



Cost of doing business - Information and Communication Technology

December 2020

Table of Contents

| | | |
|-------------|-----------------------------------|-----------|
| I. | Executive Summary | 4 |
| II. | Direct Cost Components | |
| 2.1 | Licensing and registration costs | 6 |
| 2.2 | Rental of commercial office space | 7 |
| 2.3 | Commercial utility costs | 10 |
| 2.4 | Cross border Connectivity | 14 |
| 2.5 | Manpower costs | 15 |
| 2.6 | Visa and residency costs | 16 |
| 2.7 | Taxes and fees | 18 |
| III. | Indirect Cost Component | |
| 3.1 | Incentives for ICT sector | 20 |
| 3.2 | Cost of living index | 22 |
| 3.3 | Accommodation costs | 23 |
| 3.4 | Accommodation Utility costs | 24 |
| 3.5 | Vehicle costs | 26 |
| 3.6 | Education costs | 28 |
| 3.7 | Domestic help visa | 29 |
| IV. | Appendix | 30 |



"Generally, ICT companies in Bahrain incur a lower annual operating expenditure than their counterparts in other GCC countries"

Yearly cost of doing business compared to Bahrain

▲ **37%**

UAE

▲ **15%**

Saudi Arabia

▲ **18%**

Qatar

▲ **11%**

Kuwait

I. Executive Summary

This report looks at the common costs associated with setting up and operating an ICT firm in 5 of the GCC countries. The report analyzes the cost of commercial registration, commercial rental rates, occupancy costs, telecom and utility expenses.

Generally, ICT companies in Bahrain incur a lower annual operating expenditure than their counterparts in other GCC countries. Rental rates of commercial properties remain highest in Kuwait and lowest in Bahrain. Manpower cost in Bahrain is the lowest, whereas it is highest in Dubai as compared to the other GCC countries.

Overall commercial utility costs (electricity and water, internet and telephone services) in Bahrain is 34 percent cheaper compared to the average GCC utility costs. Kuwait is lowest being almost 60 percent cheaper than the GCC average utility cost. The same cost is 77 percent higher in Dubai compared with other GCC countries.

Figure A: Average annual cost of operations (2020)

Figures in USD

■ Min ■ Max

| | Bahrain | UAE | Saudi | Qatar | Kuwait |
|------------------------------|---------|-----------|-----------|-----------|-----------|
| Annual licensing fee | 530 | 945 | 3,294 | 540 | 656 |
| Commercial rent | 60,340 | 87,970 | 69,940 | 103,880 | 115,420 |
| Manpower cost | 924,000 | 1,248,000 | 1,046,400 | 1,060,800 | 976,800 |
| Telephone services | 6,870 | 15,460 | 18,750 | 6,420 | 16,160 |
| Internet services | 2,070 | 2,640 | 890 | 1,9400 | 1,800 |
| Electricity and water | 4,320 | 7,440 | 4,230 | 3,420 | 1,660 |
| Total cost | 998,130 | 1,362,455 | 1,143,504 | 1,177,000 | 1,112,496 |
| Cost Head Difference | 0% | 37% | 15% | 18% | 11% |



In addition to analyzing the costs of operating an ICT firm in these jurisdictions, the study also presents an overview of the average cost of living, focusing on the cost of education and cost of renting residential properties. The report also comments on incentives for the ICT sector in these jurisdictions.

Residential rents, utilities, the cost of education and domestic help salaries, are lowest in Saudi Arabia followed by Bahrain. The residential rental is highest in Kuwait, domestic help salaries are highest in Dubai and cost of education is highest in Saudi Arabia. Cost of accommodation is very economical in Saudi Arabia, followed by Bahrain, which are 40 percent and 20 percent lower as compared to the GCC average. Utilities costs are lowest in Kuwait being approximately 55 percent lower than the GCC average cost of utilities.

Figure B: Average annual cost of living

Figures in USD

■ Min ■ Max

| | Bahrain | UAE | Saudi | Qatar | Kuwait |
|--------------------------------------|---------|--------|--------|--------|--------|
| Residential - 3-bedroom villa | 30,690 | 35,070 | 22,610 | 42,120 | 61,990 |
| Electricity and water | 5,310 | 5,980 | 2,980 | 2,770 | 1,590 |
| Domestic help remuneration | 3,160 | 7,090 | 4,200 | 5,080 | 4,950 |
| Education | 7,640 | 11,980 | 12,540 | 10,900 | 8,000 |
| Total cost | 46,800 | 60,120 | 42,330 | 60,870 | 76,530 |
| Cost Head Difference | 0% | 28% | -10% | 30% | 64% |



II. Direct Cost Components

2.1. Licensing and registration costs

Licensing and registration costs generally includes ministry registration charges and membership in the chambers of commerce in the country. In order to setup an ICT business, different commercial registration and licensing fees apply. An ICT business is allowed foreign ownership across all the GCC countries, with however in Saudi Arabia three main options are available LLC, Joint Venture and Branch Entity.

Registration costs are presented in the form of non-refundable application fees, in addition to annual fees charges to renew the commercial registration. Overall, commercial registration costs are lower in Bahrain followed by Qatar and Kuwait. Processing Time for licenses is lowest as well in Bahrain followed by Dubai and Qatar. Both commercial registration costs and processing time is highest in Saudi Arabia. The processing time across all the jurisdiction may take more time depending per case basis.

Figure 1: Licensing and registration fees
Figures in US\$

| | Licensing and Registration | Ownership | Renewal Fees | Registration Processing Time |
|-------------------------|----------------------------|-------------------|------------------|------------------------------|
| Bahrain | 530 | 100% | 133 | 3 to 4 weeks |
| UAE ¹ | 945 | 100% | 149 | 3 to 5 weeks |
| Saudi | 3,294 | 100% ² | 324 | 7 to 14 weeks |
| Qatar | 540 | 100% | N/A ³ | 3 to 5 weeks |
| Kuwait | 656 | 100% | 147 | 7 to 14 weeks |

Source: Dubai Department of Economic Development, Sijilat, MOICT, Qatar Chamber, MCI Saudi Arabia, MISA Saudi Arabia, KDIPA, Kuwait Chamber, Hukoomi, Sagia, Zawya and KPMG Research

¹ UAE refers to Dubai

² Saudi offers 100% foreign ownership however, three main options are available - LLC, Joint Venture or Branch Entity

³ Qatar does not announce their renewal fees

2.2. Rental of commercial office space

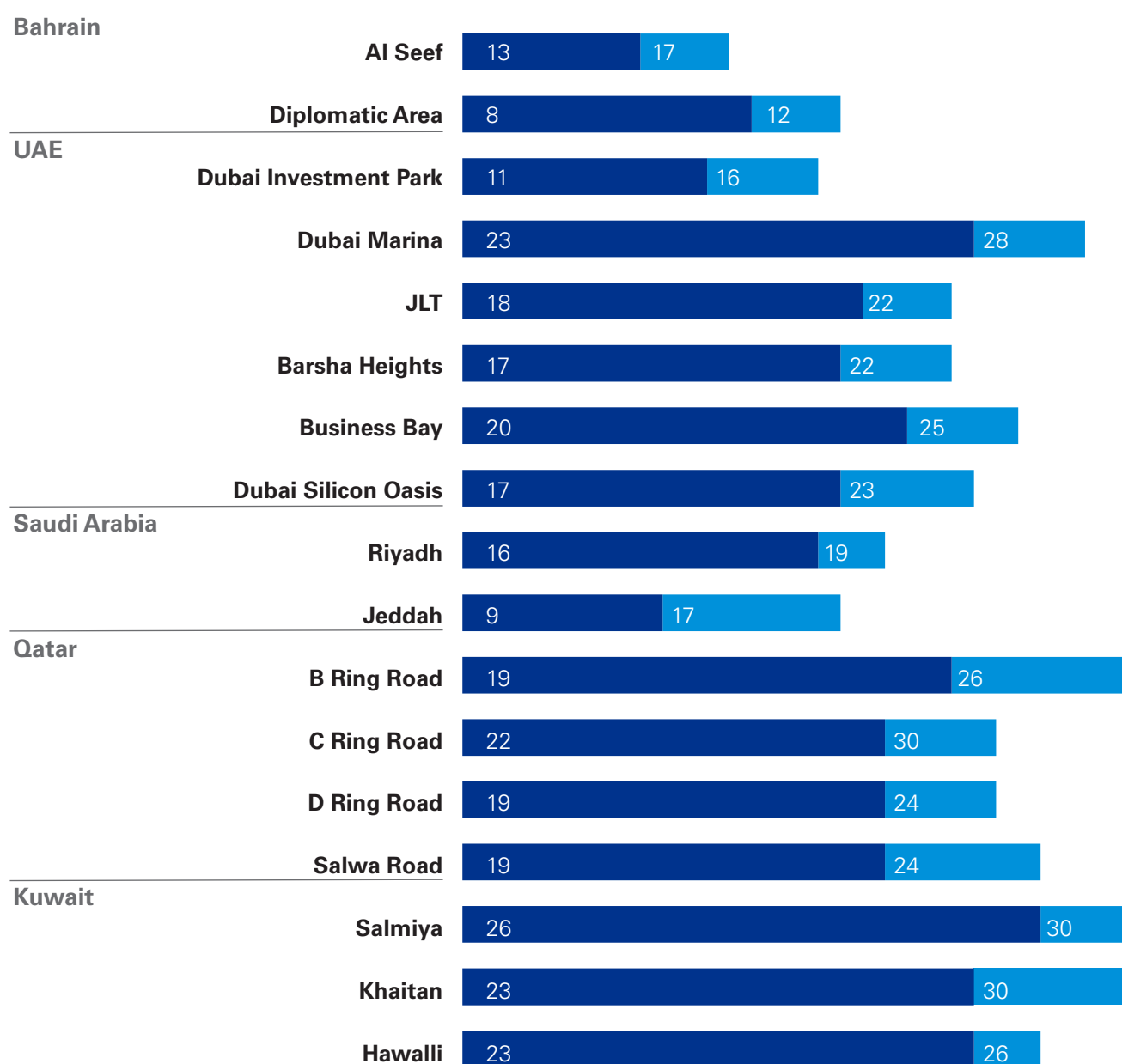
Commercial rental costs for a workstation in Bahrain, compared to other GCC countries, are the lowest. Bahrain and Saudi Arabia offer commercial space at the most economical rate of approximately US\$ 250 per workstation per month for net internal area (NIA¹). Kuwait has the highest rentals compared to the other GCC countries. Dubai and Qatar come in the middle band.

The following figure outlines several scenarios for occupying office spaces across different micro-markets within select jurisdictions the GCC. The comparison covers mid-range commercial office space or Grade B office space (in areas such as Seef Business District in Bahrain or JLT in Dubai).

Figure 2: Commercial office space rental (2020)

Figures in US\$ per m² per month

■ Min ■ Max



Source: Knight Frank, Cavendish Maxwell, Valustrat, KFH, Savills, CBRE and KPMG Analysis

*Figures above do not include service charges

¹NIA refer to the total floor area excluding area taken up by lobbies, stairs and escalators, lifts and other maintenance areas

Figure 3: Average Workstation Rental (2020)

Figures in US\$ per m² per month (rounded to the nearest digits)

■ Min ■ Max

| | Bahrain | UAE | Saudi | Qatar | Kuwait |
|--------------------------------------|------------------|--------------|--------|-------------|---------|
| | Al Seef District | Business Bay | Riyadh | C Ring Road | Salmiya |
| Average Rental | 15 | 23 | 18 | 26 | 28 |
| Service Charge | 10% | 8% | 10% | 13% | 15% |
| Total Rental | 17 | 24 | 19 | 29 | 32 |
| Rentals for 100 m² | 1,700 | 2,400 | 1,900 | 2,900 | 3,200 |
| Rentals for 300 m² | 5,100 | 7,200 | 5,700 | 8,700 | 9,600 |
| Total Workstation Cost | 250.00 | 370.00 | 290.00 | 430.00 | 480.00 |

Source: KPMG Analysis

A workstation is assumed to be 15 sqm per person. The rates assumed for each of the micro-markets are average of minimum and maximum numbers identified in the previous figure. For example Al Seef District takes into consideration 15 which is the average of 13 and 17 (minimum and maximum) rental in the micro-market.

