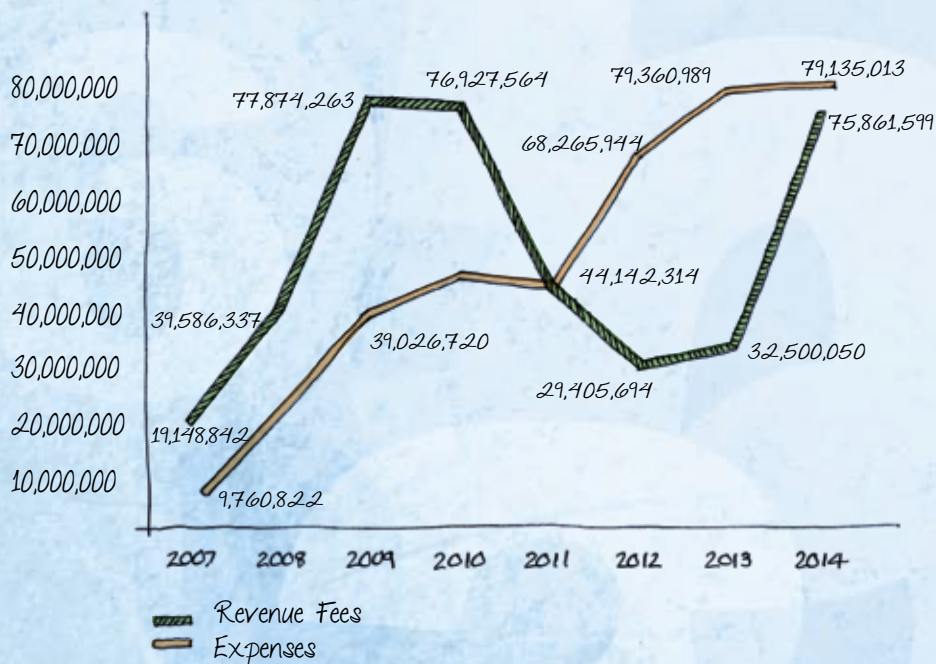
# TAMKEEN IN NUMBERS

Programmes Expenses and Unemployment Insurance



Tamkeen's expenditure on support programmes includes covering Unemployment Insurance on behalf of all Employers in the Private Sector.

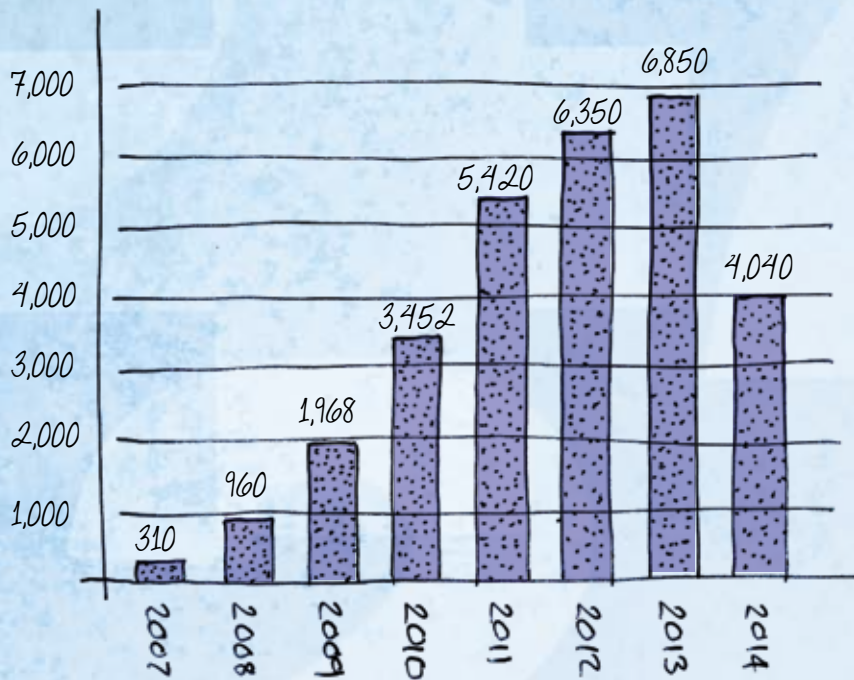
Revenue Fees and Expenses



In 2014, Tamkeen achieved a balance between revenues and expenditures, reflecting the drive to ensure that all available funds are re-invested back into the private sector through the support programmes in an optimal way.

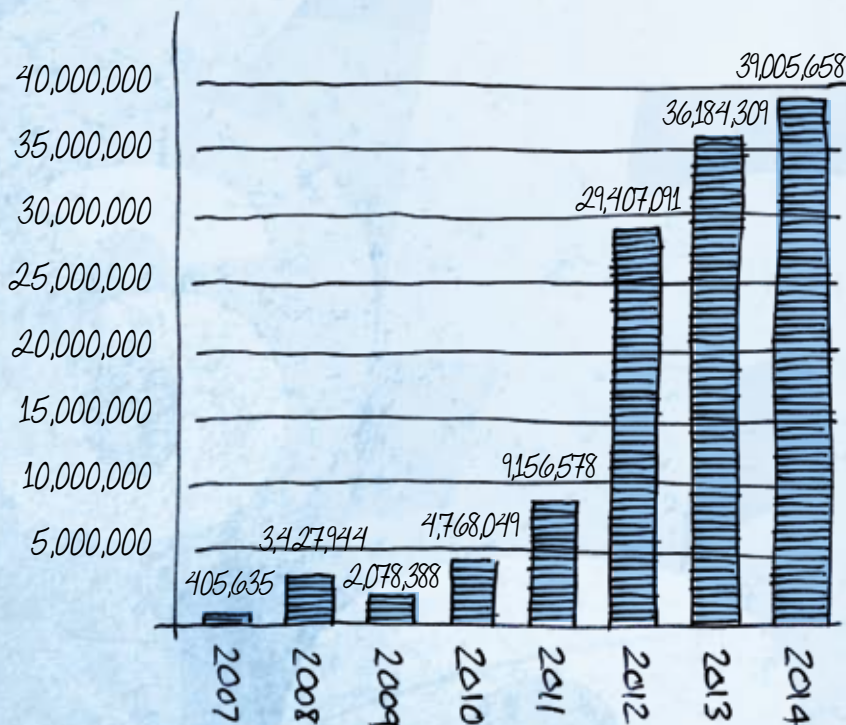


### Total Business Customers Served



Tamkeen undertook a major restructuring exercise in 2014 where the focus was on impact and quality not quantity.

