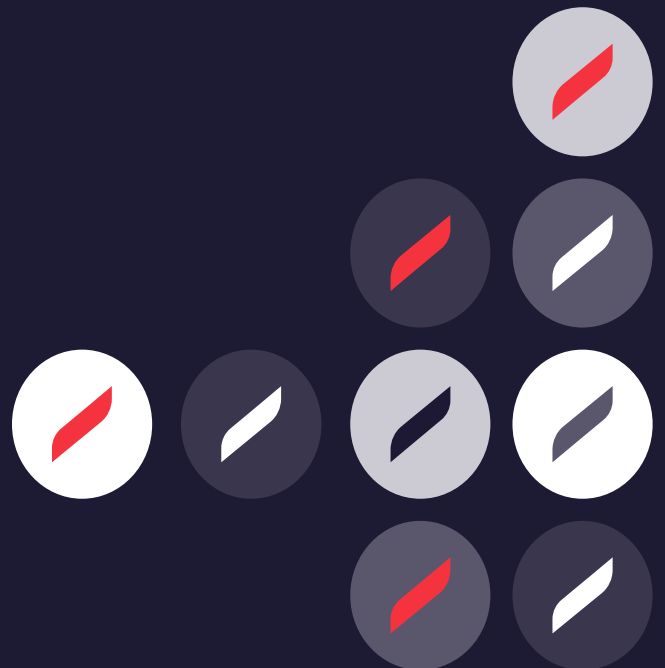


TAMKEEN ANNUAL PLAN 2023



Executive Summary

In 2022, Tamkeen remained committed to supporting private sector recovery while placing greater focus on supporting projects with increased economic impact. Our support has played a role in instilling changes in business behavior that drove higher productivity and sustainability, as well as the creation of higher quality jobs. We contributed over BHD 98 million to Bahrain's economy in 2022.

We witnessed unprecedented strides in human capital achievements in 2022, including more than 18,400 employment and training opportunities; the most that we have supported to date. These achievements fulfill Tamkeen's commitments towards achieving the objectives of the national Economic Recovery Plan.

The number of enterprises hiring Bahrainis through our support programs in 2022 increased by 28% from 2021. Moreover, our engagement helped drive a strong rebound in the establishment of new businesses in 2022.

Through our proactive market approach, we were successful in identifying and supporting projects of greater economic contribution, which also led to an increase in quality jobs.

Building on the achievements of 2022, we will focus on furthering the economic impact of

our support by focusing on four key priorities in 2023 to develop the labor market and the private sector, while fully aligning with the objectives of the Government Plan and the Economic Recovery Plan. The four priority areas are: (1) Facilitating increased economic participation, (2) Training for new and emerging labor market needs, (3) Supporting enterprise growth, and (4) Supporting ecosystem development.

This report showcases Tamkeen's plans to support the private sector and labor market in 2023. It provides an overview of Tamkeen's 2021-2025 Strategy, highlights the current economic situation and labor market conditions, presents an overview of Tamkeen's support in 2022, and describes Tamkeen's priorities for 2023.

Foreword

Since its establishment in 2006, Tamkeen has contributed actively to the empowerment of Bahraini human capital and the development of the national economy through a stronger private sector. Over the years, we have completed four strategy cycles, each tailored to the requirements of its time. Beyond this, we have shown agility amidst unexpected changes, such as the COVID-19 pandemic, to enable the private sector to adapt and build resilience. The growing importance of productivity as a source of growth, dynamism, and sustainability is the central theme of our current fifth strategy for 2021-2025.

As we reflect on the year 2022, we see Bahrain's economy not only recovering from the disruptions of the pandemic, but embarking on renewed, better and more sustainable growth in many areas. Supported by higher oil prices, a benign regional backdrop, and forward-looking government policies, Bahrain is embarking on a new phase of its development journey amidst robust growth, brisk job creation, and a new wave of entrepreneurship.