Rental figures above include base rents and service charges. The latter differs from one jurisdiction to another. For Bahrain and Saudi Arabia, the service charge of 15 percent is applicable on the base rent, whereas for Kuwait it is 15 percent, Qatar is between 10% and 15%. For Dubai, the applicable services charge ranges from between AED 3 to AED 10 per sq ft per month of the base rent.

Business centers are companies providing workstation facilities (generally along with additional services and amenities) on monthly rentals basis. Bahrain has the advantage amongst the other GCC countries in terms of ease of obtaining a commercial license through business centers.



The following figure highlights a summary of monthly rental costs of business workstations in target jurisdictions:

Figure 4: Business Center rentals (2020)

Figures in USD per month per workstation

■ Min ■ Max

| | Bahrain | UAE | Saudi | Qatar | Kuwait |
|-------------------|---------|-------|-------|-------|--------|
| Min. Range | 400 | 950 | 500 | 600 | 1,000 |
| Max. Range | 800 | 1,350 | 700 | 900 | 1,200 |

Source:: Primary Research, KPMG analysis

Amenities included: WiFi, Telephone, Fax, and Conference room access

NB: The analysis considers the following business centers for comparison:

Bahrain (Servocorp, MAZ, ACT PRO, Seef Business Centre), Dubai (SpiderBC, Jafza One, Al Saqr Business Tower, Jumeirah Lake Towers, Emirates Towers), Kuwait (Al Hamra Tower, Shayma Tower, IO Center, NIU Collaborative Community), Qatar (Lusail Twin Tower, the Pearl, Jaidah Square), KSA - Riyadh (Moon Tower, The Zone, Al Malqa), KSA - Jeddah (Bin Sulaiman Center, Zahran Business Center)

The following figure highlights monthly rental costs for a workstation at incubator centers in target jurisdictions. While these are official prices, discounts may be offered depending on the application. Incubator centers in Qatar provide shared desk for free under equity sharing model.

Figure 5: Incubator Center rentals (2020)

Figures in USD per month per shared desk

■ Min ■ Max

| | Bahrain | UAE | Saudi | Qatar | Kuwait |
|-------------------|---------|------|-------|-------------------------------------|--------|
| Min. Range | 270 | 300 | 380 | Free (Subsidized shared desk) | 240 |
| Max. Range | 500 | 1000 | 950 | | 320 |

Source: Quotes from incubator centers, Primary Research and KPMG Analysis

NB: The analysis considers the following incubator centers for comparison:

Bahrain (Man Squared, Uni Concept For Business Solutions, Alwane Center for Development of SME and MAZ Business Development)), Dubai (In5, Astro Labs, Dubai Technology Entrepreneur Centre), Kuwait (Sirdab Lab, Mefazec, Uni Incubators), Qatar (Qatar Business Incubation Center, Digital Incubation Center and Qatar Science and Technology Park), Riyadh (Arabian Enterprise Incubators, Start Up Khobar)

2.3. Commercial Utility Cost

Electricity and water tariffs for commercial consumption vary in accordance to the total number of units utilized. All quoted tariffs are based on an electricity consumption of 10,000 kilowatt-hour (kWh) and water consumption of 450 cubic meters (m3).

Figure 6: Indicative utility charges² for a commercial space³ (2020)

Electricity costs for commercial consumption of 10,000 kWh/month (2020)

Figures in US\$

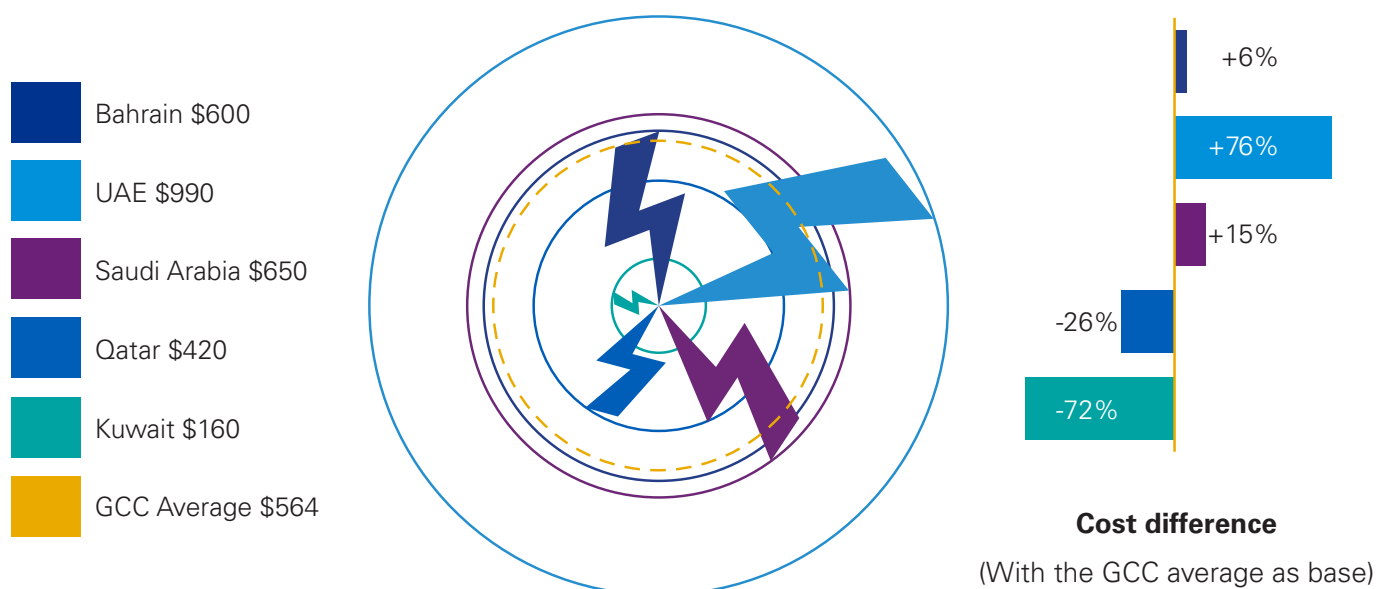
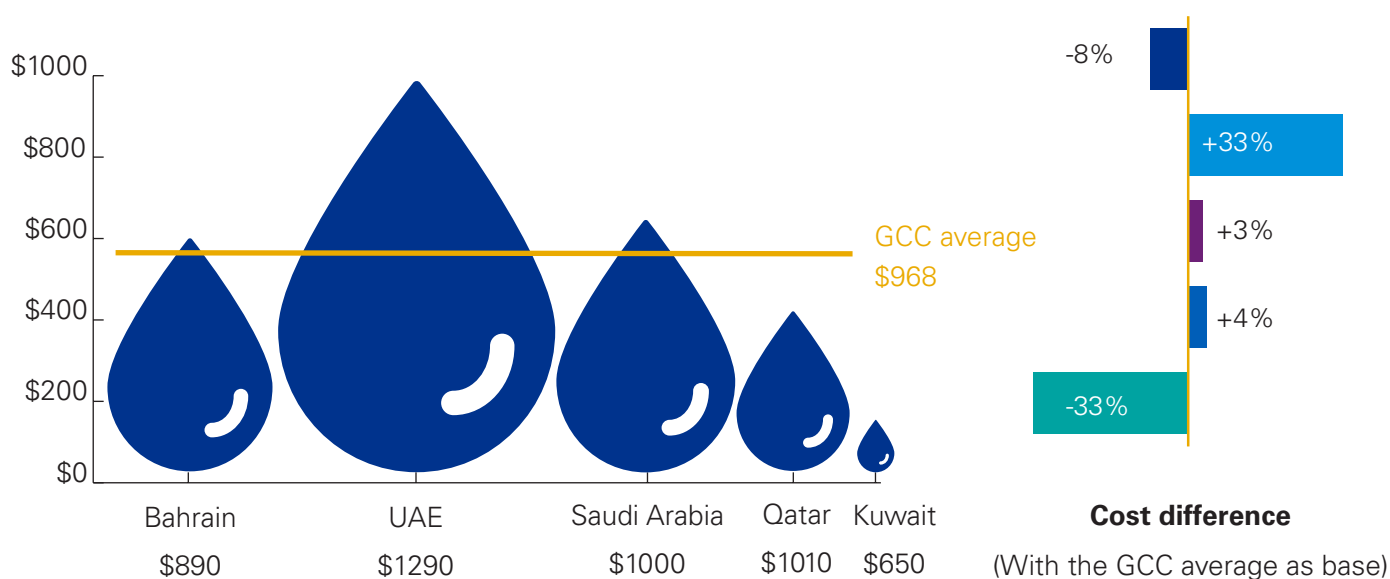


Fig 7: Water costs for commercial consumption of 450 m3/month (2020)



Source: Bahrain Electricity and Water Authority, Dubai Electricity and Water Authority, Kuwait Ministry of Electricity and Water, Kahramaa, Saudi Electricity Company, KPMG Analysis

Please refer to the Appendix for detailed utility tariffs.

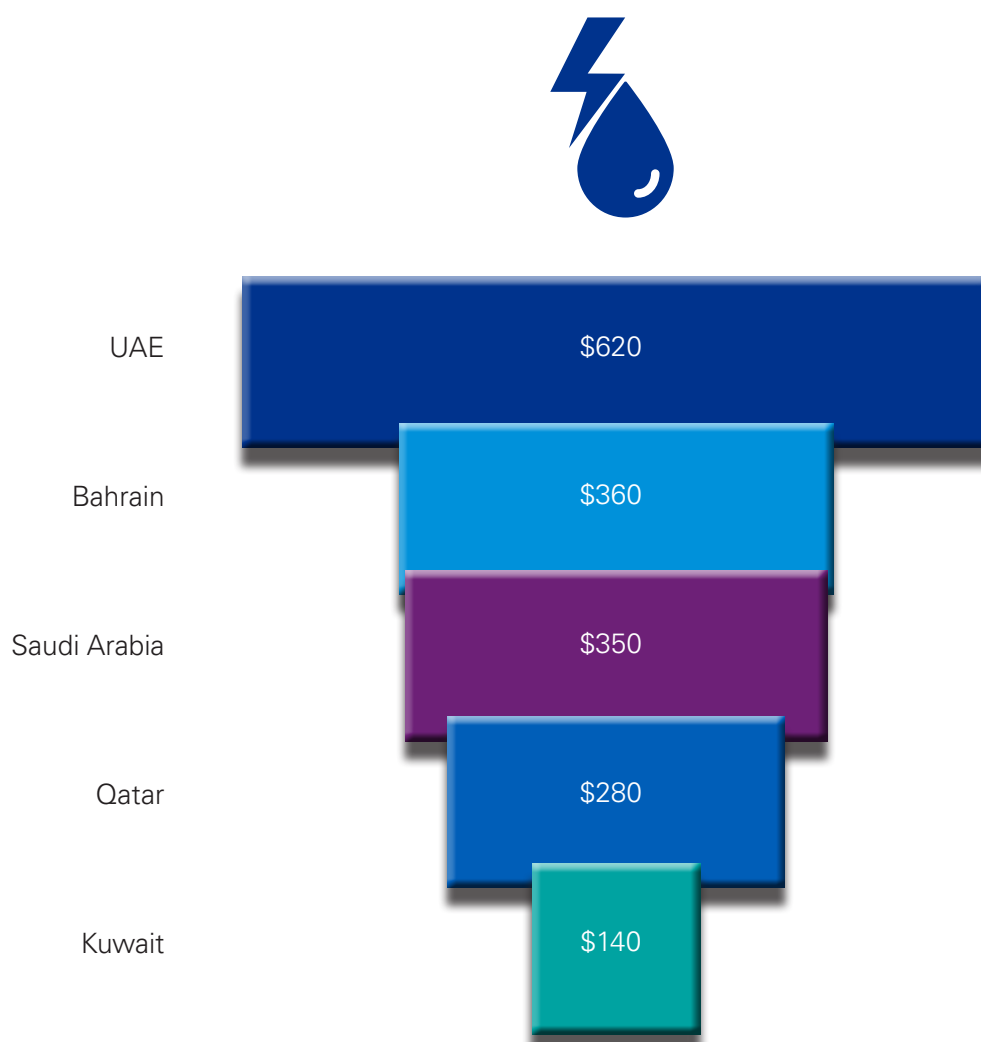
Charges have been calculated based on consumption of 21 kWh per square meter, and 0.08 cubic meters per m2, of electricity and water respectively

To further illustrate the differences in utility tariffs amongst the GCC countries, refer to the graph below outlining indicative charges for electricity and water consumption for a typical commercial office size. Figure 8 highlights the average utility costs for a commercial space of 300 m². The electricity consumed for the area mentioned is 6,300 kWh and water consumed is 24 m³. Overall, utility costs are lowest in Kuwait as compared with other countries in the GCC. It is followed by Qatar and then Saudi Arabia and Bahrain. UAE is the least economical when it comes to commercial utility charges.