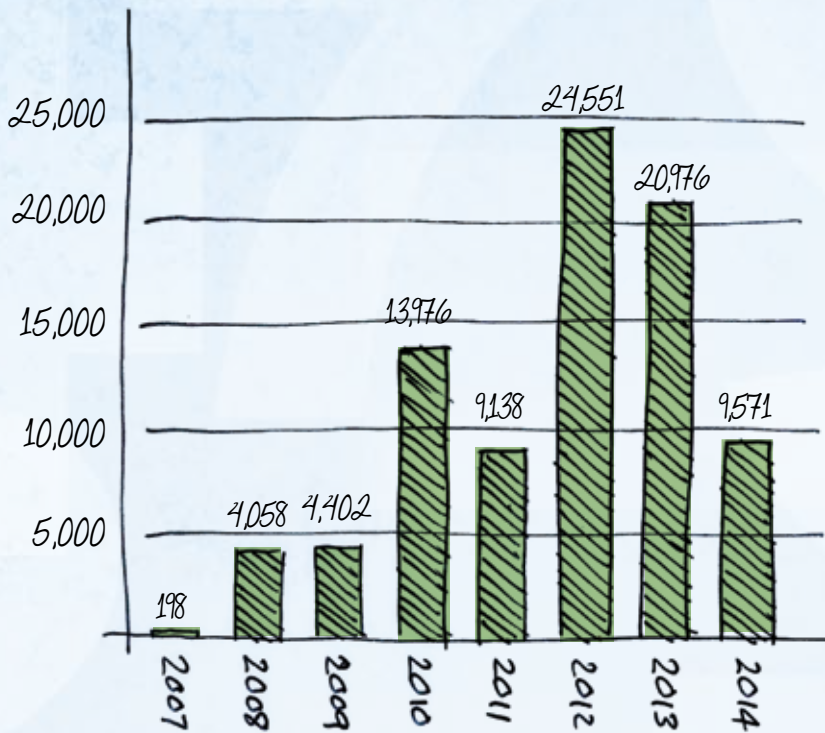
### Expenses on Projects for Businesses



Despite the restructuring exercise of 2014 Tamkeen continued to serve its business customers.

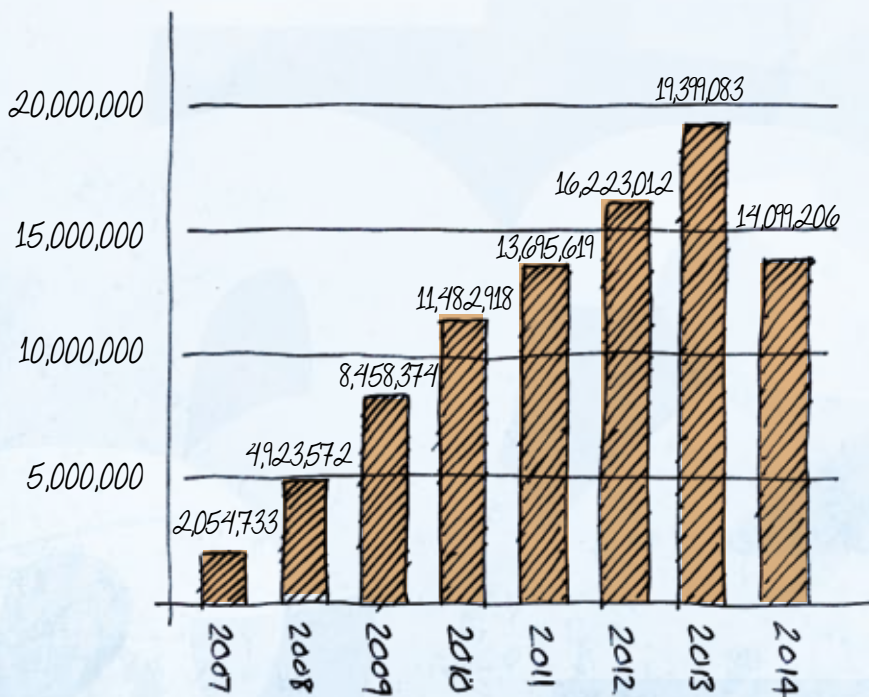


### Total Individual Customers Served



In 2014's restructuring exercise Tamkeen revamped existing Human Capital Development programmes while eliminating some. Subsequently, a demand was witnessed for Professional Certifications and the Career Progression Programme.

### Expenses on Projects for Individuals



While Tamkeen's Human Capital Development programmes were being revamped, it continued to spend on the flagship programmes like Career Progression Programme and Professional Certifications to support the growth of individuals.



# TAMKEEN FINANCIALS

# Financial Statements with Independent Auditor's Report

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For the year ended December 31, 2014

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# Board of Directors' Report

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The Directors present their annual report and audited financial statements of Labour fund ("the Fund") for the year ended December 31, 2014.

## **PRINCIPAL ACTIVITY**

The Labour Fund aims to increase the efficiency and productivity of Bahraini labour, strengthening the national economy, developing the private sector and creating new suitable job opportunities for Bahrainis in the Kingdom of Bahrain.

## **REVIEW OF BUSINESS**

The results for the year are set out on page 42 of these financial statements.

## **CHANGES IN DIRECTORS**

There have been no changes in the Directors of the Fund during the year.