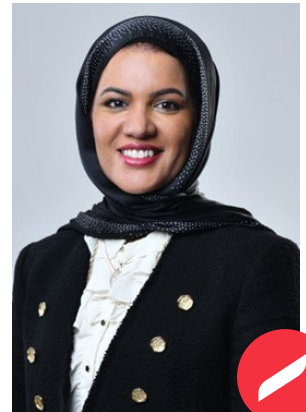
Tamkeen is proud to be part of this growth story. We have facilitated a record number of new private sector job opportunities for Bahrainis. We have also seen our assistance to new enterprises far exceeding our initial plan. Moreover, we have observed a growing interest in enterprise growth and business model overhauls that we consider as essential to our ambition of creating a strong private sector through dynamic companies. We have launched specific programs to facilitate these endeavors, offering targeted support for expansion, internationalization, digitalization, innovation, and other initiatives. Through our proactive engagement with the private sector, we have been able to identify a growing number of strategic opportunities to drive productivity and quality employment.

Building on the insights we gathered from

2022 regarding our performance and impact, we enter 2023 inspired and eager to do even better. Through our programs and partnerships, we will aim higher by focusing on quality jobs and specialized training in emerging skills. For enterprises, our priority is to foster the development of stronger, more innovative companies in a rapidly changing world. We want to help the private sector think ahead and grow even stronger in the years to come.

In 2023, we will continue our active role in driving the objectives of the Government Plan and the Economic Recovery Plan in collaboration with Team Bahrain. I look forward to a year where we create more change, go further, and aim higher across all levels, for the ultimate goal of achieving economic prosperity for Bahrain and its people.

Maha Mofeez
Chief Executive



Our Mandate

Mandate

Pursuant to Article 3 of Law No (57) of 2006 with respect to the Establishment of the Labor Fund (Tamkeen), Tamkeen strives to meet the following objectives:

- 1 Contribute to the development and strengthening of the national economy
- 2 Contribute to the development of the private sector to make it the engine of economic growth in the Kingdom
- 3 Increase the efficiency and productivity of Bahraini labor and their ability to compete in the labor market
- 4 Create an environment conducive to making Bahraini labor the preferred choice for employers
- 5 Create an environment conducive to increasing Bahraini women's inclusion in the labor market
- 6 Create new and suitable job opportunities for Bahraini labor

Vision

Empowering Bahrainis to prosper and contribute to the national economy

Mission

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

Our Strategy

Tamkeen's Fifth Strategy Cycle (2021-2025) was initiated in 2021. This cycle is focused on four main areas to align with the needs of economic and market realities post COVID-19.

Our Focus Areas

- 1 **Focus on maximizing economic impact**
- 2 **Prioritize productivity by enabling high-potential sectors and encouraging business model changes**
- 3 **Proactively support economically viable projects**
- 4 **Accelerate the development of human capital as per market needs and emerging opportunities**

Our Approach

More and better jobs through the utilization of technology

Technology integration is changing the operating model of enterprises and therefore their employment needs. Tamkeen will pursue several priorities in order to help create a more economically active and productive labor force including increasing work flexibility, encouraging technology adoption by businesses to upgrade and diversify jobs, and permitting increased participation through self-employment.

Economic change through innovative businesses

Startups, especially tech-enabled ones, have been an important driver of economic change as they offer a significant opportunity to address real economic issues in creative and potentially more sustainable ways. Tamkeen's strategy will focus on increasing the number of startups, improving startup quality, and providing better access to financing solutions.

Growing enterprises through greater dynamism

Tamkeen aims to boost productivity in the private sector by enhancing its ability to explore innovative solutions, improving access to finance, providing a holistic financial and advisory support, and mobilizing capital. In addition, Tamkeen will support Bahraini employment and labor productivity through strategic workforce transformation by matching skillset to market needs.

Economic Context

State of the Economy

1. Private Sector

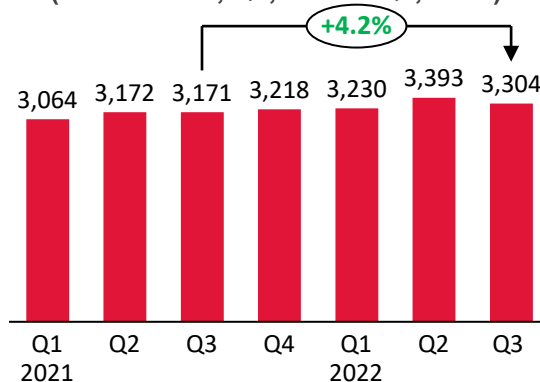
Bahrain posted robust growth in 2022 despite a deteriorating global economy.