Figure 8: Indicative utility charges for a commercial space (2020)

Electricity and Water costs for 300 sqm commercial space consumption

Figures in US\$



Please refer to the Appendix for detailed utility tariffs.

Charges have been calculated based on consumption of 21 kWh per square meter, and 0.08 cubic meters per m², of electricity and water respectively.

Figure 9: Telephone services – local and international call charges (2020)

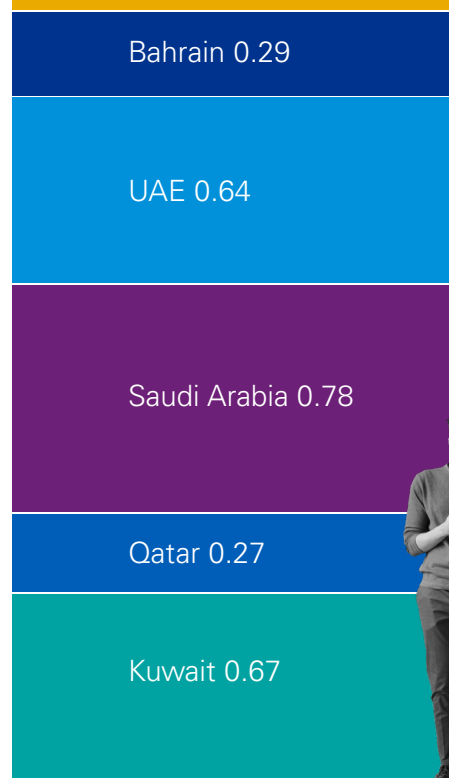
Figures in USD per minute

The cost of telephone services has been calculated based on the corporate rates offered from leading telecommunication providers in Bahrain, Dubai, Qatar, Kuwait and Saudi Arabia.

Figure 9 summarizes the call rates applied for commercial telephone lines for international calls. We have assumed certain international destinations consistent across all the jurisdictions to identify the difference in the call rates. The charges in the following chart show that Qatar has the lowest call rates compared to other GCC jurisdictions. Bahrain follows Qatar in the least expensive telephone service charges in the GCC.



Average Call Charges




| Point of Origin | Destination | Charges (US\$ per minute) |
|-----------------|-------------|---------------------------|
| Bahrain | UK | 0.27 |
| | USA | 0.23 |
| | India | 0.23 |
| | Bangladesh | 0.26 |
| | Egypt | 0.27 |
| | Nepal | 0.46 |
| | Philippines | 0.28 |
| UAE | UK | 0.68 |
| | USA | 0.52 |
| | India | 0.62 |
| | Bangladesh | 0.60 |
| | Egypt | 0.60 |
| | Nepal | 1.00 |
| | Philippines | 0.49 |
| Saudi | UK | 0.81 |
| | USA | 0.62 |
| | India | 0.62 |
| | Bangladesh | 0.78 |
| | Egypt | 0.56 |
| | Nepal | 1.24 |
| | Philippines | 0.84 |
| Qatar | UK | 0.27 |
| | USA | 0.27 |
| | India | 0.27 |
| | Bangladesh | 0.27 |
| | Egypt | 0.27 |
| | Nepal | 0.27 |
| | Philippines | 0.27 |
| Kuwait | UK | 0.65 |
| | USA | 0.58 |
| | India | 0.62 |
| | Bangladesh | 0.62 |
| | Egypt | 0.69 |
| | Nepal | 0.91 |
| | Philippines | 0.65 |

Assumed 100 international calls to derive the phone calls.

The cost of internet service is based on several ranges defined in Figure 10. The features and added benefits may vary between the packages offered by each telecommunication company across the countries. considered.

Figure 10: Internet charges for businesses (2020)

Figures in US\$ per month



| | Bahrain | UAE | Saudi Arabia | Qatar | Kuwait |
|------------------------|-----------|-----------|--------------|-----------|------------|
| Up to 20 | 20 - 46 | N/A | N/A | 59 - 59 | 36 - 610 |
| From 20 to 50 | 56 - 111 | 97 - 97 | N/A | 89 - 89 | 98 - 1,027 |
| From 50 to 100 | 111 - 111 | 143 -154 | 70 - 87 | 81 - 81 | 125 - 1233 |
| From 100 to 500 | 334 - 416 | 105 - 810 | 93 - 248 | 108 - 149 | 492 - 492 |

Assumptions:

1. Data limit not considered for the price comparison. Only service speed (1:1 bandwidth is assumed)
2. No installation and service charges have been considered for the above. The above data shows monthly recurring rentals
3. Not VAT considered for the above figures
4. Considered the most prominent service providers (up to three providers per country)
5. Package duration is not considered
6. All packages assume a contract between the ISP and the company
7. Packages are for shared services and do not include prices for dedicated / managed services. Costs were obtained for ADSL and Fiber packages

N/A – Not Available

Source: STC Bahrain and Saudi Arabia, Zain Bahrain and Kuwait, Etisalat and Du, KPMG Analysis

2.4. Cross border Connectivity

Cross border connectivity costs are based on telecommunication fees incurred by an ICT firm. Figure 11 summarizes monthly recurring charges and non-recurring fees for select origin-destinations. Recurring charges (MRC) represent monthly rental subscription rates, while non-recurring charges (NRC) represent setup costs (one-time fee). The below fees are for Multi-Protocol Label Switching (MPLS) based IP-VPN voice calling for a bandwidth of 8-mbps.

Figure 11: Cross Border Connectivity cost⁴ (2020)

Figures in US\$ per position

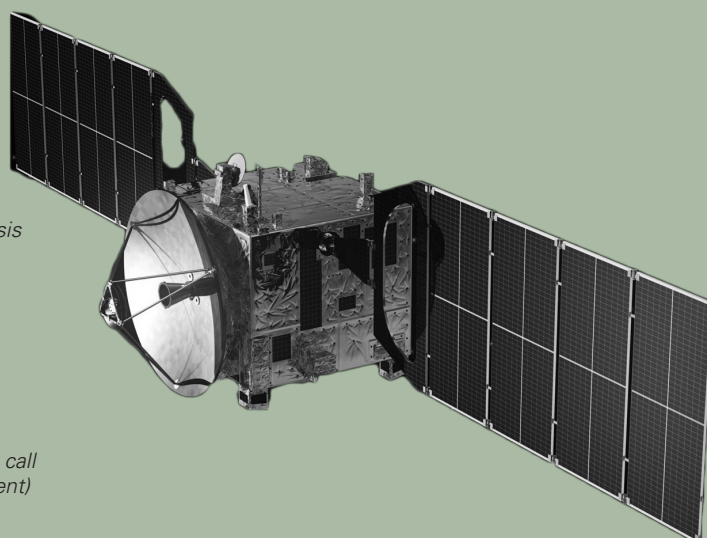
| Point of Origin | Destination | Non Recurring Charges (US\$) | Monthly Recurring Charges (US\$) |
|-----------------|-------------|------------------------------|----------------------------------|
| Bahrain | Dubai | 3,000 - 4,000 | 13,000 - 15,000 |
| | Riyadh | 7,000 - 9,000 | 16,000 - 18,000 |
| | Doha | 9,000 - 11,000 | 18,000 - 20,000 |
| | Kuwait | 5,000 - 8,000 | 6,000 - 8,000 |
| | Oman | 6,000 - 8,000 | 16,000 - 18,000 |
| Jordan | Dubai | 9,000 - 11,000 | 18,000 - 22,000 |
| | Riyadh | 12,000 - 14,000 | 23,000 - 26,000 |
| | Doha | 16,000 - 18,000 | 30,000 - 35,000 |
| | Kuwait | 13,000 - 14,000 | 16,000 - 17,000 |
| Egypt | Dubai | 5,000 - 6,000 | 17,000 - 23,000 |
| | Riyadh | 8,000 - 10,000 | 18,000 - 20,000 |
| | Doha | 10,000 - 13,000 | 24,000 - 30,000 |
| | Kuwait | 5,500 - 7,500 | 8,000 - 10,000 |

Source: Raya Telecom, Kalaam Telecom, Noor Telecom, KPMG analysis

Technical Assumptions:

- Bandwidth: 8Mbps
- Bandwidth Uplink/Downlink Ratio: 1:1
- Cable: Cooper/Fiber
- Layer: P2P Network

⁴Key assumption: Bandwidth uplink / downlink ratio of 1:1; Copper / fiber cable; Layer P2P Network; 80 to 100 executives working in the call center; The quotes above include CPE (Customer Premises Equipment) costs.



2.5. Manpower costs

When comparing the average salaries for the ICT sector, Bahrain stands out as the lowest in terms of wages followed by Kuwait. Figures 12 and 12.1 show the average annual salaries for different positions within the ICT sector.