## **AUDITOR**

A resolution proposing the reappointment of Deloitte & Touche as auditors of the Fund for the year ending December 31, 2015 and authorising the Directors to fix their remuneration will be put to the Annual Meeting.

On behalf of the Board

**Mohammed Bin Essa Al Khalifa**  
Chairman

# Independent Auditor's Report

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The Board of Directors  
Labour Fund  
Manama - Kingdom of Bahrain

## **Report on the Financial Statements**

We have audited the accompanying financial statements of Labour Fund, ("the Fund") which comprise the statement of financial position as at December 31, 2014, and the statement of activities, statement of changes in fund balance and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent Auditor's Report continued

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### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Labour Fund as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Report on Other Legal and Regulatory Requirements**

As required by Law number 57 issued on August 12, 2006 to establish the Fund, we report that:

- (1) we have obtained all the information we considered necessary for the purpose of our audit;
- (2) the Fund has maintained proper books of account and the financial statements are in agreement therewith; and
- (3) the financial information included in the Directors' report is consistent with the books of account of the Fund.

In addition, we report that, based on the information and explanations given to us, we are not aware of any significant violations of the Law number 57 issued on August 12, 2006 to establish the Fund, having occurred during the year ended December 31, 2014 that might have had a material effect on the activities of the Fund or on its financial position.

**Deloitte & Touche – Middle East**  
**Partner Registration No. 135**

26 March 2015  
Manama - Kingdom of Bahrain



# Statement of Financial Position

as at December 31, 2014  
BAHRAINI DINAR

	Notes	2014	2013
<b>ASSETS</b>			
<b>Non-current asset:</b>			
Furniture and equipment	5	670,132	448,196
<b>Current assets:</b>			
Due from related parties	6 (a)	6,676,388	7,549,629
Other receivables	7	3,409,514	3,354,373
Cash and cash equivalent	8	14,686,279	14,483,603
Total current assets		24,772,181	25,387,605
<b>Total assets</b>		<b>25,442,313</b>	25,835,801
<b>FUND BALANCE AND LIABILITIES</b>			
<b>Fund balance:</b>			
General reserve	9	10,552,274	10,552,274
Projects' fund balance		7,681,623	10,954,092
Available funds		18,233,897	21,506,366
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Due to related parties	6 (b)	1,886,241	1,983,048
Accounts payable and accruals	10	5,322,175	2,346,387
Total current liabilities		7,208,416	4,329,435
<b>Total fund balance and liabilities</b>		<b>25,442,313</b>	25,835,801

These financial statements were approved by the Directors and authorised for issue on 26 March, 2015 and signed on their behalf by:



**Mohammed Bin Essa Al Khalifa**  
Chairman



**Khalid Ali Rashid Al-Amin**  
Vice Chairman

The accompanying notes 1 to 19 form an integral part of these financial statements.

# Statement of Activities

for the year ended December 31, 2014  
BAHRAINI DINAR

	Notes	2014	2013
<b>Revenues:</b>			
Fee income	11	75,652,644	32,500,050
Other income	12	209,900	964,679
Total revenue		75,862,544	33,464,729
<b>Expenditures:</b>			
Projects costs	13	54,376,015	55,267,659
Unemployment insurance subscriptions	14	16,574,425	16,818,205
Salaries, benefits and other remunerations	15	4,426,974	3,125,861
General and administrative expenses	16	2,706,266	2,617,697
Advertising and marketing cost		563,069	814,525
Finance cost	18	147,145	-
Depreciation expense	5	174,602	175,143
Allowance for doubtful receivables	6	-	1,431,700
Training expense		166,517	141,899
Total expenditures		79,135,013	80,392,689
<b>Excess expenditures over revenues during the year</b>		<b>(3,272,469)</b>	<b>(46,927,960)</b>

The accompanying notes 1 to 19 form an integral part of these financial statements.

# Statement of Changes in Fund Balance

for the year ended December 31, 2014  
BAHRAINI DINAR

	General reserve	Funds available for projects	Total
Balance as at December 31, 2012	10,552,274	57,882,052	68,434,326
Deficit of income over expenditures for the year	-	(46,927,960)	(46,927,960)
Balance as at December 31, 2013	10,552,274	10,954,092	21,506,366
Deficit of income over expenditures for the year	-	(3,272,469)	(3,272,469)
<b>Balance as at December 31, 2014</b>	<b>10,552,274</b>	<b>7,681,623</b>	<b>18,233,897</b>

The accompanying notes 1 to 19 form an integral part of these financial statements.



# Statement of Cash Flows

for the year ended December 31, 2014  
BAHRAINI DINAR

	2014	2013
<b>Cash flows from operating activities:</b>		
Deficit of income over expenditures for the year	(3,272,469)	(46,927,960)
Adjustments for:		
Depreciation expense	174,602	175,143
Profit income	(203,885)	(952,838)
Gain on sale of furniture and equipment	(405)	(10)
Allowance for doubtful receivables	-	1,431,700
Write-off of furniture and equipment	-	45,167
	<b>(3,302,157)</b>	<b>(46,228,798)</b>
Changes in operating assets and liabilities:		
Increase in other receivables	(51,877)	(1,232,914)
Decrease / (increase) in due from related parties	873,241	(5,549,629)
Increase in due to related parties	2,975,788	455,889
Decrease in accounts payable and accruals	(96,807)	(663,314)
	<b>398,188</b>	<b>(53,218,766)</b>
<b>Net cash from / (used in) operating activities</b>	<b>398,188</b>	<b>(53,218,766)</b>
<b>Cash flows from investing activities:</b>		
Purchase of furniture and equipment	(396,538)	(308,691)
Proceeds from sale of furniture and equipment	405	10
Profit income received	200,621	944,196
	<b>(195,512)</b>	<b>635,515</b>
<b>Net cash (used in) / from investing activities</b>	<b>(195,512)</b>	<b>635,515</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>202,676</b>	<b>(52,583,251)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>14,483,603</b>	<b>67,066,854</b>
<b>Cash and cash equivalents at the end of the year (Note 8)</b>	<b>14,686,279</b>	<b>14,483,603</b>
<b>Cash and cash equivalents consist of:</b>		
Cash in hand	500	500
Bank balances	14,685,779	14,483,103
	<b>14,686,279</b>	<b>14,483,603</b>

The accompanying notes 1 to 19 form an integral part of these financial statements.

