

Annual Report 2011

Bahrain Economic Development Board



Bahrain Economic Development Board

P.O. Box 11299, Manama, Kingdom of Bahrain

T: +973 17 58 99 99, **F:** +973 17 58 99 00

www.bahrainedb.com

Contents

2	3	4	6	8
Profil	Mission and Vision	Chairman's Statement	Board of Directors	Chief Executive's Report
10	14	20	24	30
Executive Management	On the Road to Recovery Bahrain Economic Review	Benchmarking Bahrain	Major Reform Initiatives	Attracting and Nurturing Foreign Direct Investment
35	38	42	44	46
Bahrain - Among the best to Live, Work and do Business	Flying the Flag Abroad	Spreading the Message at Home	Towards Organisational Excellence	Moving Forward



His Royal Highness, Prince Khalifa bin Salman Al Khalifa

The Prime Minister of the Kingdom of Bahrain



His Majesty King Hamad bin Isa Al Khalifa

The King of the Kingdom of Bahrain



His Royal Highness, Prince Salman bin Hamad Al Khalifa

The Crown Prince & Deputy Supreme Commander

At A Glance



Profile

The Economic Development Board (EDB) is a dynamic public agency with an overall responsibility for formulating and overseeing the economic development strategy of the Kingdom of Bahrain, and for creating the right climate to attract direct investment into the Kingdom, in order to provide greater opportunities and enduring prosperity for all Bahraini citizens.

The role of the EDB is to provide leadership by uniting all of Bahrain's stakeholders under the Economic Vision 2030, and to develop key strategies for growth. The Board also acts as a facilitator, helping all stakeholders to understand and adopt the changes necessary for progress. In addition, the EDB provides sound project management to ensure that all agreed reform initiatives are implemented in an effective and timely manner. In line with its responsibility for attracting inward investment into Bahrain, the EDB is focusing on a number of target economic sectors in which the Kingdom offers significant strengths. These include financial services, downstream industries, tourism, business and professional services, logistics, healthcare, and education and training. Under the guidance of HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Chairman of the Economic Development Board, the EDB is responsible for transforming Bahrain's Economic Vision 2030 into reality through the implementation of actionable initiatives that will directly benefit all citizens of the Kingdom of Bahrain.

Vision

We are dedicated to raising living standards by creating greater opportunities for our citizens, and to make Bahrain the Gulf's most welcoming business-friendly location. We will accomplish these goals by working in partnership with the public and private sectors, and by being passionate, professional and innovative in all that we do.

Mission

To grow and diversify Bahrain's economy by developing a strategy that supports the advancement of a modern and liberalised business environment, encourages inward investment, and enables us to compete in the global marketplace.

Chairman's Statement

Over the past nine years, the work of the EDB in diversifying the economy; in attracting investment and in embedding institutions to help deliver the reform programme, has been both significant and enduring.

HRH Prince Salman bin Hamad Al-Khalifa
Crown Prince and Deputy Supreme Commander
Chairman of the Economic Development Board



2011 marked the tenth anniversary of the National Action Charter which, through the overwhelming democratic endorsement of the people of Bahrain, formally heralded His Majesty King Hamad bin Isa Al-Khalifa's comprehensive reform programme.

It is important to remind ourselves of this programme's economic successes to date, successes in which the Economic Development Board (EDB) has played an integral role, while acknowledging the challenges that still exist and the potential still to be explored.

Over the past nine years, the work of the EDB in diversifying the economy; in attracting investment and in embedding institutions to help deliver the reform programme, has been both significant and enduring. Since its establishment, the EDB has overseen an economy that has grown by 6 per cent annually - an unparalleled period of prosperity that the country as a whole has benefited from.