Figure 12: Monthly salaries for Core Positions (2020)

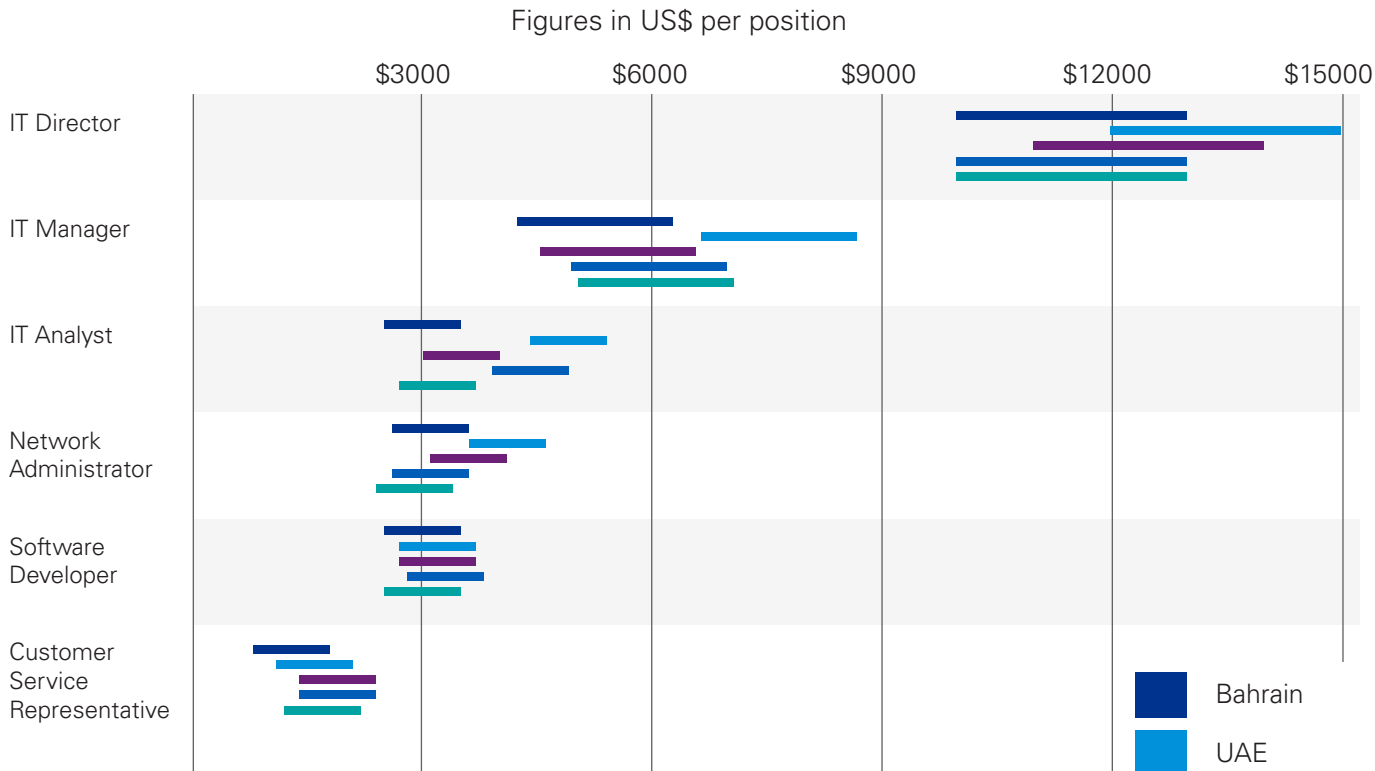
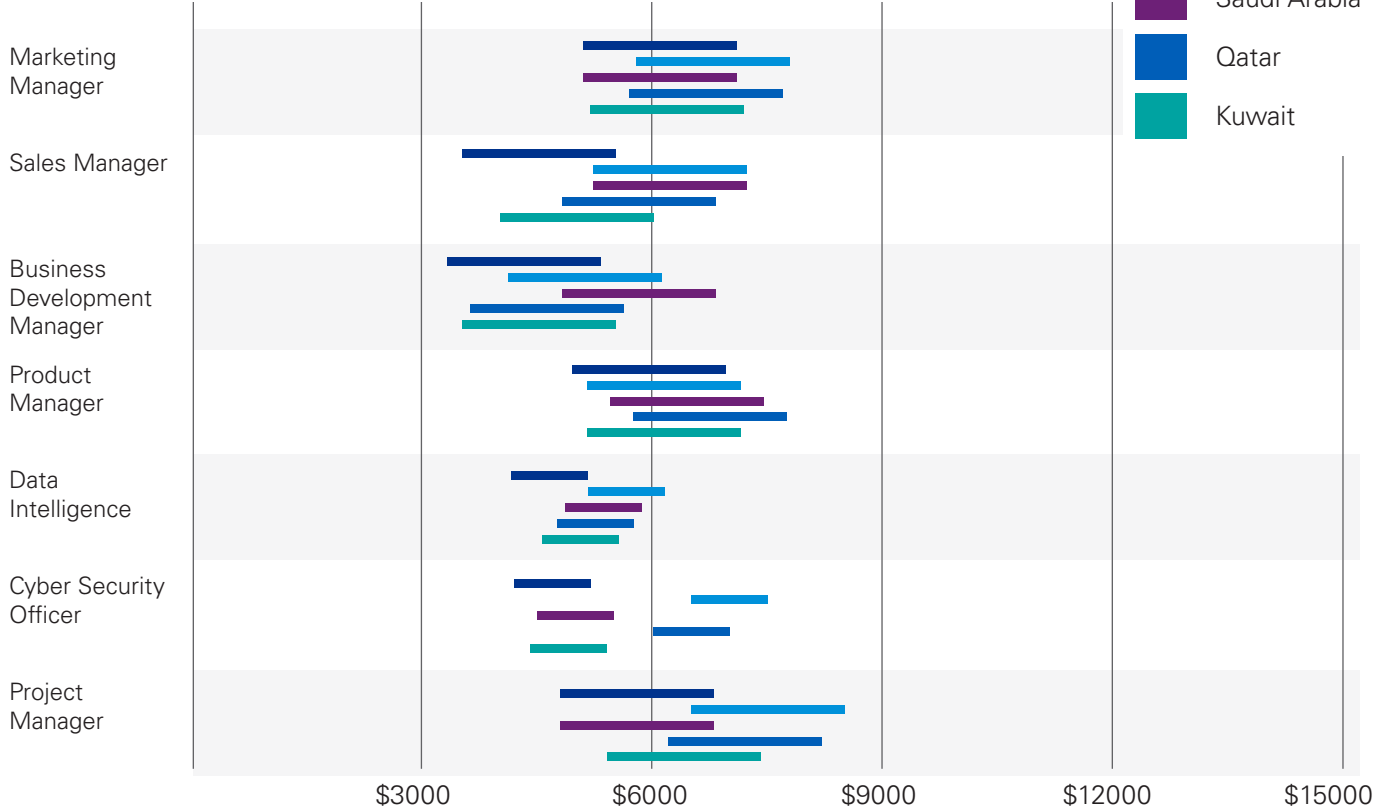
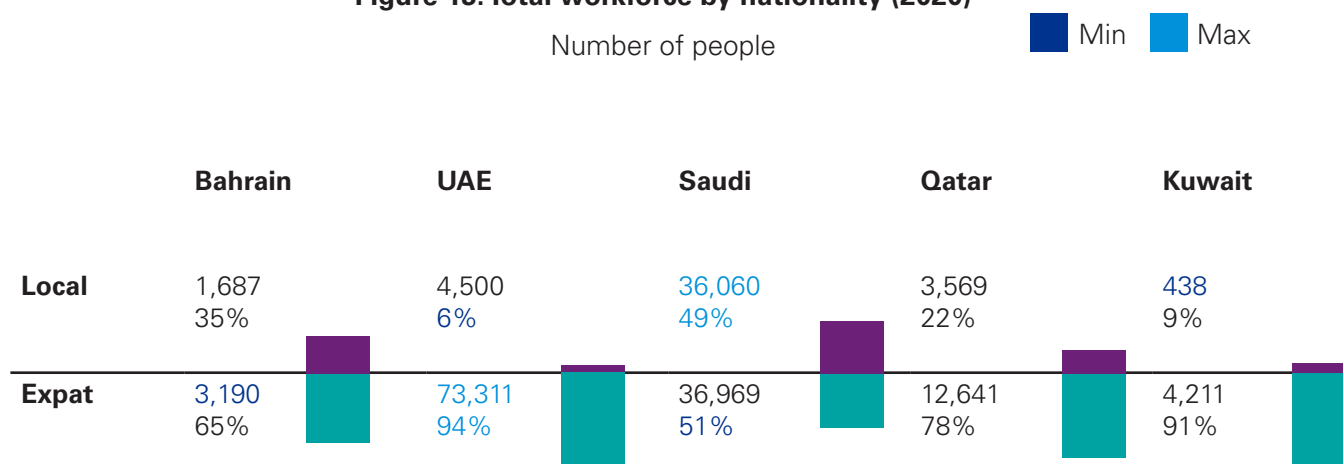


Figure 12.1: Monthly salaries for Non-Core Roles (2020)



**Positions are defined in the appendix attached below
Source: Payscale, Charterhouse, Cooperfitch, Gulf Talent, Hays, Salary Explorer, Korn Ferry, and KPMG Analysis
The numbers showcased above are the 2020 estimated numbers*

Figure 13: Total workforce by nationality (2020)



Source: Kuwait Central Statistical Bureau, MDPS, LMRA, DSC, General Authority for Statistics (Kingdom of Saudi Arabia)
 *DSC Sources as of 2019 (website doesn't show 2019 report)

These figures are workforce by nationality specific to the ICT sector in each jurisdiction. Figures for UAE and Qatar are calculated separately and are therefore accurate to the nearest whole number.

2.6. Visa and residency costs

Visa and residency costs include the fees of residency permits for 2 years, re-entry visas, medical checkups, health insurance and national ID charges.

Bahrain offers the second cheapest multiple entry visa charge, compared to the other GCC countries. In addition, Bahrain has a relatively low cost when it comes to single entry visit visa charges. Furthermore, Qatar offers 'visa on arrival' to the largest number of nationalities, compared to the other GCC countries.

Figure 14 shows the visa cost for domestic help. Compared with the GCC average, Bahrain has the lowest domestic visa help package cost. Dubai and Saudi Arabia, on the other hand, have the highest domestic visa package cost.

Figure 14: Work and Domestic visa cost (2020)

Figures in US\$

Min Max

| | Duration | Bahrain | UAE | Saudi | Qatar | Kuwait |
|----------------------|----------|---------|-------|-------|-------|--------|
| Work Visa | 2 years | 978 | 842 | 3,497 | 1,085 | 640 |
| Domestic Visa | 2 years | 313 | 2,700 | 768 | 691 | 689 |

Source: LMRA, ADGM Registration Authority document, Arabian Business, eVisa, visitqatar.qa, portal.www.gov.qa, Kuwaitvisa.com and KPMG Analysis



Figure 15: : Visit visa cost (2020)

Figures in US\$



Min



Max

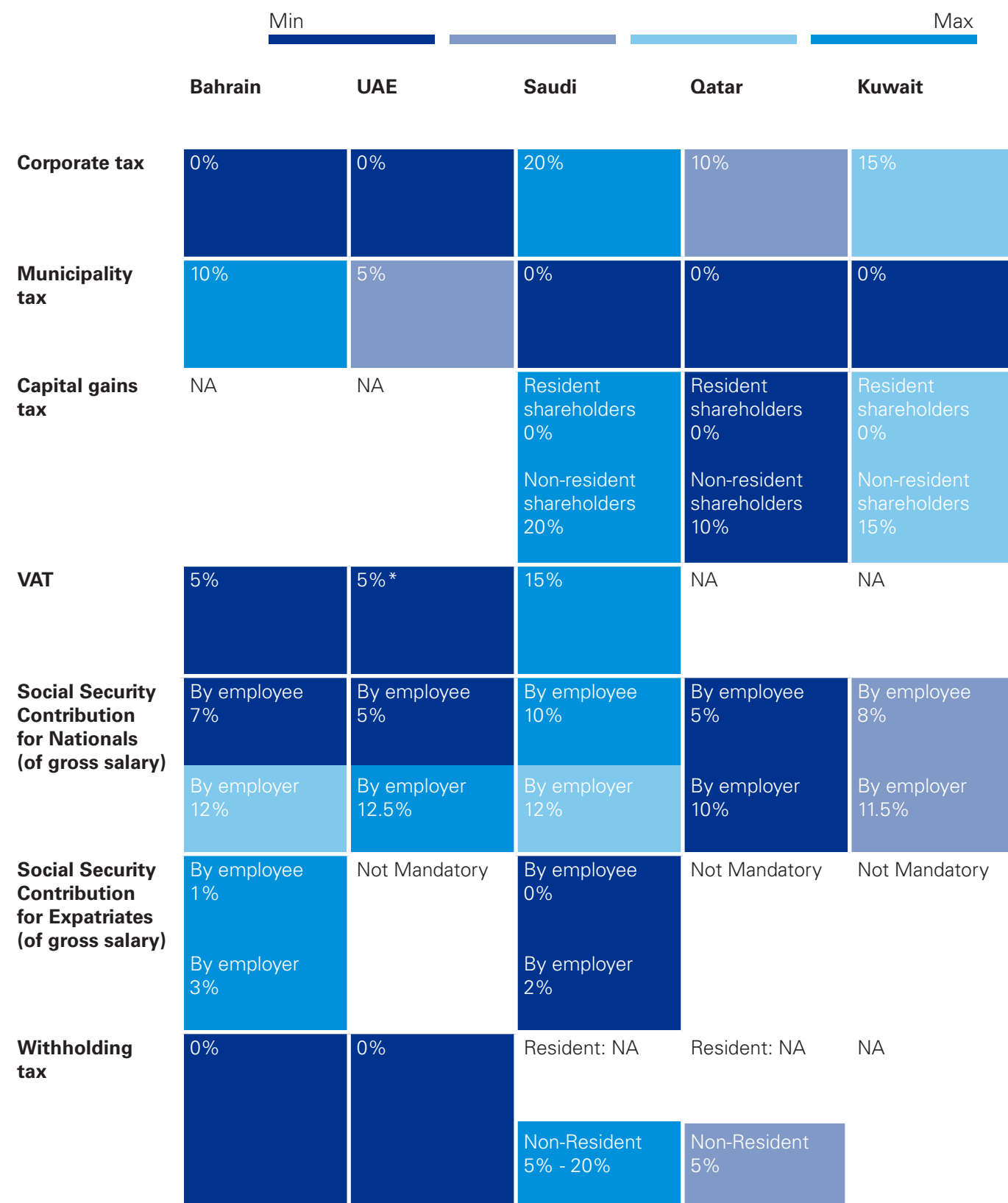
| | Single Entry | Mutiple Entry |
|---------------------|--------------|---------------|
| Bahrain | 24 | 77 |
| Dubai | 68 | 175 |
| Kuwait | 10 | NA |
| Qatar | 27 | 54 |
| Saudi Arabia | 119 | 119 |



