

# UAE Officials declare 2015 “Year of Innovation”

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The UAE Government declared 2015 “Year of Innovation” and announced a new National Innovation Strategy with the aim of becoming one among the most innovative nations in the world within a 7-year period.

The National Innovation Strategy was first announced by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, on 19 October 2014. Later on 30 November 2014, the UAE Federal Cabinet of Ministers met to approve the designation of 2015 as the Year of Innovation in a plan to make the UAE a world innovative leader.

“Announcing 2015 as the Year of Innovation comes to support federal government efforts, attract national skills, increase distinguished research, as well as boost efforts to build a national cadre who are able to lead our future in this field towards more progress, prosperity and innovation” said His Highness Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE. “We live today in a world witnessing rapid changes and continuous developments, full of opportunities, discoveries and inventions” he added.

“This innovation strategy is a national priority for our programme of development and progress. It is a primary tool to achieve Vision 2021 and an engine for the growth of distinctive skills and capabilities across the nation. We have always called for creativity in every field: this strategy is a concrete step to implement that vision. These initiatives around innovation will enhance quality of life in the UAE and take our economy to new horizons... We want our public and private sectors to explore new horizons to develop our economy. Innovation is our only way to build a great history of the UAE... the future will be for those who adopt innovation” Sheikh Mohammed said.

The National Innovation Strategy will focus on fostering innovation in seven main sectors, renewable energy, transport, education, health, technology, water and space. Thirty governmental initiatives are aimed to be taken within a three-year period in the optic of fostering innovations in these sectors, including new legislation, innovation incubators, investment in specialized skills, private-sector incentives, international research partnerships and an innovation drive within government.

The National Innovation Strategy sets out four tracks of action:

- Anchoring a simulating environment for innovation in the form of supportive institutions and laws;
- Developing government innovation by institutionalizing innovative practices with the support of an integrated system of modern tools, requiring all government entities to reduce spending by 1 percent and to dedicate the savings to research and innovation projects;
- Encouraging private sector innovation by stimulating companies to establish innovation and scientific research centres, to adopt new technologies and to develop innovative products and services;
- Qualifying individuals with highly innovative skills by concentrating on science, technology, engineering and mathematics, including the creation of educational material for schools and universities.

**Dubai Innovation Hub & Creative Community**

As a concrete step towards the transformation towards an innovation and knowledge based ecosystem, Sheikh Mohammed bin Rashid issued Law No. 15 for the Year 2014 entitled the “Creative Community Law in the Emirate of Dubai” setting the legal basis for the establishment of two new projects, an “Innovation Hub” and a “Creative Community”, in the Dubai Technology and Media Free Zone (known as TECOM Free Zone).

The new law opens the door for innovation-based companies operating in certain activities defined under the law to benefit from the 100% ownership, tax free and other benefits regulated by the TECOM Free Zone. In order to be eligible, the company’s activities “must include a degree of creation and innovation and must depend on intellectual property as a main source of revenue, including among others products and services in the field of media, technology, education, life sciences, energy, fashion & design”[\[a1\]](http://www.arabianbusiness.com/uae-launches-plan-be-among-most-innovative-nations-in-world-within-7yrs-568451.html#.VNxRIFlcSic) . As started in Arabian Business <http://www.arabianbusiness.com/uae-launches-plan-be-among-most-innovative-nations-in-world-within-7yrs-568451.html#.VNxRIFlcSic>

The Innovation Hub is planned to be located in the Dubai Internet City focusing on sectors such as technology, new media, smart education and sciences, whereas the Creative Community is planned to be located in the new Dubai Design District and will aim to inspire creative flair among emerging designers and artists and encourage innovation within people more generally, acting as an incubator for emerging local designers, artists, house art galleries and studios.

The Innovation Hub is expected to house a workforce of around 15,000 companies of all sizes including start-ups, SMEs, multinationals and infrastructure services including innovation complexes, creative spaces, technology laboratories and smart buildings.

According to the TECOM authorities, the first phase of the Innovation Hub aims to establish around 1 million square feet of workspace by Q1 2017, whereas the first phase of the Creative Community aims establish around 1.6 million square feet of workspace by 2016. A start-up fund and competition will be launched by Q2 2015 for attracting businesses in these industries. More than AED4.5 billion have been allocated for these new projects.

## **UAE Vision 2021 National Agenda**

The 2021 Vision seeks to place the UAE among the top countries in the world through, *inter alia*, transitioning to a knowledge-based economy and promoting innovation and research & development. The relevant key indicators set for 2021 Vision have placed targets for 2021 that include the following:

- Global Innovation Index to rank UAE among top 20 countries up from rank 35 in 2013;
- R&D expenditures of 1.5% from GDP as opposed to its current rate of 0.5%; and
- Non-Oil Real GDP Growth of 5% up from 3.5%.

## **The Way Forward**

Strengthening the IP system is a key starting point to pave the way for an IP Eco System that supports innovation. This includes improved administrative processes in the registration of patents and doing away with formalities that may impede the smoothness of a registration process. This also entails reviewing the legislation and improving the enforcement system to enable right holders enough strength to make patent protection and litigation worthwhile. Also, R&D activities normally require long term investments which involve in some cases the implementation of plants and the recruitment and training of a large amount of human capital. The operation of R&D activities can take a certain number of years before it starts to be profitable and generate revenues. Therefore, the legal system has to provide sufficient security and stability to the new players including knowledge creators, diffusers and investors to deploy their businesses and money inside the country.

The new initiatives taken by the UAE authorities are designed to accelerate the rate of innovation to move towards a sustainable knowledge-based economy. The UAE's economy, so far dominated by Oil & Gas, will require new sets of capabilities to function as a knowledge based economy, including physical, social and human capital. An innovation based economy will need to have the right infrastructure to create knowledge in the first place and then to diffuse, exploit and absorb the knowledge. In order to create knowledge, the UAE will have to focus on attracting new talents and innovation-based businesses inside the country, in addition to strengthening its existing local capabilities for producing knowledge.

The creation of free zones specially designed for innovation based companies, such as the Dubai Innovation Hub, is certainly an important step forward to achieve this goal. However it is believed that this initiative will need to be supported by direct investments in order to achieve a rapid change. The UAE government will need to invest heavily in research & development activities in both the public and private sectors and deploy accelerator and incubator bodies throughout the country for funding and supporting the creation of start-ups in the field of innovation. As SMEs are the engine of any successful economy, it is believed that these businesses should be placed at the centre of the government's attention.

Funding such activities will indeed be costly on the UAE government and adequate return on investment strategies will have to be put in place based on the socio-economical reality of the country. For example, the government can require the funded entities to reinvest a certain percentage of their revenues generated using the governmental funds for instance the creation of new lines of innovative products and services or for the commercialization of the generated products inside the country.

The creation of knowledge will then need to be followed by adequate measures for allowing the diffusion, absorption and exploitation of new technologies within the country. The UAE market is considered to be a small market which generally does not provide sufficient incentives for large businesses for protecting their intellectual property and commercializing their innovations inside the country. The UAE will have to work out new economical strategies to change this reality in order to attract not only knowledge creators but also to enhance knowledge diffusion and exploitation inside the country. The UAE can for example work out new trade agreements with neighbouring countries, perhaps beginning with the GCC countries, for facilitating the free trade of innovations within these countries. A recommended scheme would be to allow the free trade of innovative products developed and patented within one of the member countries. It is believed that such an action would have a rapid impact in attracting technology players to the UAE.