This strong momentum was underpinned by a broad-based non-oil recovery along with the positive effects of higher oil prices. High-contact activities, such as hospitality, transportation, and trade saw the sharpest gains.

The price of oil has seen considerable volatility. Following an unprecedented drop in demand during the pandemic, the global recovery fueled a sharp rebound in oil prices that surged to triple digits during much of 2022 following the Russian attack on Ukraine and the imposition of Western sanctions. A deteriorating global economic outlook has resulted in price reversals in recent months.

The outlook remains positive. Economic growth in Bahrain is likely to decelerate somewhat with the post-COVID rebound wearing off. Meanwhile, oil prices have declined from their recent peaks while aggressive interest rate hikes globally have pushed up the cost of capital. However, Bahrain's economy remains resilient, further supported by the Economic Recovery Plan.

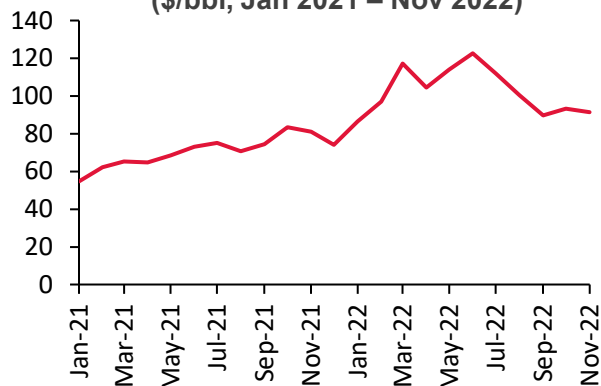
Bahrain's QoQ Real GDP Growth (BHD Million, Q1, 2021 – Q3, 2022)



Provisional data that may not yet be complete

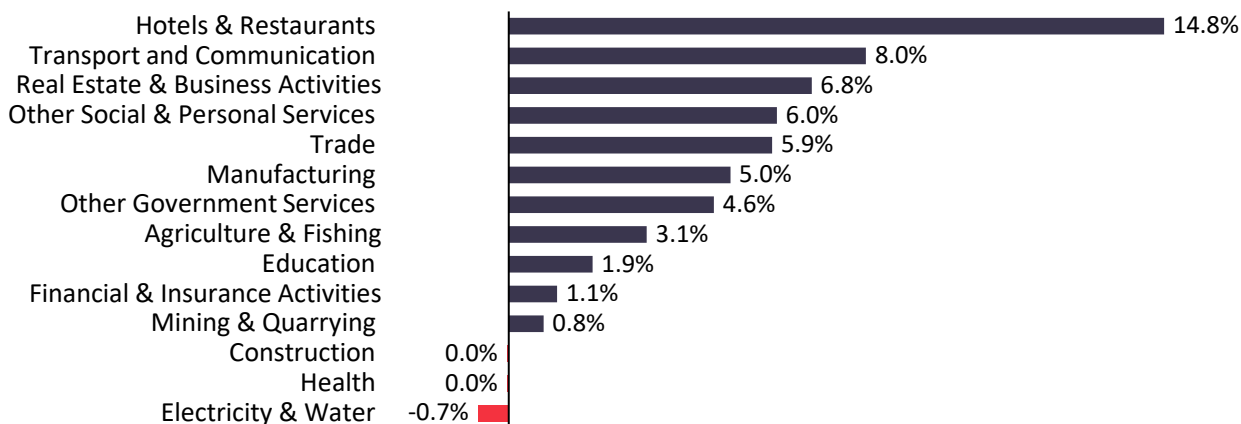
Data Source: iGA, National Accounts, Q2-2022

Europe Brent Spot Price (\$/bbl, Jan 2021 – Nov 2022)