2.7. Taxes and fees

Personal income tax is not applicable in the covered jurisdictions. VAT is currently launched in Bahrain, Dubai and Saudi Arabia while Qatar and Kuwait are planning to implement VAT by 2021. Figure 16 summarizes several taxes applicable in the elected jurisdictions across the GCC.

Figure 16: Taxes and Fees



Source: Ministry of Works, Municipality Affairs and Urban Planning, DEWA, ADDC, SIO, Doingbusiness.org and Federal Tax Authority.

*Any transactions between VAT Designated Zones are VAT free and not attract 5% VAT charge as specified in the Executive Regulation.

Most incentives
focus on funding
new ventures in the
sector or on training
and development of
nationals.

Key incentives for the ICT sector in the GCC
(Section 3.1 of this report)

III. Indirect Cost Component

3.1. Incentives for ICT sector

Figure 17 highlights key incentives for the ICT sector in the GCC. Most incentives focus on funding new ventures in the sector or on training and development of nationals.

Bahrain

Wage subsidy support for nationals (up to 70 percent of salaries) for fresh graduates and up to 25% of salaries for experienced professionals of 2-5 years.

Wage Increment Support of BD 20 – 250 for a duration of 12 months. The financial support provided shall be capped based on the employee's salary at the time of application submission. If an enterprise wishes to extend the wage increment support for an additional 12 months, the employee's salary must be incremented again, and the new salary must be reflected in the SIO. Tamkeen shall then cover the cost of the old and new increment for the additional 12 months.

Training subsidy support for nationals is 100% for the ICT sector.

Tamkeen Business Development Scheme provides 50% grant. This includes machinery and equipment, ICT, marketing, business consultancy, etc.

The "Cloud Computing Services" is a financing support that covers 100% of the cost of any hyper-scale cloud computing data center located in Bahrain.

Tamweel is a finance scheme whereby Sharia compliant financing is offered to small and medium-sized enterprises (SMEs). Tamkeen subsidizes 50 percent of the interest rates (capped at an 8 percent reducing balance).

Dubai

Grants for ICT companies available to research and development in the UAE through the ICT fund. In addition, the fund has a dedicated budget to support the incubation phase to enable the innovators to turn their ideas into products. The fund is supposed to be providing technical, commercial and financial assistance. The development of any product/service that will carry the mark 'Made in the UAE' is eligible for funding.

ICT Fund backs entrepreneurs and industry pioneers who aim to contribute to the UAE's ICT sector. The development of any product or service that will carry the mark 'Made in the UAE' is eligible for funding. The ICT Fund supports both individual entrepreneurs, and larger incubation initiatives, dedicated to the ICT sector.

ICT Fund has launched "BETHA program" that aims to enhance the national education sector by supporting UAE academically distinguished cadres to drive the country's education in ICT related disciplines, in order to meet the sector's annually growing needs, as well as the increasing demand for ICT specialized national human resources.

The "Seeds for the future" Project is a learning and training initiative that provides students with a competitive platform to bring their innovative ICT ideas and projects to the forefront and allow them to transform their ideas into effective products and tangible realities through support from program partners

SMEs can benefit from a subsidy that reduces licensing and fees by up to 90 percent for up to 3 years.

Saudi Arabia

The Human Resource Development Fund supports activities related to developing and training Saudi labor.

Tax reduction of 50 percent from annual expenses for recruiting and training, and annual salaries of Saudis in select regions (Ha'il, Jazan, Najran, Al-Baha, Al-Jouf and Northern Borders).

Monshaat - Supporting, developing and caring for the small and medium enterprises sector in accordance with the best international practices by implementing and supporting programs and projects to spread the culture and thought of self-employment, entrepreneurship, initiative and innovation, and to diversify the sources of financial support for enterprises. This is available for Saudi nationals only.

Qatar

The SME equity fund offers equity financing of up to 50% stake in the business.

Qatar Science and technology Park offers product development funding startups and SMES up to 50%.

Qatar Digital Government Training Program created to boost the government ICT professional capacity to serve the 2020 Digital transformation of Qatar's government.

The Digital Incubation Center (DIC) was created to boost ICT innovation in Qatar, particularly among young people at the critical early stages of starting or growing a technology-related business.

Qatar Free Zone an independent authority created in 2018 to oversee and regulate world-class free zones in Qatar, offering outstanding opportunities and benefits for businesses seeking to expand globally

Kuwait

The National Fund is a finance scheme providing low cost financing to SMEs.

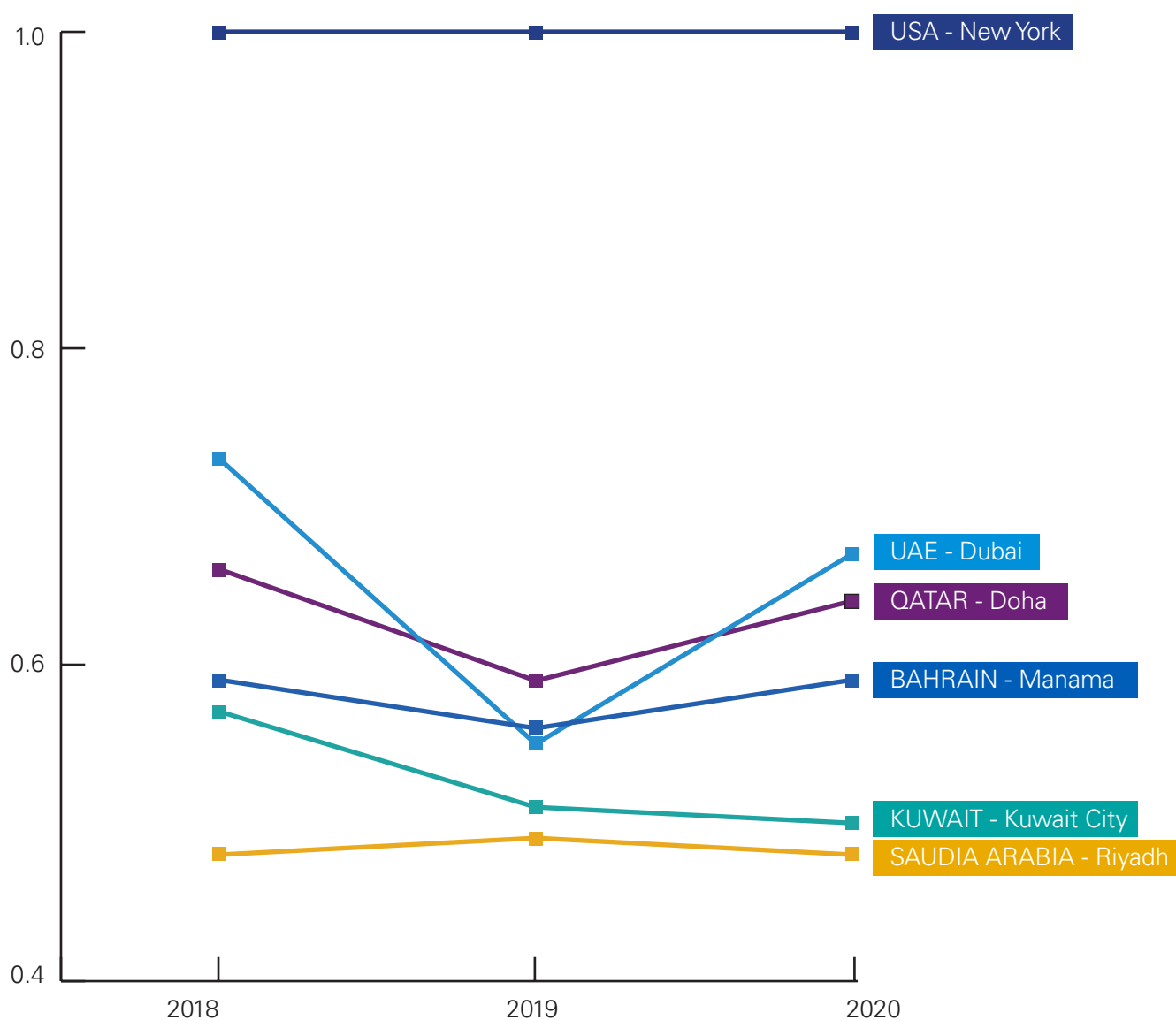
The fund subsidizes 80 percent of project financing at a 2 percent interest rate.



3.2. Cost of living index

The cost of living index allows comparison of day-to-day living expenses (housing, transportation, healthcare, utilities etc.) between different locations and over time. The cost of living index is calculated for the covered jurisdictions by comparing them with New York as a base. The cost of living in Saudi Arabia is very attractive, followed by Kuwait then Bahrain, when compared with the GCC average and other GCC countries, especially considering salary levels.

Figure 18: Cost of living index across the GCC



Source: www.numbeo.com

Note: These numbers as of December 2020

3.3. Accommodation costs

Amongst all the GCC countries, Bahrain costs lowest in terms of cost of accommodation followed by Saudi Arabia. The following graph shows the rental per month for different apartment and villa categories.