# Notes to the Financial Statements

for the year ended December 31, 2014  
BAHRAINI DINAR

## 1. GENERAL INFORMATION:

The Labour Fund (“the Fund”) was established, in accordance with law number 57 (2006) issued on August 12, 2006, as a judicial entity having an independent financial and administrative support and entitled to all the privileges given to other ministries, government entities and public institutions in the Kingdom of Bahrain.

The operations of the Labour Fund was wholly managed by the Economic Development Board (“EDB”) until December 31, 2006. All the costs were being incurred by the EDB on behalf of the Fund from the budget allocated to the Fund until this date. With effect from January 1, 2007, the Fund operationally separated from the EDB and commenced its operations independently.

The Fund aims to increasing the efficiency and productivity of Bahraini labour, strengthening the national economy, developing the private sector and creating new suitable job opportunities for Bahrainis in the Kingdom of Bahrain.

## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs):

### 2.1 Standards and Interpretations effective for the current period

The following new and revised standards and interpretations have been adopted in the current year with no material impact on the disclosures and amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements:

- Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosures of Interests in Other Entities* and IAS 27 *Separate Financial Statements* relating to exception from the requirement to consolidate subsidiaries for eligible Investment Entities.
- IFRIC 21 Levies. IFRIC 21 provides guidance on when to recognise a liability to pay a levy imposed by a government.
- Amendment to IAS 36: Impairment of Assets relating to the disclosure of information about the recoverable amount of impaired assets if the amount is based on fair value less cost of disposal.
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting.

### 2.2 Standards and Interpretations in issue not yet effective

Management has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

	<b>Effective for annual periods beginning on or after</b>
• IFRS 9 Financial Instruments (2014) replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 (2014) contains requirements for Financial Instruments in Classification and Measurement, Impairment, Hedge Accounting and Derecognition.	January 1, 2018
• Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9.	January 1, 2018
• IFRS 15 Revenue from Contracts with Customers provides a single, principles based five-step method to be applied to all contracts with customers.	January 1, 2017
• Amendments to IFRS 10 and IAS 28 relating to sale and contribution of assets between an investor and its associates or Joint Venture.	January 1, 2016
• Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations.	January 1, 2016
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Method of Depreciation and Amortisation.	January 1, 2016
• IFRS 14: Regulatory Deferral Accounts.	January 1, 2016

## Notes to the Financial Statements continued

for the year ended December 31, 2014  
BAHRAINI DINAR

- Amendments to IAS 1: Presentation of Financial Statements under disclosure Initiative. January 1, 2016
- Amendment to IFRS 10, IFRS 12 and IAS 28 Amendments regarding the application of consolidation exceptions. January 1, 2016
- Amendments to IAS 27: Separate Financial Statements. The amendments reinstate the equity method as an accounting option for investment in subsidiaries, joint arrangements and associates in the entity's separate financial statements. January 1, 2017
- Amendments to IAS 19 Employee Benefits relating to employee contributions to defined benefit plans. July 1, 2014
- Amendments arising from the Annual Improvements Cycle 2010 – 2012. July 1, 2014
- Amendments arising from the Annual Improvements Cycle 2011 – 2013. July 1, 2014
- Amendments arising from the Annual improvements Cycle 2012 – 2014. July 1, 2016

Management anticipates that all of the above Standards and Interpretations as applicable, will be adopted in the Fund's financial statements in future periods and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Fund in the period of initial application, except for IFRS 15 which establishes new and increased guidance and requirements in respect of revenue recognition, and IFRS 9, namely with regards to the new "expected loss" model for determining the impairment of financial assets.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and law number 57 issued on August 12, 2006.

#### Basis of Preparation

The financial statements are prepared under the historical cost convention. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been presented in Bahraini Dinars ("BD"), being the functional currency of the Fund.

The significant accounting policies are set out below.

#### 3.1 Furniture and Equipment

Furniture and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of furniture and equipment is depreciated by equal annual instalments over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Furniture and fixtures	5 years
Computers	3 years

The gain or losses arising on the disposal or retirement of an item of furniture and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work-in-progress is not depreciated until the asset under construction is complete and transferred to its relevant category in the furniture and equipment.

#### 3.2 Impairment of Tangible Assets

At each reporting date, the Fund reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

# Notes to the Financial Statements

for the year ended December 31, 2014  
BAHRAINI DINAR

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss previously been recognised. The reversal of the loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 3.3 Financial Assets

Financial assets are classified based on the nature and purpose of the financial assets and determined at the time of initial recognition.

#### 3.3.1 Receivables

Receivables are measured at amortised cost, less any impairment.

#### 3.3.2 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For all the financial assets, objective evidence of impairment could include:

significant financial difficulty of the issuer or counterparty; or  
default or delinquency in payments; or  
it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

#### 3.3.3 Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The difference between the carrying amount of the financial asset derecognised and the sum of the consideration received and receivable is recognised in profit or loss.

### 3.4 Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost.

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

The difference between the carrying amount of the financial liability derecognised and the sum of the consideration paid and payable is recognised in profit or loss.

### 3.5 Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

### 3.6 Employees' Benefits

For Bahraini employees, the Fund makes contributions to the Social Insurance Organisation calculated as a percentage of the employees' salaries. The Fund's obligations are limited to these contributions, which are expensed when due.



## Notes to the Financial Statements continued

for the year ended December 31, 2014  
BAHRAINI DINAR

The entitlement to leave pay is based upon the terms of employment contracts with the employees and length of service. The expected costs of these benefits are accrued at the end of each reporting date period and carried forward until they are utilised.