Data Source: US Energy Information Administration, December 2022

Bahrain's YoY Real GDP Growth per Sector (% , Q3-2022)



% Change: Year on Year Q3-2022 vs Q3-2021

Data Source: iGA, National Accounts, Q3 - 2022

Economic Context

2. Labor Market

The number of new entrants in the labor market doubled in Q3-2022 compared to Q3-2021. Bahraini labor market entrants increased by 18% (1,070) from 5,808 in Q3-2021 compared to 6,878 in Q3-2022, and non-Bahraini labor market entrants increased by 114% (35,324) from 31,029 in Q3-2021 compared to 66,353 in Q3-2022.

Bahrain's private sector SIO contributors expanded by 11% to 557,754 employees in Q3-2022 compared to Q3-2021. However, the total number of private sector employees is still slightly lower than pre-pandemic levels. This said, the number of Bahraini employees in the private sector is growing, surpassing pre-pandemic levels.

Bahraini male employment in the private sector increased by an annual 3% and female employment by around 6% in Q3-2022.

Labor Market Indicators (Q3 – 2022)



BHD 782

AVG Wages of Bahrainis in the private sector

▲ YoY (2%)



BHD 255

AVG Wages of Non-Bahrainis in the private sector

▼ YoY (-15%)



557,754

Total Employees in the private sector

▲ YoY (11%)



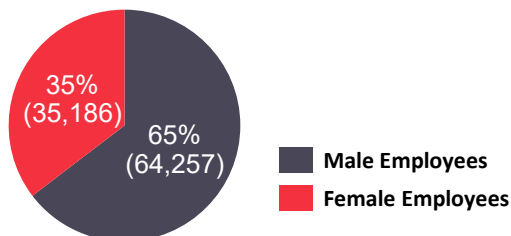
72,084

New Contributors in the private sector

▲ YoY (102%)

Data Source: SIO, Statistical Quarterly Report, Q3-2022

Total Bahraini Employment by Gender in the Private Sector (% , Q3-2022)



Data Source: SIO, Statistical Quarterly Report, Q3-2022

Implications

Private Sector

Despite global challenges and an expected slight decline in oil prices in 2023, the GCC economic outlook remains positive due to continued strong growth momentum in the non-oil sectors.

With fears that the global economy is moving towards a recession, shipping and freight costs are declining. Therefore, exporters could regain access to markets they lost due to increased costs.

Labor Market

The normalization of economic activity and renewed growth has led to a sharp increase in recruitment by private sector businesses. However, despite the good progress achieved in 2021 with digitalization and business model overhauls, low-skilled expatriate labor is now leading the labor market rebound. This suggests a potential reversal to pre-pandemic attitudes and behaviors.

The trend towards low-skilled labor however will likely be reversed through the continued implementation of the new labor market reforms that replaced the Flexi Permit in October 2022. The reforms streamline companies' registration of workers and include measures to link work permits to vocational and occupational standards; thus, enhancing workers' protection while reversing the excess of unskilled labor.

With inflation in Bahrain likely to be temporary, focusing on upskilling workers will be beneficial, as it will reduce cost pressures for businesses and offer higher future income growth. As cost pressures fall and productivity rises, this will be reflected in future wages and purchasing power.

2022 Support Overview

Performance Highlights

In 2022, Tamkeen has seen unprecedented strides in human capital achievements with more than 18,400 employment and training opportunities supported. These achievements fulfill our commitments towards the national Economic Recovery Plan.

Tamkeen continued to be the largest supporter of youth participation in the economy with more than 90% of employment applications falling within the 18-35 age group. In addition, for the first time, working women aged 24 to 35 are now the largest segment supported to participate in the labor market.

Tamkeen's training support performance showed significant improvement driven by quality training, with an increase of 29% in training support applications for Professional Certificates.

New enterprises (aged two years and below) have become the largest supported segment in the private sector, receiving the largest share of Tamkeen's total support for both private sector and labor market development. In parallel, commitments to Small and Medium sized Enterprises (SMEs) continued to be highest across all Tamkeen programs, which is in line with Tamkeen's commitment to further developing the private sector.