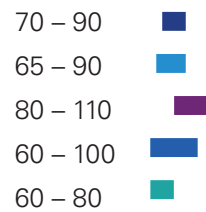
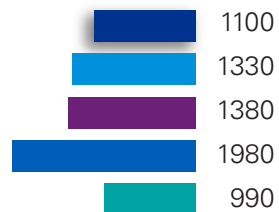
Figure 19: Average monthly accommodation - rentals comparison (2020)

Figures in US\$ per month

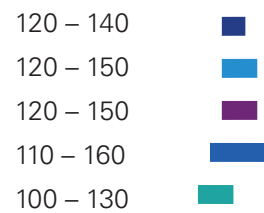
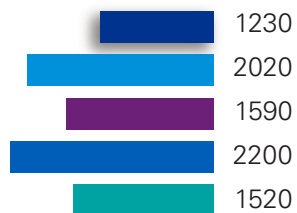
Figure 20: Average areas of residential accommodation (flats and villas)

Figures in (min – max) sqm

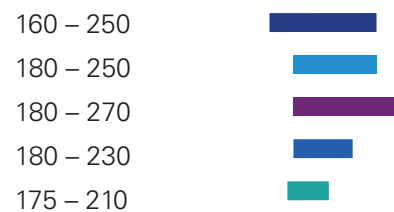
1 Bedroom Apartment



2 Bedroom Apartment



3 Bedroom Apartment



3 Bedroom Villa



4 Bedroom Villa



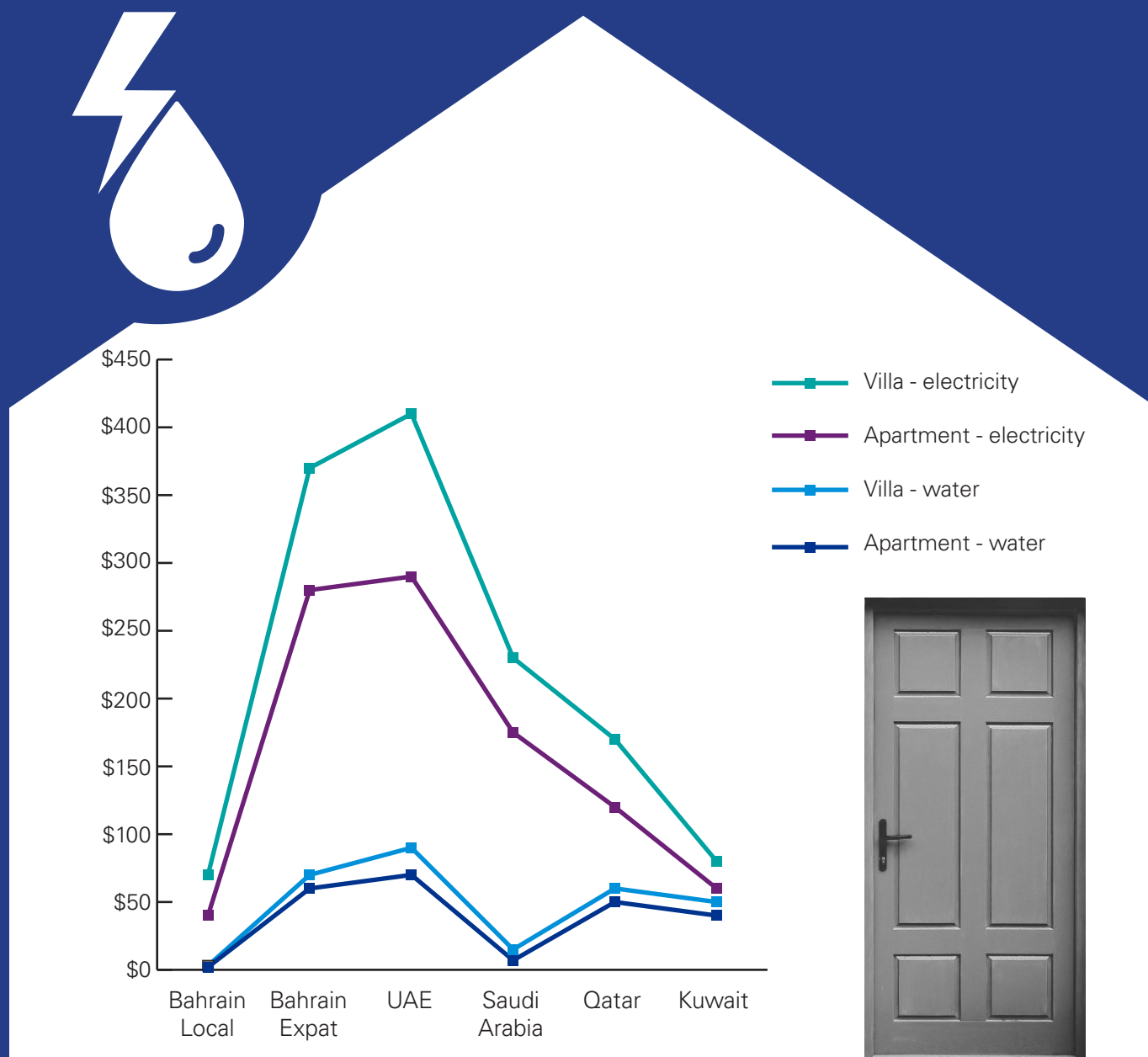
Source: Knight Frank, JLL Market Report, KPMG analysis, Property Finder, Cavendish Maxwell, KFH Reports

3.4 . Accommodation Utility costs

Figure 21 illustrates the differences in domestic electricity and water costs between other GCC countries for a household of four people, living either in an apartment or a villa. The costs are based on a daily electricity use of 30kWh per capita for an apartment, and 40kWh per capita for a villa. Daily water consumption is calculated at 250 liters per capita living in an apartment and 310 liters per capita residing in a villa. Water cost in Kuwait is lowest as compared to other GCC countries. Bahrain is the only country among the selected ones which has different water tariffs for nationals and expatriates.

Figure 21: Electricity & Water monthly consumption per household (2020)

Figures in US\$



Source: Bahrain Electricity and Water Supply, Dubai Electricity and Water Company, Kuwait Ministry of Electricity and Water, Kahramaa' and Saudi Distribution Company, Saudi Electricity Company

Please note that the tariff shown in the above figures include the following

- A fixed month charge of US\$ 2.65 is added to Bahrain's utility tariffs (electricity and water)
- Dubai's utility tariffs include a fuel surcharge added for consumptions of both electricity and water.

Residential rents, utilities,
the cost of education and
domestic help salaries,
are lowest in Saudi Arabia
followed by Bahrain.

Average annual cost of living in the GCC
(Section 1 of this report)

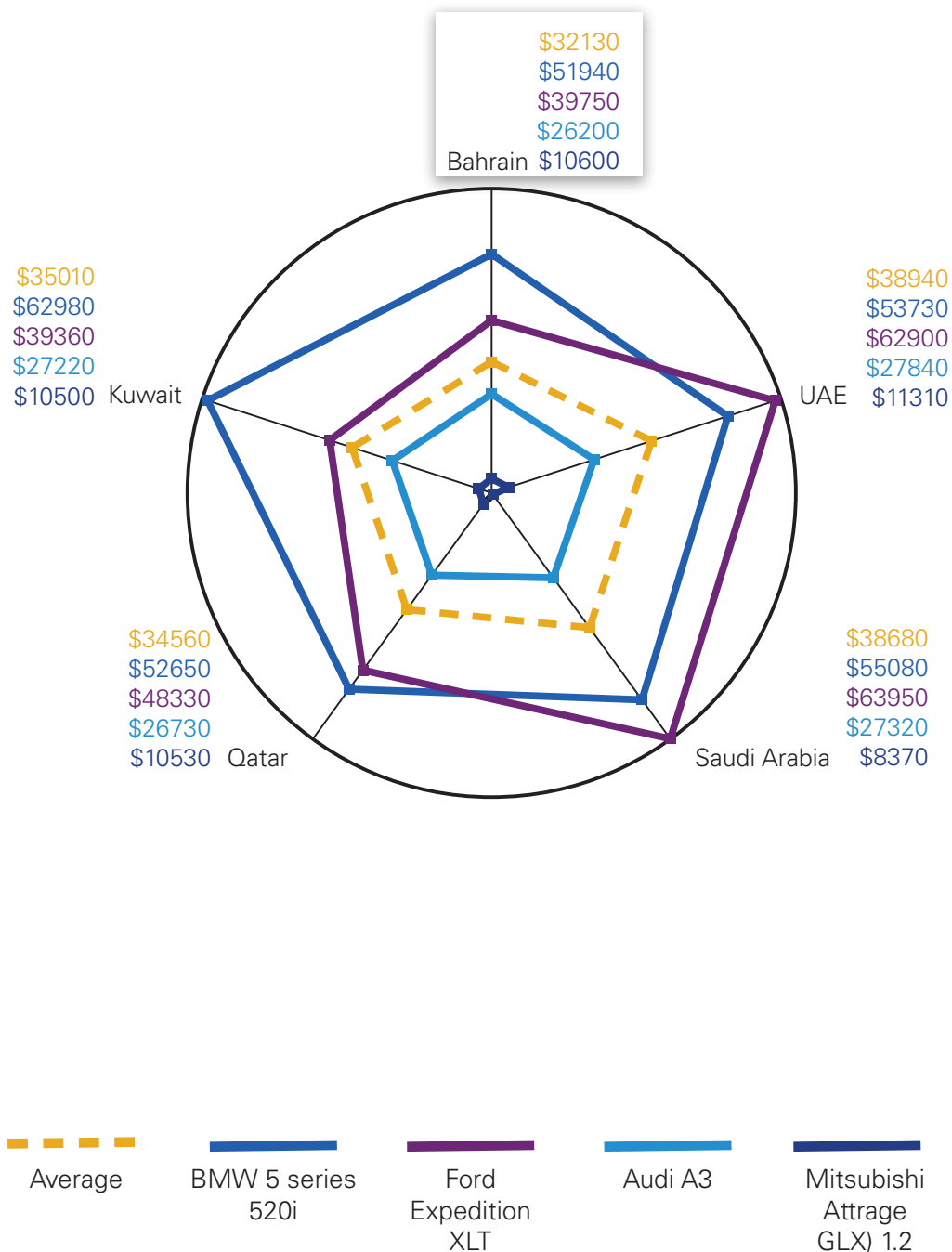


3.5 . Vehicle costs

The average cost of different vehicles in the GCC is shown in the below figure.

Figure 22: Vehicle purchase prices across GCC countries (2020)

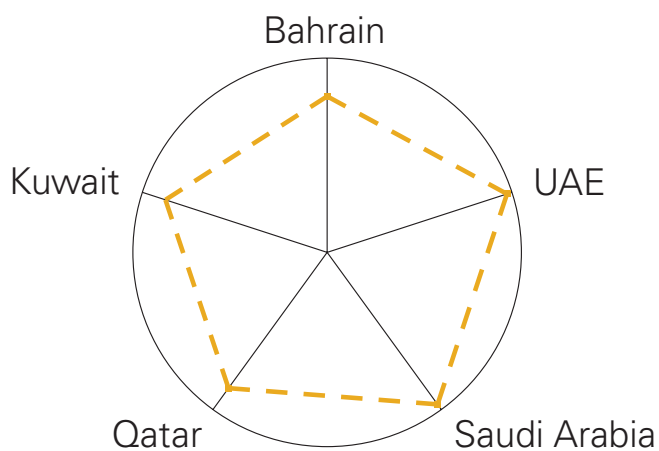
Figures in US\$ All vehicle types



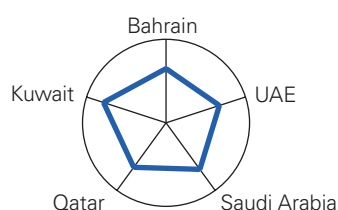
Source: yallamotors.com

Figure 22.1 Vehicle purchase prices across GCC countries (2020)

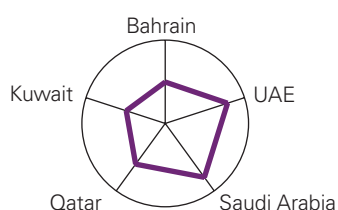
Figures in US\$ Individual vehicle types



