

Beyond Capital: How Khalifa Fund Enables Economic and Social Change through Entrepreneurship



An Innovation 360 Institute Leadership Interview with Ibrahim Ahmed Al Mansoori, Deputy Chief Executive Officer of Khalifa Fund for Enterprise Development

Three years ago, the Khalifa Fund for Enterprise Development opened its doors in Abu Dhabi, UAE. Its mission was not unlike other agencies in the region, set up to aid SME (Small-to-Medium Enterprises) and enable regional economic gains by encouraging entrepreneurship among UAE nationals.

Today, Khalifa Fund is the source of an enormous amount of startup capital in Abu Dhabi. Although initially funded by the Abu Dhabi government, after only three years the fund now procures financial backing for startups – a major accomplishment for the young organization, especially given the recent financial turmoil in the region.

Even more impressive, though, is how Khalifa Fund has designed a system that not only educates entrepreneurs and finances unique and feasible SMEs, but also contributes to social sustainability. Through innovative programs targeted at specific groups, including home-based female entrepreneurs, former inmates and recovered drug addicts, Khalifa Fund demonstrates that both economic and social development can co-exist in any organization's strategic vision.

In this Leadership Interview, conducted by Innovation 360 Institute CEO Kamal Hassan, Ibrahim Ahmed Al Mansoori, Khalifa Fund's DCEO, explains the values that differentiate his organization, and how those values contribute to the success of SMEs and entrepreneurs in the region.

Kamal Hassan, Innovation 360 President and CEO: *How has Khalifa Fund changed the environment for innovation and entrepreneurship in Abu Dhabi and the UAE in general?*

Mr. Al Mansoori: When Khalifa Fund began, there was a big gap in understanding about what entrepreneurship is, and its role in economic development. There was no cultural awareness about these concepts. In 2007, the fund had a thousand applications, but only 80-90 of them understood what they were applying for. The others thought Khalifa Fund was only a lender giving out personal loans.

After three years we have started to see an impact, and we see that with the SME models that are developed and also the number of SMEs. People now understand the importance of SMEs and economic development, and they have less fear about losing job security as an SME. We have a huge amount of traffic now, and we receive thousands of applications, many of which have visible business plans.

Innovation 360: *As the fund's DCEO, how has your role contributed to this change in understanding regarding entrepreneurship and SMEs?*

Mr. Al Mansoori: When I started at Khalifa Fund in August 2007, I was asked to research the "Singapore Model," which is a successful example of how government funding can support SMEs to improve the economy and change the culture. I also brought to the table an understanding of the regional culture, market dynamics and process regulations. So, the visits to Singapore to study their model and my expertise led me to help in designing a unique and realistic model for Khalifa Fund, one that fit the culture but also promoted a concept that was innovative to the market.

As per leadership directions, Khalifa Fund was set up to be a socioeconomic organization that serves both the economy and society. I took on the challenge to serve both economic and social needs, and to create suitable programs that suit each category.

Innovation 360: *What are some of the social programs you have started?*

Mr. Al Mansoori: Khalifa Fund has four social programs designed to serve special groups of people who have unique social needs. The first program, called *Al Radda*, is for inmates and was launched by Khalifa Fund in collaboration with the Abu Dhabi Police - Punitive and Corrective Establishments. It is an initiative aiming to provide Emirati inmates the opportunity to enter the business sector and reintegrate back into society after serving their sentences.

The second program, *Ishraq*, offers the same training and opportunities as *Al Radda* to Emiratis that have recovered from a drug addiction. *Ishraq* was launched by Khalifa Fund in collaboration with the National Rehabilitation Centre.

The third program is called *Sougha*, which is an initiative launched by Khalifa Fund in partnership with the Abu Dhabi Authority for Culture and Heritage (ADACH) and several governmental entities. It is aimed at preserving local heritage by helping craftsmen and women, especially those in rural areas, adapt their crafts and art and bring them to market.

The fourth program is *Amal*, which is a Khalifa Fund initiative that aims to familiarize special-needs Emiratis with specific business sectors, taking into consideration their disabilities.