In addition to Tamkeen's total support amounting to more than BHD 98.5 million in 2022, Tamkeen's total additional commitments for the upcoming year amount to about BHD 63 million.



Labor Market
Development
Expenditure

BHD 44.7Mn



Private Sector
Development
Expenditure

BHD 24.8Mn



Ecosystem
Development
Expenditure

BHD 7Mn



Private Sector's Share
of Unemployment
Insurance

BHD 22Mn

BHD 98.5+Mn

Tamkeen's Expenditure
Towards the Private Sector
in 2022

BHD 161.5+Mn¹

Tamkeen's Total
Commitments Towards the
Private Sector in 2022



2022 Support Overview

Labor Market Development

Employment Support

The majority of Tamkeen’s labor market support commitments were channeled towards first-time employment opportunities in 2022 with a total of BHD 63.8Mn for 10,017 Bahrainis supported over a period of up to 3 years.

More enterprises benefited from employment support in 2022 than any previous year with an increase of 28% from 2021 to 2022. The highest growth was in jobs paying BHD 600 or above, which increased by more than 21% compared to the previous year.

The highest growth for employment support was from new enterprises under 2 years, which were –for the first time- the largest segment Tamkeen supported. New enterprises made up 57% of total enterprises benefiting from employment support. This may be due to an increased focus by enterprises on productivity, valuing human capital support over other support such as for machinery and equipment, and potential post-pandemic preferences for more skilled labor.

Small and medium sized enterprises (SMEs) - regardless of age - had the largest employment support accounting for 54% of total employment support commitments.

Tamkeen continued to support youth participation in the economy with 92% of employment applications in the 18-35 age group.

Women of working age holding bachelor’s degrees became the largest segment supported for employment. Most applicants are working for the first time. This is increasing female economic participation in line with Tamkeen’s mandate.

Key Statistics

10,017

Bahrainis received employment support

BHD 63.8Mn

Wage support commitments over 3 years

▲ 28%

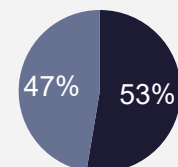
annual increase in the number of enterprises supported for employment compared to 2021



53%

of employment support commitments went towards supporting women participation in the labor market

Applications by Enterprise Lifecycle¹



■ New Enterprises
■ Existing Enterprises



2022 Support Overview

Labor Market Development

Training Support

Training support through four flagship programs¹ accounted for a total of 8,400 applications with commitments of BHD 6.1Mn.

Training support saw significant improvements in the quality of training as the intake of Professional Certificates increased by 29% from 2021 to 2022, with a total of 3,156 training opportunities utilized by Bahrainis.

Women received the largest share of total training support with 70% of approved applications. Women accounted for 59% of Professional Certificates training recipients, and 74% of recipients of the Work Readiness program conducted in collaboration with the Ministry of Labor.

Most of the training was conducted in a classroom setting and was delivered by local training providers. There was a significant decrease in online training by local providers, with 25% of all trainings delivered virtually in 2022 compared to 80% in 2021.

Key Statistics

8,400

Bahrainis supported for training

BHD 6.1Mn

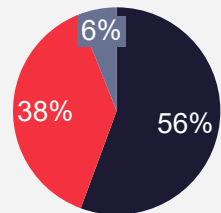
Training commitments



70%

of Bahrainis supported for training were women

Type of Training Supported



- Work Readiness
- Professional Certificates
- Other



2022 Support Overview

Private Sector Development

A total of 1,203 enterprises benefited from enterprise support in 2022 with commitments totaling BHD 10.7Mn, compared to 8,224 enterprises in 2021. The large number of enterprise applications in 2021 was due to the Business Continuity Program, which was discontinued in the same year.

Start Your Business was the most demanded enterprise support program in 2022. Tamkeen is committed to supporting new entrants as they contribute to disrupting the market, especially those enterprises with innovative business models. They also provide Bahrainis with an alternative to participate in the economy as entrepreneurs.

Due to the proactive approach introduced in 2022, Tamkeen succeeded in attracting applications with economic impact. These applications comprised 17% of total enterprise-supported applications.