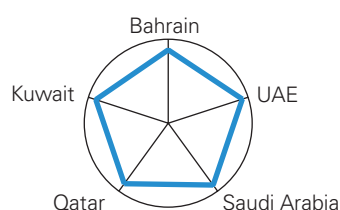
Average all vehicle types



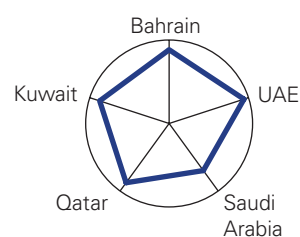
BMW 5 series 520i



Ford Expedition XLT



Audi A3

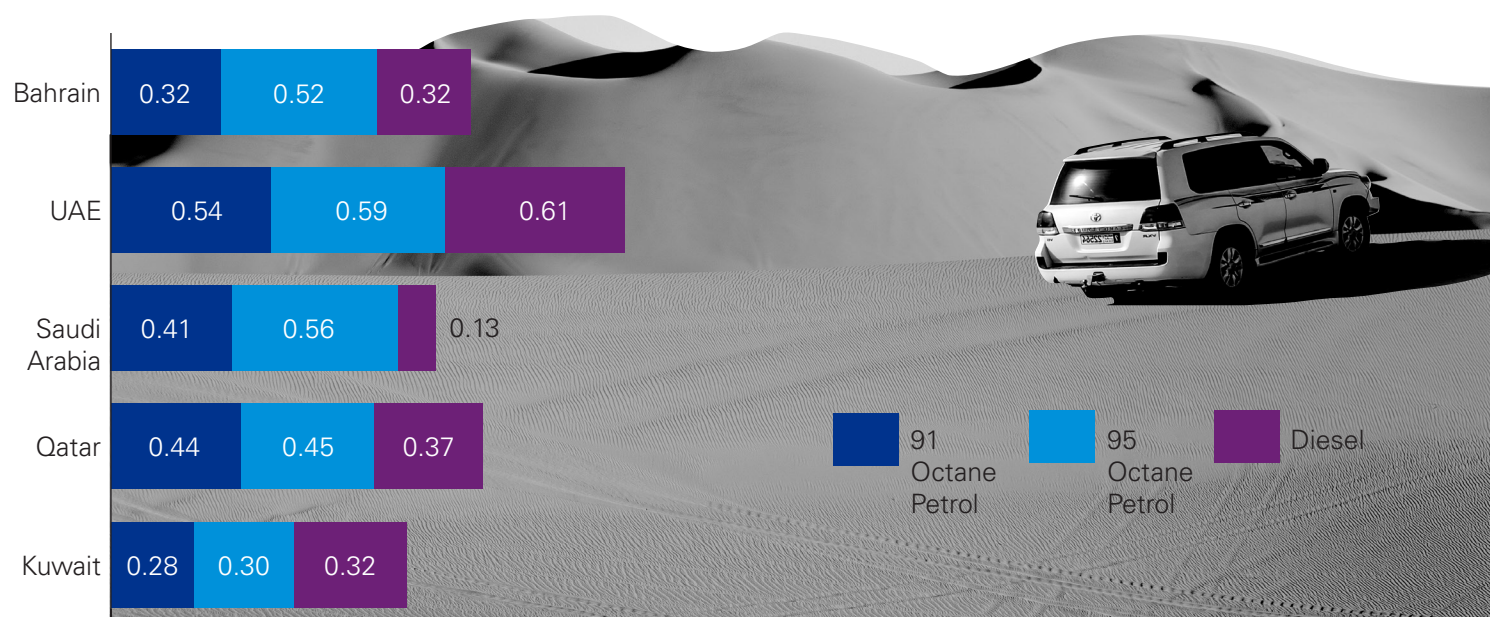


Mitsubishi Attrage (GLX) 1.2

The following figure compares the fuel prices across the GCC countries.

Figure 23: Fuel prices (2020)

Figures in US\$ per liter

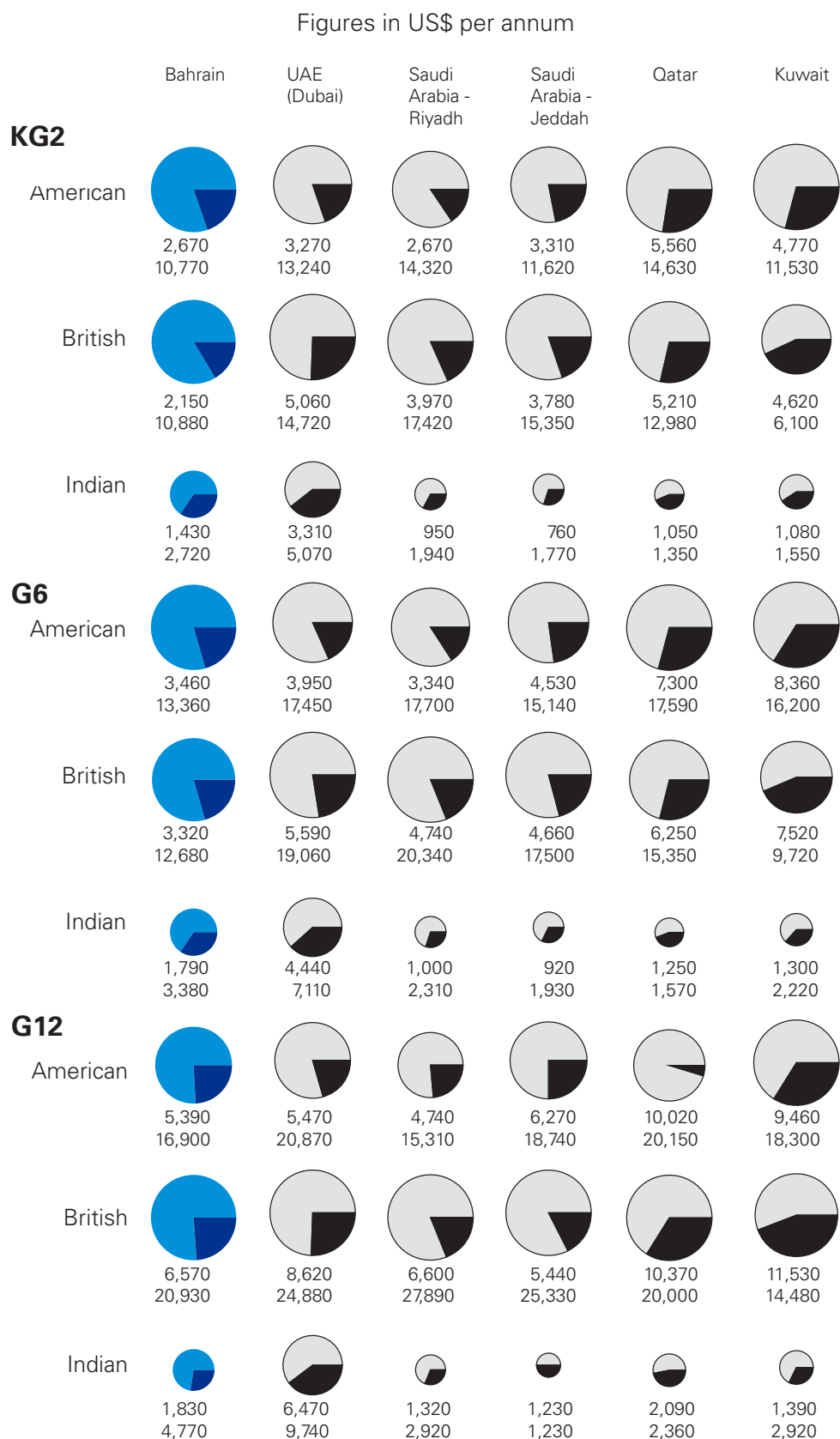


Source: www.argaam.com

3.6 Education costs

Figure 24 outlines the average cost of schooling in the GCC. Bahrain has the lowest average cost in relation to fees for the American curriculum. For the Indian curriculum, however, the cost of schooling is lowest in Saudi Arabia compared to the other GCC countries.

Figure 24: Average annual cost of schooling per curriculum (2020)



Source: School Websites, Edarabia.com, KPMG Analysis

Note: Only annual tuition fees are considered in the calculations. Other educational costs, such as registration fees, book fees, facilities fees are not included.

3.7 Domestic help visa

Figure 25 shows the average salaries for domestic help in different GCC countries. Bahrain is lowest in terms of salary for domestic help wages as compared to the average wage for domestic help in the GCC, which stands at US\$ 406.

Figure 25: Domestic help wages (2020)

Figures in US\$

Min Max



Source: LMRA, Helperchoice.com, and Kornferry Report

IV. Appendix

Electricity and water tariff structure in Bahrain

Cost of commercial utilities - Water (2020)

USD per m³

| Jurisdiction | All commercial consumption (USD/m ³) |
|--------------|--|
| Bahrain | 1.988 |

Cost of commercial utilities - Electricity (2020)

USD per kWh

| Jurisdiction | First 5,000 kWh | 5,000 – 250,000 kWh | 250,000 – 500,000 kWh | Above 500,001 |
|--------------|-----------------|---------------------|-----------------------|---------------|
| Bahrain | 0.042 | 0.077 | 0.077 | 0.077 |

Cost of residential utilities - Water (2020)

USD per m³

| Jurisdiction | First 60 m ³ | 61 - 100 m ³ | Above 100 m ³ |
|--|-------------------------|-------------------------|--------------------------|
| Bahrain for nationals with one account | 0.07 | 0.21 | 0.53 |
| Bahrain for expatriates or nationals with more than one account | | 1.98 | |

Cost of residential utilities - Electricity (2020)

USD per kWh

| Jurisdiction | First 3,000 kWh | 3,001 - 5,000 kWh | Above 5,000 kWh |
|--|-----------------|-------------------|-----------------|
| Bahrain for nationals with one account | 0.08 | 0.024 | 0.042 |
| Bahrain for expatriates or nationals with more than one account | | 0.077 | |

Source: Bahrain Electricity and Water Supply.

Electricity and water tariff structure in UAE

Cost of commercial utilities - Water (2020)

USD per m³

| Jurisdiction | 0 - 45 m ³ | 46 - 90 m ³ | 91 m ³ and Above |
|--------------|-----------------------|------------------------|-----------------------------|
| Dubai | 2.316 | 2.613 | 2.970 |

Cost of commercial utilities - Electricity (2020)

USD per kWh

| Jurisdiction | First 2,000 kWh | 2001 - 4,000 kWh | 4001-6000 kWh | 6,001 kWh and Above |
|--------------|-----------------|------------------|---------------|---------------------|
| Dubai | 0.08 | 0.09 | 0.10 | 0.12 |

Cost of residential utilities - Water (2020)

USD per m³

| Jurisdiction | 0 - 27 m ³ | 28 - 54 m ³ | 55 m ³ and Above |
|--------------|-----------------------|------------------------|-----------------------------|
| Dubai | 2.316 | 2.613 | 2.970 |

Cost of residential utilities - Electricity (2020)

USD per kWh

| Jurisdiction | 0 - 2,000 kWh | 2,001 - 4,000 kWh | 4,001 - 6,000 kWh | 6,001 kWh and Above |
|--------------|---------------|-------------------|-------------------|---------------------|
| Dubai | 0.08 | 0.09 | 0.10 | 0.12 |

Source: Dubai Electricity and Water Company.