Over this time, the economy's focus has moved away from oil dependence; the share of GDP from the oil sector dropping from 25 per cent in 2001 to 13 per cent in 2011 while the financial sector's share rose from 19 per cent to 25 per cent as the sector expanded by 125 per cent. Alongside this, Bahrain's export volumes have more than doubled and these too have seen a move away from oil dependence. Today, exports from the service industry account for nearly a third of total exports, with non-oil related goods accounting for more than half of all export volumes.

Perhaps most importantly, Bahraini employment grew by 40 per cent, real wages by 62 per cent and unemployment decreased from around 15 per cent (2006) to just 3.6 per cent.

These are no small achievements and vividly illustrate the economic successes achieved to date.

But, they also underline the importance of the necessary work undertaken to realign Bahrain's economy in a manner that is sustainable and builds upon the country's core strengths: the talent of our people, the benefits of our location and the openness of our business environment - an environment underpinned by strong, dependable regulation.

Of course, 2011 also marked a difficult period for the region. The unrest that affected many countries in the Middle East also had its impact here in Bahrain. The issues it raised set our nation a challenge and the EDB played a significant role in contributing to the vital initiatives, including the National Dialogue and the Bahrain Independent Commission of Inquiry, that met the challenge in the continued spirit of reform.

It is indicative of Bahrain's commitment to reform that it remains the only country within the context of the regional events of 2011 to have conducted a full, independent and legitimate inquiry into its handling of the situation.

Bahrain also remains the only country in the region, with the exception of Morocco, to have responded to events by engaging actively in a series of inclusive and direct dialogues, to address political and social issues and to lay the framework for further reforms.

Now, almost ten years on from the establishment of the EDB, we are entering a new chapter. The commitment of His Majesty to the reform programme remains undiminished. It will inform our nation's ongoing development, in which the EDB will continue to play a pivotal role.

This year, in challenging circumstances, the economy and the work of the EDB was tested. It was a test that was passed. Throughout 2011, the economy continued to grow, companies continued to arrive and Bahrain continued to develop. Having withstood the global economic downturn, our strong economic fundamentals carried Bahrain through once again.

Looking ahead, the EDB will continue to work to support these fundamentals - a highly skilled workforce, stable and transparent regulation, an open business environment, sustainable growth - while working to enhance the attractiveness of Bahrain as a base to access the GCC market. Importantly it will also continue to court investors coming to Bahrain, who are so integral to our economic success, while shaping an environment that will have a tangible, positive impact on the lives of all Bahrainis.

On behalf of the Economic Development Board, I would like to express my sincere appreciation for the enlightened leadership and vision of His Majesty King Hamad bin Isa Al-Khalifa, and the support of the Government under the guidance of His Royal Highness Prince Khalifa bin Salman Al-Khalifa, the Prime Minister.

With God's grace, the EDB will continue to devote its wholehearted efforts to strengthening the Kingdom's economy in order to ensure greater personal prosperity and a higher quality of life for all citizens of Bahrain.

HRH Prince Salman bin Hamad Al-Khalifa
Crown Prince and Deputy Supreme Commander
Chairman of the Economic Development Board

Board of Directors

CHAIRMAN

**His Royal Highness Prince
Salman Bin Hamad Al Khalifa**
The Crown Prince, Deputy Supreme Commander

MEMBERS

**HH Sh. Mohammed bin Mubarak
Al Khalifa**

Deputy Prime Minister for Ministerial
Committees

HH Sh. Ali Bin Khalifa Al Khalifa

Deputy Prime Minister for Ministerial
Committees

**HH Shk. Abdulla bin Hamad Al
Khalifa**

Personal Representative of His
Majesty the King, President of the
Public Commission for the Protection
of Marine Resources, Environment &
Wildlife

**HH Sh. Naser bin Hamad Al
Khalifa**

Chairman of the Board of Trustees
of the Royal Charity Association,
President of the Bahrain Royal
Equestrian and Endurance Federation