### 3.7 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

### *Fees and other income*

Fees and other income are recognised when the Fund's right to receive such income is established.

### *Profit income*

Profit income is accrued on a time basis, by reference to the principal outstanding and at the effective profit rate applicable.

### 3.8 Contingent Liabilities and Assets

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

### 3.9 Foreign Currencies

The functional currency of the Fund is the Bahraini Dinar. Transactions in foreign currencies are recognised in functional currencies at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 3.10 Leases

#### *The Fund as a lessee*

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Fund's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### 4.1 Critical judgements in applying the Fund's accounting policies

In the process of applying the Fund's accounting policies, which are described in Note 3, management has not made any judgement that may have significant effect on the amounts recognised in the financial statements.

### 4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4.2.1 Useful lives of tangible assets

The Fund's management determines the useful lives of tangible assets and the related depreciation charge. The depreciation charge for the year will change significantly if the actual life is different from the estimated useful life of the asset.

The review carried out by the management in the current year did not indicate any necessity for changes in the useful lives of the tangible assets.

# Notes to the Financial Statements

for the year ended December 31, 2014  
BAHRAINI DINAR

## 5. FURNITURE AND EQUIPMENT:

	Furniture and fixtures	Computers	Capital work in progress	Total
<b>Cost:</b>				
Balance as at December 31, 2012	546,864	467,799	62,272	1,076,935
Additions	52,452	69,275	186,964	308,691
Transfers	178,431	21,209	(199,640)	-
Disposals	-	-	(45,167)	(45,167)
Balance as at December 31, 2013	777,747	558,283	4,429	1,340,459
Additions	17,013	120,689	258,836	396,538
Transfers	263,265	-	(263,265)	-
Disposals	-	(11,954)	-	(11,954)
<b>Balance as at December 31, 2014</b>	<b>1,058,025</b>	<b>667,018</b>	<b>-</b>	<b>1,725,043</b>
<b>Accumulated Depreciation:</b>				
Balance as at December 31, 2012	322,187	394,933	-	717,120
Depreciation expense	131,384	43,759	-	175,143
Balance as at December 31, 2013	453,571	438,692	-	892,263
Depreciation expense	112,611	61,991	-	174,602
Eliminated on disposal	-	(11,954)	-	(11,954)
<b>Balance as at December 31, 2014</b>	<b>566,182</b>	<b>488,729</b>	<b>-</b>	<b>1,054,911</b>
<b>Carrying Amounts:</b>				
<b>Balance as at December 31, 2014</b>	<b>491,843</b>	<b>178,289</b>	<b>-</b>	<b>670,132</b>
Balance as at December 31, 2013	324,176	119,591	4,429	448,196

## 6. RELATED PARTIES:

### (a) Balances due from related parties consist of:

	2014	2013
Ministry of Finance	831,000	831,000
Ministry of Labour	600,700	600,700
Allowance for doubtful receivables	(1,431,700)	(1,431,700)
Labour Market Regulatory Authority (LMRA)	6,676,388	7,466,037
Gulf Air	-	83,592
	<b>6,676,388</b>	<b>7,549,629</b>

Due from LMRA represents the outstanding balance of fee income receivable (Note 6c). The allowance for doubtful receivables was recognised during 2013.

## Notes to the Financial Statements continued

for the year ended December 31, 2014  
BAHRAINI DINAR

### (b) Balances due to related parties consist of:

	2014	2013
Social Insurance Organisation (Note 14)	1,413,373	1,318,081
Bahrain Development Bank	196,305	162,349
Quality Assurance Authority for Education	175,843	-
Ministry of Municipalities Affairs and Urban Planning	75,000	-
Gulf Air	22,400	-
Electricity and Water Authority	1,820	138,519
University of Bahrain	1,500	2,500
Bahrain Telecommunications Company (Batelco)	-	955
Bahrain Polytechnic	-	146,725
Information Affairs Authority	-	203,800
Ministry of Industry and Commerce	-	10,119
	<b>1,886,241</b>	<b>1,983,048</b>

### (c) The Fund had the following major transactions with related parties:

- Share of fee income of BD 75,652,644 (2013: BD 32,500,050) from the LMRA (Note 11).
- Projects' costs related to governmental entities of BD 4,284,067 (2013: BD 3,418,966) (Note 13).
- Collective fee of BD 903,469 (2013: BD 646,111) to the LMRA as a collection fee (Note 16).

### (d) Transactions with key management personnel:

Salaries and allowances to management personnel during the year are as follows:

	2014	2013
Salaries	307,923	283,173
Allowances for attendance of board and committee meetings *	76,000	68,000
	<b>383,923</b>	<b>351,173</b>

\* The allowance expenses for attendance of board and committee meetings for the year 2013 have been adjusted by over accrual allowance for audit committee for the year 2012 amounted to BD 4,000.

## 7. OTHER RECEIVABLES:

	2014	2013
Prepayments	66,472	145,731
Accrued profit income	11,906	8,642
Deposits with the projects implementers	3,331,136	3,200,000
	<b>3,409,514</b>	<b>3,354,373</b>

Deposits with projects implementers represent amounts given to Projects implementers (KPMG, BDO and Ebdaa Bank) for the payment of some project outsourced to them.



# Notes to the Financial Statements

for the year ended December 31, 2014  
BAHRAINI DINAR

## 8. CASH AND CASH EQUIVALENTS:

	2014	2013
Cash on hand	500	500
Current accounts with banks	553,979	500
Call accounts with banks	8,523,837	3,668,449
Murabahat and Wakalat contracts	5,607,963	11,524,200
Cash and bank balances	14,686,279	15,193,649
Bank credit balance	-	(710,046)
Cash and cash equivalent	14,686,279	14,483,603

Call accounts with banks earn profit at market rate of 1.45% (2013: 1.45%) per annum.