Other variable cost:

Fuel charge (Electricity) – US\$ 0.02 per kWh

Fuel charge (Water) – US\$ 0.04 per kWh

Electricity and water tariff structure in Qatar

Cost of commercial utilities - Water (2020)

USD per m³

| Jurisdiction | First 50 m ³ | Above 50 m ³ |
|--------------|-------------------------|-------------------------|
| Qatar | 1.62 | 2.32 |

Cost of commercial utilities - Electricity (2020)

USD per kWh

| Jurisdiction | First 4,000 kWh | 4,001 to 10,000 kWh | Above 10,000kWh |
|--------------|-----------------|---------------------|-----------------|
| Qatar | 0.035 | 0.046 | 0.059 |

Cost of residential utilities - Water (2020)

USD per m³

| Jurisdiction | First 20 m ³ | 21 – 250 m ³ | Above 250 m ³ |
|--------------|-------------------------|-------------------------|--------------------------|
| Qatar | 1.49 | 1.89 | 2.70 |

Cost of residential utilities - Electricity (2020)

USD per kWh

| Jurisdiction | First 2,000 kWh | 2,001 to 4,000 kWh | 4,001 – 15,000 kWh | Above 15,000 kWh |
|--------------|-----------------|--------------------|--------------------|------------------|
| Qatar | 0.030 | 0.035 | 0.049 | 0.070 |

Source: Kahramaa

Electricity and water tariff structure in Kuwait

Cost of commercial utilities - Water (2020)

USD per m³

| Jurisdiction | All commercial consumption (USD/m ³) |
|--------------|--|
| Kuwait | 1.44 |

Cost of commercial utilities - Electricity (2020)

USD per kWh

| Jurisdiction | All commercial consumption (USD/kWh) |
|--------------|--------------------------------------|
| Kuwait | 0.016 |

Cost of residential utilities - Water (2020)

USD per m³

| Jurisdiction | All residential consumption (m ³) |
|--------------|---|
| Kuwait | 1.44 |

Cost of residential utilities - Electricity (2020)

USD per kWh

| Jurisdiction | All residential consumption (USD/kWh) |
|--------------|---------------------------------------|
| Kuwait | 0.016 |

Source: Kahramaa', Kuwait Ministry of Electricity and Water.

Electricity and water tariff structure in Saudi Arabia

Cost of commercial utilities - Water (2020)

USD per m³

| Jurisdiction | Less than 15 m3 | 16 - 30 m3 | 31 - 45 m3 | 46 - 60 m3 | Above 61 m3 |
|--------------|-----------------|------------|------------|------------|-------------|
| Saudi Arabia | 0.04 | 0.41 | 1.22 | 1.62 | 2.43 |

Cost of commercial utilities - Electricity (2020)

USD per kWh

| Jurisdiction | First 6,000 kWh | Above 6,000kWh |
|--------------|-----------------|----------------|
| Saudi Arabia | 0.054 | 0.081 |

Cost of residential utilities - Water (2020)

USD per m³

| Jurisdiction | Less than 15 m3 | 15 - 30 m3 | 31 - 45 m3 | 46 - 60 m3 | Above 61 m3 |
|--------------|-----------------|------------|------------|------------|-------------|
| Saudi Arabia | 0.04 | 0.41 | 1.22 | 1.62 | 2.43 |

Cost of residential utilities - Electricity (2020)

USD per kWh

| Jurisdiction | First 6,000 kWh | Above 6,000kWh |
|--------------|-----------------|----------------|
| Saudi Arabia | 0.049 | 0.081 |

Source: Saudi Distribution Company, National Water Company.

Visit Visa Countries in the GCC:

| | Bahrain | Kuwait | Qatar | Saudi Arabia | UAE |
|-----------|------------------|----------------|--------------|---------------------------------------|--------------------------|
| 1 | Andorra | Andorra | Andorra | Australia | Andorra |
| 2 | Argentina | Australia | Australia | Austria | Argentina |
| 3 | Australia | Austria | Azerbaijan | Andorra | Australia |
| 4 | Austria | Belgium | Belarus | Belgium | Austria |
| 5 | Belgium | Bhutan | Bolivia | Bulgaria | Bahamas |
| 6 | Bolivia | Brunei | Brazil | Brunei | Bahrain |
| 7 | Brazil | Bulgaria | Brunei | Canada | Barbados |
| 8 | Brunei | Cambodia | Canada | China (including Hong Kong and Macau) | Belgium |
| 9 | Bulgaria | Canada | Chile | Cyprus | Brazil |
| 10 | Canada | Czech Republic | China | Croatia | Brunei |
| 11 | Chile | Denmark | Colombia | Czech Republic | Bulgaria |
| 12 | China | Estonia | Costa Rica | Denmark | Canada |
| 13 | Colombia | Finland | Cuba | Estonia | Chile |
| 14 | Croatia | France | Ecuador | Finland | Costa Rica |
| 15 | Cyprus | Georgia | Georgia | France | Croatia |
| 16 | Czech Republic | Germany | Guyana | Germany | Cyprus |
| 17 | Denmark | Greece | Hong Kong | Greece | Czech Republic |
| 18 | Ecuador | Hong Kong | India | Hungary | Denmark |
| 19 | Estonia | Hungary | Indonesia | Iceland | Estonia |
| 20 | Falkland Islands | Iceland | Ireland | Italy | Finland |
| 21 | Finland | Ireland | Japan | Ireland | France |
| 22 | France | Italy | Kazakhstan | Japan | Germany |
| 23 | French Guyana | Japan | Lebanon | Kazakhstan | Greece |
| 24 | Georgia | Korea South | Macedonia | Latvia | Honduras |
| 25 | Germany | Laos | Maldives | Liechtenstein | Hong Kong (SAR of China) |
| 26 | Greece | Latvia | Mexico | Lithuania | Hungary |
| 27 | Guyana | Liechtenstein | Moldova | Luxembourg | Iceland |

Visit Visa Countries in the GCC:

| | Bahrain | Kuwait | Qatar | Saudi Arabia | UAE |
|-----------|--------------------------|--------------------|----------------|---------------------|----------------------------|
| 28 | Hong Kong | Lithuania | Monaco | Malaysia | Ireland |
| 29 | Hungary | Luxembourg | New Zealand | Malta | Italy |
| 30 | Iceland | Malaysia | Pakistan | Monaco | Japan |
| 31 | India (Conditions apply) | Malta | Panama | Montenegro | Kazakhstan |
| 32 | Ireland | Monaco | Paraguay | Netherlands | Kuwait |
| 33 | Italy | Netherlands | Peru | New Zealand | Latvia |
| 34 | Japan | New Zealand | Russia | Norway | Liechtenstein |
| 35 | Kazakhstan | Norway | Rwanda | Poland | Lithuania |
| 36 | Latvia | Poland | San Marino | Portugal | Luxembourg |
| 37 | Lichtenstein | Portugal | Singapore | Romania | Malaysia |
| 38 | Lithuania | Republic of Cyprus | South Africa | Russia | Maldives |
| 39 | Luxemburg | Romania | South Korea | San Marino | Malta |
| 40 | Macau | San Marino | Suriname | Singapore | Mexico |
| 41 | Malaysia | Singapore | Thailand | Slovakia | Monaco |
| 42 | Malta | Slovakia | United Kingdom | Slovenia | Montenegro |
| 43 | Mexico | Slovenia | United States | South Korea | Nauru |
| 44 | Monaco | Spain | Uruguay | Spain | Netherlands |
| 45 | Netherlands | Sweden | Vatican City | Sweden | New Zealand |
| 46 | New Zealand | Switzerland | Venezuela | Switzerland | Norway |
| 47 | Norway | United Kingdom | | Ukraine | Oman |
| 48 | Paraguay | Turkey | | United Kingdom | People's Republic of China |
| 49 | Peru | United States | | United States | Poland |
| 50 | Poland | Vatican City | | | Republic of Mauritius |
| 51 | Portugal | Vietnam | | | Republic of El Salvador |
| 52 | Romania | | | | Portugal |
| 53 | Russia | | | | Romania |

Visit Visa Countries in the GCC:

| | Bahrain | Kuwait | Qatar | Saudi Arabia | UAE |
|----|--------------|--------|-------|--------------|----------------------------------|
| 54 | San Marino | | | | Russian |
| 55 | Singapore | | | | Saint Vincent and the Grenadines |
| 56 | Slovakia | | | | San Marino |
| 57 | Slovenia | | | | Saudi Arabia |
| 58 | South Korea | | | | Serbia |
| 59 | Spain | | | | Seychelles |
| 60 | Suriname | | | | Singapore |
| 61 | Sweden | | | | Slovakia |
| 62 | Switzerland | | | | Slovenia |
| 63 | Thailand | | | | Solomon |
| 64 | UK | | | | South Korea |
| 65 | Ukraine | | | | Spain |
| 66 | Uruguay | | | | Sweden |
| 67 | US | | | | Switzerland |
| 68 | Vatican City | | | | The Vatican |
| 69 | Venezuela | | | | Ukraine |
| 70 | | | | | United Kingdom |
| 71 | | | | | United States of America |
| 72 | | | | | Uruguay |

Source:

Bahrain: <https://www.evisa.gov.bh/list-of-onarrival-visa-country.html>

Kuwait: <https://kuwaitvisa.com/visa-on-arrival/>

Qatar: <https://www.visitqatar.qa/en/plan-your-trip/visas>

Saudi Arabia: <https://www.saudiarabiavisa.com/saudi-tourist-visa/>

UAE: <https://www.etihad.com/en-ae/fly-etihad/visas>

List of Incubators in Bahrain:

| Type of space | Company | Cost/Month (BD) | Min Period (Months) |
|--------------------|---|--|---------------------|
| Small Office Space | Bahrain Financial Harbor Co Small Offices | 350/Inclusive of electricity | 12 |
| Small Office Space | Gulf Consulting House | 200 | 6 |
| Small Office Space | Servcorp [BFH] | 300 | 3 |
| Small Office Space | Brinc Batelco IOT Hub | Fixed Desk (with CR Address) - 170 Private Office (with CR Address) – 350 | 12 |
| Small Office Space | Fintech Bay | Fixed Desk (with CR Address) - 210 Private Office (with CR Address) – 350 | 6 |
| Small Office Space | Seef Business Center | 399 | 9 |
| Co-working Space | Brinc Batelco IOT Hub | Hot Desk (Flexible passes) - 37 Fixed Desk (without CR address) - 70 | - |
| Co-working Space | Seef Business Center | 150 | 12 |
| Co-working Space | Servcorp [BFH] | 200 | 3 |
| Co-working Space | Diwan | 189 | 12 |
| Co-working Space | ACT PRO for Consultancy and Business Services SPC | Starts from BD 40 | 1 |
| Incubators | ACT PRO for Consultancy and Business Services SPC | Starts from BD 78 | 3 |
| Incubators | Fintech Bay | 210 | 6 |
| Incubators | Lebooster | 100 | 6 |
| Incubators | Impact Business Incubator & Accelerator | 125 | 6-9 |

Definition of Positions

| | |
|--|---|
| IT Director | Above managerial position - responsible for the overall management of IT Department (e.g. COO, CIO, Head of Technology and Innovation) |
| IT Manager | Manager position - responsible for the management of a section of the IT Department |
| IT Analyst | Non-managerial position - responsible for assisting the staff with hardware solutions, IT helpdesk request |
| Network Administrator | Non-managerial position - responsible for network related tasks of the organization |
| Customer Service Representative | Non-managerial position - responsible for reception, customer services, customer representation, front desk and directory operator |
| Software Developer | Non-managerial position - responsible for development and engineering of software and tools for the company |
| Marketing Manager | Manager position - responsible for the management organization's execution of marketing strategies for customer outreach. Also includes CRM related aspects of process flow |
| Sales Manager | Manager position - responsible for the sales of the products and services of the organization. This position is mainly related to retail customers (i.e. B2C) |
| Business Development Manager | Manager position - responsible for the B2B partnerships and business of the organization |
| Product Manager | Manager position - responsible for managing a product /service of the organization during the product life cycle |
| Data Intelligence | Non-managerial position - responsible for handling all the data and data related tools for the organization |
| Cyber Security Officer | Non-managerial position - responsible for handling the security of data, tools and security of organization's assets |
| Project Manager | Managerial position - responsible for the overall management and completion of a project (overall project lifecycle management) |



Contact us

For all business queries, please email us at **kpmgbh@kpmg.com**

You can also call us at **+973 1722 4807** for general enquiries.

For more information, please visit **kpmg.com/bh**

© 2021 KPMG Fakhro, a Bahrain partnership registered with the Ministry of Industry, Commerce and Tourism (MOICT), Kingdom of Bahrain and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.