HE Jawad bin Salem Al Arrayed

Deputy Prime Minister for Ministerial
Committees

**HE Sh. Khalid bin Abdulla Al
Khalifa**

Deputy Prime Minister

HE Dr. Hasan bin Abdulla Fakhro

Minister of Industry & Commerce

**HE Sh. Ahmed bin Mohammed Al
Khalifa**

Minister of Finance

HE Dr. Majid bin Ali Al Nuaimi
Minister of Education

**HE Dr. Abdul Hussain bin Ali
Mirza**

Minister of Electricity & Water affairs

**HE Dr. Fatima bint Mohammed Al
Balooshi**

Minister of Human Rights & Social
Development

Minister of Health

HE Rasheed Mohammed Al Meraj
Governor, Central Bank of Bahrain

HE Sh. Khalid bin Ali Al Khalifa
Minister of Justice & Islamic Affairs

**HE Sh. Mai bint Mohammed Al
Khalifa**

Minister of Culture

HE Dr. Juma Al Kaabi

Minister of Municipality & Urban
Planning

**HE Jameel bin Mohammed
Hmaidan**

Minister of Labour

HE Kamal bin Ahmed

Minister of Cabinet Affairs

HE Dr. Essam Abdulla Fakhro

Chairman, Bahrain Chamber of
Commerce & Industry

Mr. Jawad Habib Jawad

Senior Partner, Jawad Habib Group

Mr. Sameer Abdulla Nass

Chief Executive, Nass Group

Mr. Talal Alzain

Bahrain Mumtalakat Holding
Company

Ms. Elham Abdulla Hassan

Chairperson, Healthcorp Middle East
Limited

Mr. Atif Ahmed Abdul Malek

Chief Executive Officer, Arcapita Bank

Mr. Jalal Ahmed Al Aali

Chief Executive, Ahmed Mansoor Al
Aali Co.

Mr. Adel Hussain Al Maskati

Managing Director, Al Maskati Group

Mr. Tariq Jalil Al Saffar

Managing Director, Harbour
Investment Holding

**Mr. Mohammed Ebrahim Al
Shroogi**

President Gulf Business, Invescorp
Bank B.S.C



Chief Executive's Report

The year 2011 witnessed weakened global economic growth, volatile market conditions, and unprecedented regional political upheaval. I am pleased to report that the Bahrain economy and the EDB responded to these challenges in a positive and proactive manner.

Sh. Mohammed bin Essa Al Khalifa
Chief Executive



Throughout the year, the EDB continued to implement a host of initiatives to grow and diversify the Kingdom's economy, encourage new foreign direct investment, and provide citizens with enhanced educational, healthcare and housing services. Such objectives are in line with Bahrain's Economic Vision 2030 and the second National Economic Strategy.

Even during a challenging period, Bahrain's economy continued to grow through 2011, and reached 2.2 per cent growth by year end. After a sharp fall in the first quarter of the year, output returned to previous levels in the third quarter, and grew by 3.2 per cent in the final quarter compared with the same period a year earlier. This encouraging trend illustrates that the economy was stable, resilient and its fundamentals unaffected. In particular, significant annual growth was achieved in the key sectors of finance, manufacturing, transport and communications, and mining and quarrying. Additional confirmation took the form of improved rankings for Bahrain in major global indices including economic freedom, financial development, doing business, global competitiveness and ICT readiness. As just one example, Bahrain remains the most liberal business environment in the Middle East, and 12th in the world, according to the US-based Heritage Foundation

Successful international business development activities during the year, supported by targeted media campaigns, resulted in the EDB attracting over \$300 million of new foreign investment. Over 20 new companies, primarily in the banking and manufacturing sectors, established operations in Bahrain, including BASF; Geneva-based asset managers, Notz Stucki; Canara Bank and JBF Industries from India; and global law firm DLA Piper. In the financial sector, we saw the number of financial institutions continue to increase, totalling 415 by the end of the year, a 3 per cent annual increase.