Murabahat and Wakalat are placed with local Islamic banks, have original maturity periods of up to three months and earn profit at market rate of 1.65% (2013: 2%) per annum.

## 9. GENERAL RESERVE:

The Directors decided to transfer 10% of the excess of revenues over expenditures for each year to a general reserve. There are no restrictions over the utilisation of the general reserve.

During 2014 and 2013, no amounts have been transferred to such reserve due to deficit in net income.

## 10. ACCOUNTS PAYABLE AND ACCRUALS:

	2014	2013
Accounts payable	3,239,604	1,560,996
Accrued expenses	1,282,474	195,147
Accruals for employee benefits	724,097	518,244
Accruals for Board of Directors' remuneration and Committee meetings (Note 6-d)	76,000	72,000
	5,322,175	2,346,387

Accounts payable represents amounts payable for various projects in progress as at the reporting date.

## 11. FEE INCOME:

Fee income represents the Fund's eligibility to an 80% (2013: 50%) share of fees collected for the following:

- From private sector employers for the issue of work permits and their renewal;
- Agencies and recruitment offices permits;
- Monthly fees of BD 10 for each foreign employee working in the Kingdom of Bahrain. In 2013, the monthly fee income changed by Law to reflect BD 5 for the first five employees and BD 10 for each additional employee.

These fees are collected by the LMRA (Note 6 - c) and transferred to the Fund based on the above agreed percentage.

## 12. OTHER INCOME:

	2014	2013
Profit income	203,885	952,838
Revenue from tender documents	5,610	11,841
Gain on disposal of furniture and equipment	405	-
	209,900	964,679

\* Profit income related to call accounts with banks and Murabahat and Wakalat contracts.

## Notes to the Financial Statements continued

for the year ended December 31, 2014  
BAHRAINI DINAR

### 13. PROJECT EXPENSES:

	2014	2013
Enterprise Growth Management	<b>29,975,568</b>	21,991,790
Finance Support Scheme	<b>5,590,320</b>	4,612,616
Enterprise Support fund Programme	<b>435,770</b>	4,536,217
Career Progression Schemes	<b>1,722,176</b>	3,339,179
Professional Certification Scheme	<b>3,080,140</b>	2,917,410
Supporting Conferences Attendance	<b>414,744</b>	2,447,154
Farmers Support Programme	<b>38,487</b>	2,003,910
Undergraduate Nursing Education – RCS12	<b>743,995</b>	1,338,700
Health Care Training Programme	-	1,264,000
Fishermen Support Programme	<b>357,470</b>	1,008,070
Mohasaba Scheme	<b>823,700</b>	866,200
Pilot Financing Scheme – BDB/GAA	<b>353,711</b>	692,888
Training and employment of Aircraft Maintenance Engineers	<b>467,750</b>	444,000
Vocational Skills Award Scheme 2013- MOE	-	373,838
King Hamad University Hospital Healthcare training	<b>132,192</b>	349,721
Leadership Certification Programme	<b>79,875</b>	348,975
Leadership Workshops Scheme	<b>129,821</b>	344,635
Business Incubator	<b>294,535</b>	336,836
A9eel in School2 – Work Attitude Development Programme	<b>95,786</b>	279,695
GOYS Youth City IV 2030 (2013)	<b>9,271</b>	276,682
Apprenticeship Scheme in Retailing BIRD	<b>189,283</b>	265,150
Hospitality Management Programme	-	100,262
National Skills Standardization Programme	<b>1,072,926</b>	111,883
Finance and Accounting Programme	<b>46,008</b>	84,978
Provide Funding and advice - eMarket Place	<b>512</b>	3,200
Retail Training Programme	<b>18,408</b>	62,284
Bahrain Polytechnic	<b>382,833</b>	146,725
Occupational Health & Safety	-	122,453
Information and Communication Technology Programme	<b>55,095</b>	206,227
Yokogawa Bahrain Graduates Engineers Training Programme	<b>57,800</b>	72,080
Business Diversification	-	35,000
Bahrain Center for Excellence Training Programme	<b>75,800</b>	93,000
Training and Education Performance Support	<b>182,254</b>	165,761
Training of Gulf Air – Cabin Crew	-	29,100
Training in Islamic Finance (CIMA)	-	14,300
Al Basta Market	<b>90,000</b>	90,000
Fun Training Programme – Zain	-	31,400

# Notes to the Financial Statements

for the year ended December 31, 2014  
BAHRAINI DINAR

## 13. PROJECT EXPENSES: (CONTINUED)

	2014	2013
Asry Employment & Training Programme	116,407	66,013
Online Job Vacancy Postings Subsidy Scheme	55,550	208,380
Ajyal Entrepreneurship & Leadership Programme	-	55,816
Accounting & Finance Professional – E&Y	355,790	163,800
Bahrain Legal Internship Programme for lawyers	41,546	70,000
Motor Fixation Reality TV show	-	179,520
Support Existing Youth Schemes – Market 338	-	51,400
Silah – Call Centre Training – Employment Programme	72,806	93,784
Multi – Track Technicians Programme (National Institute for Industrial Training)	-	6,630
Invita Customer Service Programme	25,750	65,250
Supply Chain Management Programme	51,700	44,546
Alba Training Programme	255,470	135,150
Type Rating Programme for 65 Pilots with GAA	229,970	94,250
AB-Initio Training Programme – GAA	1,690	225,810
Career Publications – Discover Life Magazine	-	182,271
Marketing Professionals CIM – BIBF	12,305	185,851
Warehouse Management Certificates	101,477	102,315
NIIT Automotive Industry – Company Specific Diploma	156,326	211,187
Entrepreneur Networking Events	-	67,576
Investment Support – BASF Manufacturing plant	-	84,265
HR Workshops Scheme	97,367	172,119
HR Management Certificate Programme	135,548	185,286
Support for Economic Based Education Programme – InJaz	-	39,000
Azadea Group Retail Programme	26,550	22,050
Supporting BCCI Roadshow & Int'l Exhibitions	89,497	16,615
Mantoojati for Productive Families	16,890	10,750
INJAZ – Careers with a Purpose	-	25,800
Project Management for Special Events Workshops	-	16,158
MegaMart Retail Professionals Training & Employment	-	26,400
Tatweer Petroleum Training & Employment Programme	453,198	100,100
Special Type Rating with GAA	227,708	16,588
Exhibition Management Workshops	61,745	58,335
MOI Summer Programme – Police Academy 2013	54,362	163,500
Ex-Bahrain Air Pilots Employment & Training – Gulf Air	-	175,000
Alosra Retail Professionals Employment & Training	1,580	61,600
Business Plan Competition for Youth(Mashroo3i 2&3)	64,616	196,858