Tamkeen continues to enable Bahraini women's participation in the economy with half of the enterprises supported being either fully- or partially-owned by women, in line with 2021 performance.

Most of the enterprise support in 2022 were grant-based however financing applications have started to increase.

Tamkeen committed BHD 4.8Mn to support the private sector through transformations in business model, digitalization, and internationalization. These changes will lead to higher enterprise productivity and competitiveness, as well as generate more skilled jobs that can be filled by Bahrainis.

Tamkeen continues to contribute to local suppliers with majority (83%) of funds distributed through enterprise support programs channeled to local vendors, which is in line with previous trends.

Key Statistics

BHD 10.7Mn

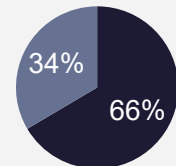
Private Sector Development Commitments



51%

of approved applications went towards female or mixed ownership enterprises

Applications by Enterprise Lifecycle¹



■ New Enterprises
■ Existing Enterprises

BHD 4.8Mn

of commitment supported transformations in business model, digitization, and internationalization



17%

of total applications were for enterprises in focus areas

¹New enterprises are enterprises with 2 or less years of operations, while existing enterprises are in operation for more than 2 years.

Key Changes in Programs in 2022

In line with the current strategy and in order to better serve the needs of the private sector, Tamkeen conducted approximately 100 consultation sessions with the private sector, with more than 580 attendees. Tamkeen took this feedback into consideration and improved its programs in key areas in order to further contribute to economic impact and productivity.

Improvements in 2022

- 1 **Objective-based programs** tied to the current strategic objectives and mandate
- 2 **Proactive market approach** in identifying and collaborating with enterprises, training partners, and others
- 3 **Lifecycle and impact- based enterprise support** based on economic impact, lifecycle needs, and enterprise size
- 4 **Outcome-based human capital programs** to increase and maximize economic participation

2023 Priorities

Building on the achievements of 2022, Tamkeen will focus on advancing the economic impact of our support by focusing on four key strategic priorities to drive the progress and development of Bahraini enterprises and individuals in line with the Government Program and the Economic Recovery Plan.

1. Facilitate increased economic participation

- Increase economic participation of Bahrainis through facilitating opportunities for employment, self-employment, freelancing, and entrepreneurship
- Create more quality jobs through a proactive approach and new partnerships
- Support increased flexibility in the workplace, such as part-time employment and remote work, especially for women, to ensure the career growth of nationals and meet the evolving needs of the labor market

2. Train based on new and emerging labor market needs

- Support the training of Bahrainis to increase their ability to participate in the economy
- Link the upskilling and reskilling of Bahrainis to labor market needs and impact, with a focus on specialized training in new and emerging skills
- Prioritize outcome-based training (e.g., job placement, new skills, career progression)