Innovation 360: *What about purely economic funding for startups?*

Mr. Al Mansoori: Khalifa Fund has designed two programs for startups. The first program is *Khutwa* (First Step), which offers micro-finance assistance for UAE national females who wish to start a home-based business – mainly cottage industries, handicrafts and garments. The maximum fund under this program is up to AED 250,000.

The second program is *Bedaya* (Beginning), which helps UAE nationals who are considered potential business entrepreneurs. The program covers low-to-medium capital projects and offers financing up to AED 3 million.

On the other hand, Khalifa Fund has also designed the *Zeyada* (Growth) program, which targets existing businesses and early-stage SMEs that hope to grow and expand. This program offers medium to high capital.

Innovation 360: *You work with so many different people and SMEs in these programs. How do you select which applicants to fund?*

Mr. Al Mansoori: First, we look for people who have a passion for their core business. We screen out people who aren't passionate about what they do. We also look for businesses that will create an impact socially and economically, and have the potential to expand, especially those that can create employment nationwide. So we are looking for passionate owners, core competencies and a social and economic impact.

Innovation 360: *How does Khalifa Fund promote innovation, creativity and business model thinking integrally, and does this affect your selection of fund applicants?*

Mr. Al Mansoori: One of Khalifa Fund's main objectives is to develop creative and innovative business ideas. In order to achieve this, Khalifa Fund provides training on thinking outside the box to the entrepreneurs. Our business counselors attend national and international conferences and forums to learn more about new ideas. Also, we study the region very closely to come up with new ideas that meet social needs.

The biggest challenge is, when someone comes to us with an idea for a business, 70% of the time we help them define and change the idea – craft it into a real business. For example, a lady came to us and proposed to open a women's salon because she thought it would be a successful business. After few counseling sessions, we found out that she has a background in agriculture and a passion for chicken farming. But she didn't think that was a profitable business model. Khalifa Fund taught her how it could work, and she ended up starting a chicken incubator.

Innovation 360: *Many suggest that the Middle East and the Gulf in particular are suffering from the "Falafel Shop Syndrome" – a lack of innovative ideas results in entrepreneurs copying each other and starting similar "safe" businesses. How does Khalifa Fund go beyond this type of startup and invest in really innovative new businesses that add value for the community?*

Mr. Al Mansoori: Because of our continued alignment with Abu Dhabi Economic Vision 2030, we set priorities for certain industries. This helps Khalifa Fund focus on specific industries and come out with creative businesses. We work closely with our potential entrepreneurs to find new ideas and avoid copying old businesses.

Innovation 360: *What do you see as future trends and opportunities for Emirati SMEs and entrepreneurs in the next five years?*

Mr. Al Mansoori: The Abu Dhabi government is urging all sectors to move toward a knowledge-based economy. This approach may take some time, but it will accelerate

the growth of SMEs in Abu Dhabi, in particular, and the UAE in general. I believe that in the next five years the most entrepreneurial opportunities will grow in the fields of technology and manufacturing operations.

Innovation 360: *Is there any other advice you would offer to entrepreneurs and SMEs in the region?*

Mr. Al Mansoori: SMEs need dedication and engagement. The founders must be very dedicated as it's not a part-time job. The SME owner needs to develop a clear and innovative business plan before starting his business, as well as an operational plan. SMEs can't succeed or continue without clear planning.

Mr. Ibrahim Ahmed Al Mansoori, Deputy Chief Executive Officer for Khalifa Fund for Enterprise Development, is a certified CPA (Certified Public Accountant), CFE (Certified Fraud Examiner) and CBM (Certified Business Manager). Mr. Al Mansoori has wide experience across different industries including investment, power, industry, finance and telecom. For more information, go to www.khalifafund.gov.ae/

Mr. Kamal Hassan is President and CEO of Innovation 360 Institute, which helps organizations of all sizes design and implement innovation strategy, develop new products and services, explore new business models, implement sustainability and social innovation practices and pursue operational innovation. For more information, go to www.i360institute.com/about-us/