## Notes to the Financial Statements continued

for the year ended December 31, 2014  
BAHRAINI DINAR

### 13. PROJECT EXPENSES: (CONTINUED)

	2014	2013
Next Door Entrepreneurs	92,996	25,076
Al Mohemah 2	203,800	203,800
INJAZ Programme	20,066	22,000
Bahrain Noor El Ain	1,271,150	-
Line Training Programme with Gulf Air	356,442	-
Mega Enterprise Support – Nass Corporation	764,535	-
MOI Summer Programme – Police Academy 2014	283,910	-
Farmers Market - Hawrat A'li	250,000	-
Graphic Design Professionals +973 / Al Tajer Al Mubde3	244,567	-
Employment Support Scheme	164,560	-
Company Programme – INJAZ	144,995	-
Special Type Rating Training with Air Arabia	138,694	-
Grooming Bahraini Hospitality Talent – Kempinski	428,597	-
Marketing for Business Women Society	108,870	-
AIIESEC Training Support	76,600	-
Las Vegas Jewellery Exhibition	60,000	-
Basic Skills Training	48,490	-
Public Relations	42,200	-
King Hamad University Hospital - Healthcare Assistants	41,172	-
Red Tag Retail Professionals Training & Employment	35,100	-
Intelaaq Student Business Consultancy	30,200	-
Batelco Internship Programme	29,784	-
Entrepreneur Workshops	16,400	-
Travel & Tourism	10,231	-
Human Resource Certification Programme	(11,176)	-
IT Administrator (BTI)	(21,000)	-
Quantity Surveyors (BTI)	(26,770)	-
Supporting Youth Campaigns – Youth City 2030	(74,113)	-
Work Ethics Development Programme	-	(1,000)
Other projects	-	(2,570)
	23,637	34,061
	<b>54,376,015</b>	<b>55,267,659</b>

Commitments on projects are disclosed in Note 17.

# Notes to the Financial Statements

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## 14. UNEMPLOYMENT INSURANCE SUBSCRIPTIONS:

	2014	2013
Unemployment insurance subscriptions	16,574,425	16,818,205

As stipulated in the Unemployment Law promulgated in Decree 87 of 2006, the Fund should contribute 1% unemployment subscriptions to the Social Insurance Organisation on behalf of the private sectors employers. The amount payable as at December 31, 2014 of BD 1,413,373 (2013: BD 1,318,081) represents the subscription amount due for the month of December 2014 (2013: amount due for the month of December 2013) (Note 6 - b).

## 15. SALARIES, BENEFITS AND OTHER REMUNERATIONS:

	2014	2013
Salaries	2,600,769	1,852,630
Staff allowances	585,496	467,769
Social insurance contributions	502,502	359,425
Transport allowances	151,672	83,441
Social allowances	134,625	75,612
Life and medical insurance	244,603	116,548
Telephone and communications	74,334	42,242
Interest on employees' loans	56,973	60,194
Board of Directors' remuneration and Committee meetings (Note 6-d)	76,000	68,000
	4,426,974	3,125,861

## 16. GENERAL AND ADMINISTRATIVE EXPENSES:

	2014	2013
Business consulting, legal and professional fees	446,065	573,554
Communication expenses	257,228	82,666
Feasibility studies and research - P&D	154,337	167,091
LMRA credit cards collection fees (Note 6 - c)	903,469	646,111
Rentals and utilities	517,892	675,406
Training partner monitoring agency	111,698	252,028
Miscellaneous	315,577	220,841
	2,706,266	2,617,697

## Notes to the Financial Statements continued

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### 17. COMMITMENTS AND CONTINGENT LIABILITY:

#### 17.1 Commitment for expenditures:

	2014	2013
Human capital development projects	30,907,215	32,429,144
Private sector support projects	48,693,464	77,224,828
	<b>79,600,679</b>	109,653,972
The above commitment are due as follows:		
Within one year	36,532,352	56,557,179
From one to 5 years	43,068,326	53,096,793
	<b>79,600,679</b>	109,653,972

The above commitments were calculated based on the management's best estimates, considering the expected expenditures on various projects.

#### 17.2 Contingent liability:

	2014	2013
Financing guarantees	165,000,000	140,000,000

Pursuant to the memorandum of understanding dated July 18, 2007, Ithmaar Bank of Bahrain B.S.C. agreed to grant financing facilities to the companies supported by the Fund to the extent of BD 12.5 million, of which the Fund agreed to guarantee up to 80% of the value of all outstanding amounts due to the bank under the above facilities. The Fund's liability under this guarantee is limited to BD 10 million and will automatically be reduced by any amount paid under this guarantee.

According to the agreement dated May 28, 2008 and subsequent amendment on October 2, 2014, the Bahrain Development Bank B.S.C. agreed to grant financing facilities to the small and medium sized companies supported by the Fund to the extent of BD 150 million (December 31, 2013: BD 130 million), of which the Fund agreed to guarantee up to 50% of the value of all outstanding amounts due to the bank under the above facilities. The Fund's liability under this guarantee is limited to BD 75 million (December 31, 2013: BD 65 million) and will be reduced by 50% of any amounts paid by the beneficiary in accordance with this guarantee.