3. Support enterprise growth

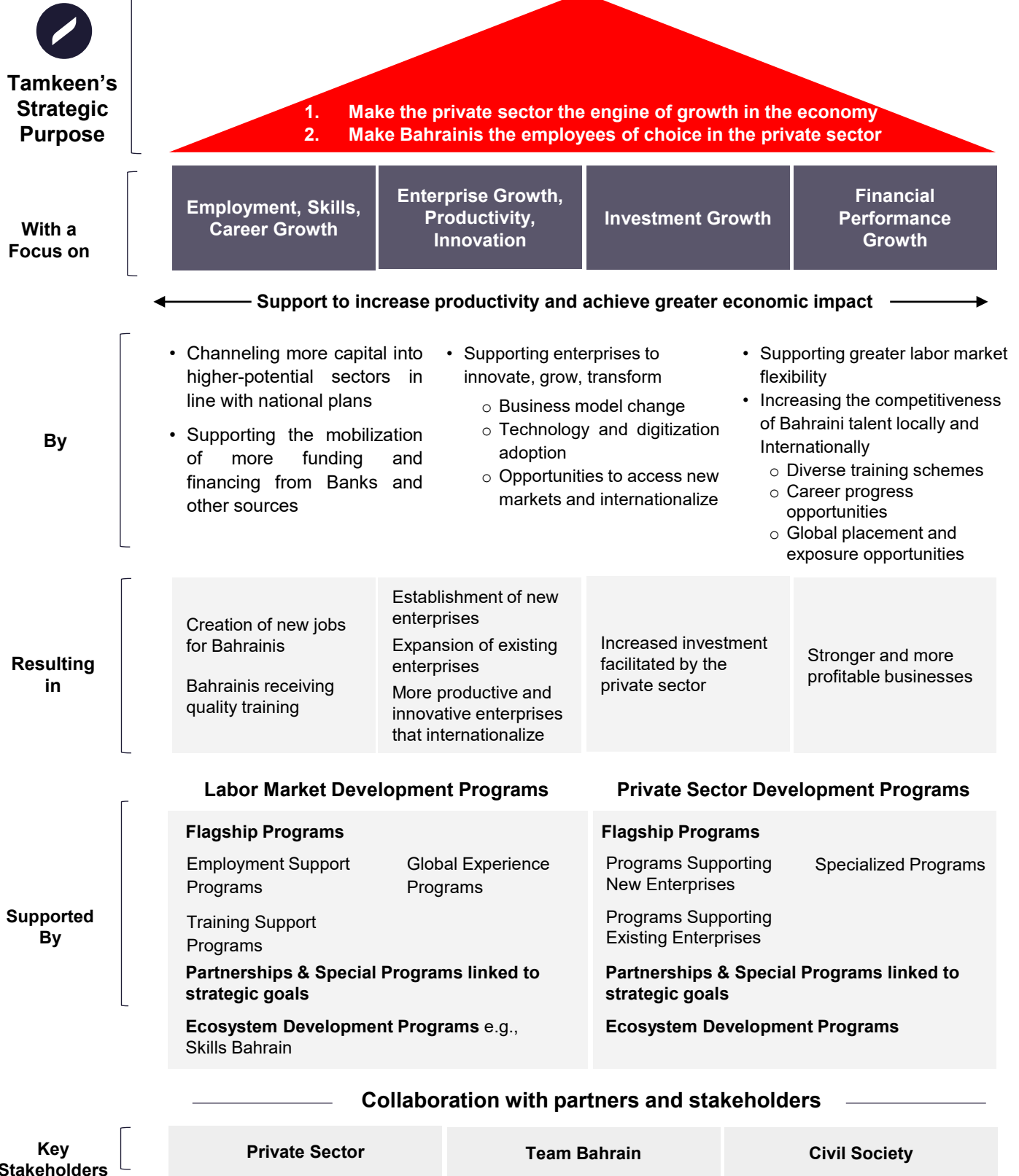
- Support enterprises that have a high economic impact due to their higher productivity enabling them to grow and create quality jobs for Bahrainis
- Support enterprise growth through improved access to diversified financing solutions, especially for SMEs
- Contribute to helping existing companies engage in business model change and utilize technological solutions that drive productivity
- Support the internationalization of enterprises to enable them to reach regional and global markets
- Continue to support the establishment of new enterprises with greater focus on supporting enterprises with disruptive business models
- Proactively target technology-based startups

4. Maximize Tamkeen's impact through ecosystem development

- Prioritize support for projects and initiatives that maximize Tamkeen's impact in the labor market and the private sector in order for enterprises to thrive and for Bahrainis to become the employees of choice










Strategic House












Tamkeen's Flagship Programs

Labor Market Development Programs

Employment Support Programs	National Employment Program 	Mid-Career and Executive Leadership 	
Training Programs	Train and Place 	Train and Grow 	Train Me 
Global Experience Programs	Global-Ready Talent 	Global-Ready Entrepreneur 	

Private Sector Development Programs

New Enterprises	Start Your Business 	Tech Disruptors 	Young Entrepreneur 	
Existing Enterprises	Business Turnaround 	Business Growth 		
Specialized Programs	Go Digital 	Innovation 	FDI 	Riyadat 

Program Eligibility

 Enterprises  Individuals



Scan the QR Code for more information on the support programs