According to the agreement dated January 19, 2010 and subsequent amendment on Aug 18, 2014 the Bahrain Islamic Bank B.S.C. agreed to grant financing facilities to the companies supported by the Fund to the extent of BD 50 million (December 31, 2013: BD 40 million), of which the Fund agreed to guarantee up to 50% of the value of all outstanding amounts due to the bank under the above facilities. The Fund's liability under this guarantee is limited to BD 25 million (December 31, 2013: BD 20 million ) and will be reduced by 50% of any amounts paid by the beneficiary in accordance with this guarantee.

According to the agreement dated July 4, 2010 and subsequent amendment on June 19, 2014, the Bank Muscat International B.S.C. agreed to grant financing facilities to the companies supported by the Fund to the extent of BD 40 million (December 31, 2013: BD 30 million), of which the Fund agreed to guarantee up to 50% of the value of all outstanding amounts due to the bank under the above facilities. The Fund's liability under this guarantee is limited to BD 20 million (December 31, 2013: BD 15 million) and will be reduced by 50% of any amounts paid by the beneficiary in accordance with this guarantee.

According to the agreement dated November 28, 2011, the Standard Chartered Bank B.S.C agreed to grant financing facilities to the companies supported by the Fund to the extent of up to BD 15 million, of which the Fund agreed to guarantee up to 50% of the value of all outstanding amounts due to the bank under the above facilities. The Fund's liability under this guarantee is limited to BD 7.5 million and will be reduced by 50% of any amounts paid by the beneficiary in accordance with this guarantee.



# Notes to the Financial Statements

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## 17. COMMITMENTS AND CONTINGENT LIABILITY: (CONTINUED)

### 17.2 Contingent liability: (Continued)

According to the agreement dated October 18, 2011, and the subsequent amendment on April 29, 2014, the Khaleeji Commercial Bank B.S.C agreed to grant financing facilities to the companies supported by the Fund to the extent of BD 25 million (December 31, 2013: BD 15 million), out of which the Fund agreed to guarantee up to 50% of the value of all outstanding amounts due to the bank under the above facilities. The Fund's liability under this guarantee is limited to BD 12.5 million (December 31, 2013: BD 7.5 million) and will be reduced by 50% of any amounts paid by the beneficiary in accordance with this guarantee.

According to the agreement dated July 13, 2011, and subsequent amendment on June 26, 2013, the Al Salam Bank B.S.C agreed to grant financing facilities to the companies supported by the Fund for to the extent of BD 20 million, of which the Fund agreed to guarantee up to 50% of the value of all outstanding amounts due to the bank under the above facilities. The Fund's liability under this guarantee is limited to BD 10 million and will be reduced by 50% of any amounts paid by the beneficiary in accordance with this guarantee.

According to the agreement dated August 28, 2011, the Kuwait Finance House B.S.C agreed to grant financing facilities to the companies supported by the Fund to the extent of BD 10 million, of which the Fund agreed to guarantee up to 50% of the value of all outstanding amounts due to the bank under the above facilities. The Fund's liability under this guarantee is limited to BD 5 million and will be reduced by 50% of any amounts paid by the beneficiary in accordance with this guarantee.

## 18. FINANCE COST:

The Fund has an Islamic facility from a local Islamic bank at a limit of BD 15 Million. The average finance cost on the Islamic facility is 3.75% per annum. During 2014, the Fund has settled this facility.

## 19. FINANCIAL INSTRUMENTS:

### 19.1 Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide benefits for stakeholders.

The capital structure of the Fund consists of available funds. The Fund is debt free at the reporting date.

### 19.2 Significant accounting policies

Significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement, and the basis on which income and expenses are recognised in respect of each class of financial assets and financial liabilities are set out in Note 3.

### 19.3 Categories of financial instruments

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Fund include cash, bank balances, other receivables and due from related parties.

Financial liabilities of the Fund include payables and accrued liabilities and due to related parties.

	2014	2013
<b>Financial assets:</b>		
Receivables at amortised cost (including cash and bank balances)	21,384,480	25,241,874
<b>Financial liabilities:</b>		
Amortised cost	7,208,416	4,329,435

## Notes to the Financial Statements continued

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### 19.4 Financial risk management objectives

The Fund's expose to market risk, credit risk and liquidity risk are described below:

#### 19.5 Market risk:

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks arise from open positions in foreign currency, profit margin rate and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as foreign exchange rates, and profit margin rates and equity prices.

##### 19.5.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund's financial assets and financial liabilities are denominated in Bahraini Dinars and United States Dollars. As the Bahraini Dinar is pegged to the United States Dollar, balances in the US Dollar are not considered to represent a significant currency risk.

##### 19.5.2 Profit margin rate risk

Profit margin risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit share rates.

The Fund's Murabihat and Wakalat carry fixed profit margin rates and mature within three months.

The Fund's exposure to profit margin rates on financial assets is detailed in Note 8.

### 19.6 Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The concentration of credit risk is disclosed in Note 6.

In addition, the fund is exposes to credit risk in relation to financial guarantees to financial institutions participating in the Finance scheme. The fund's maximum exposure in this respect is the maximum amount the fund could have to pay if the guarantee is called on (see note 17).

The credit risk on liquid funds is limited because the counterparties are banks with good credit-ratings assigned by international rating agencies. The carrying values of financial assets at the reporting date represent the Fund's maximum exposure to credit risk.

### 19.7 Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

The Fund's remaining contractual maturity for its non-profit bearing financial liabilities at amortised cost as at December 31, 2014 amounting to BD 7,208,416 (2013: BD 4,329,435).

The Fund's expected maturity for its non-profit earning financial assets and profit earning financial assets as at December 31, 2014 amounting to BD 15,776,517 and BD 5,616,638 respectively (2013: BD 13,717,674 and BD 11,524,200 respectively).

### 19.8 Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities approximate their fair values at the reporting dates.