Sowing the seeds for future investment and enhancing trade links, the EDB has conducted international road shows with leading figures from the Bahrain business community in the USA, UK, France, Germany and Italy, directly engaging FDI decision-makers and influencers. Alongside this, the EDB organised familiarisation trips to Bahrain for international journalists to highlight the unique and enduring attractions of Bahrain through informed media coverage. In addition, the EDB led public and private sector delegations to participate in keynote global conferences and forums, including meetings of the World Economic Forum, the International Monetary Fund, and the World Bank.

As well as flying the flag abroad, the EDB also continued to sponsor the hosting of major international events in Bahrain. A notable success this year was the staging of the Volvo Golf Championship for the first time in the Kingdom. This prestigious event was the kick-off tournament for the 2011 European Tour Schedule.

Throughout 2011, the Economic Development Board maintained its national communications programme to promote greater understanding of Bahrain's Economic Vision 2030, and inspire active and positive participation by all stakeholders. This involved presentations to groups as diverse as students, public sector employees and members of the diplomatic corps; the hosting of keynote industry conferences, sporting and cultural events; and media activities ranging from press releases, radio and TV coverage, to online communications via social media networks.

As an organisation, the EDB strives to lead by example. Accordingly, we continued to develop our business, finance and administrative capabilities during the year, with particular focus on enhancing our governance framework, ICT infrastructure and internal processes. We remain committed to adopting global best practices, and implementing the highest standards of accountability and transparency.

Our achievements and progress during 2011 have provided a solid basis for the EDB's future strategy and plans. These include tangible steps to support the implementation of the outcomes from the National Dialogue in collaboration with all concerned parties and the need to take maximum advantage of Bahrain's national resources to meet local, regional and global challenges. We will focus on sustainable economic growth by creating job opportunities, addressing the housing problem and increasing the

average household income. In particular, we will support the adoption of comprehensive and integrated economic policies to enhance the Kingdom's economic diversity, attract further foreign direct investment in key growth sectors, and consolidate Bahrain's status as the region's financial hub.

Bahrain's economic fundamentals, which have proved so successful in attracting foreign investment, have not changed. These include a strong regulatory framework, a highly-skilled local workforce, an open business environment and a vibrant, cosmopolitan lifestyle. We will continue to build on these strengths to ensure the Kingdom's continued economic growth and development for the benefit of our citizens and future generations. Everything we do will always be dedicated to the service of Bahrain and its people.

In short, we will continue to contribute to His Majesty King Hamad bin Isa Al-Khalifa's reform programme and work the Government under the wise leadership of His Royal Highness Prince Khalifa bin Salman Al-Khalifa, the Prime Minister, in pursuit of these goals.

Our progress during 2011 would not have been possible without the inspired leadership and unwavering encouragement from His Royal Highness Prince Salman bin Hamad Al-Khalifa, the Crown Prince and Chairman of the Economic Development Board. I would also like to thank the Board of Directors for their continued confidence and guidance, and our partners in the public and the private sectors for their positive cooperation. I also give my heartfelt thanks to the management and staff of the EDB for their dedication and commitment during this challenging year.

Shaikh Mohammed bin Essa Al-Khalifa
Chief Executive

Executive Management

1. Ausamah Al Absi
Deputy Chief Executive
Special Projects

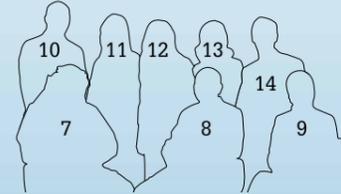
2. Yousif Khalaf
Chief Legal Advisor

3. Vivian Jamal
Director
Business Development

4. Mariam Jumaan
Director
Infrastructure Reform

5. Geoffery Hancock
Director
Education Reform

6. Rania Al Shirawi
Director
Global Communications



7. Isa Abdulrahman
Director
National Communications

8. Dr. Jameel Al Alawi
Senior Legal Advisor

9. Hayam Al Awadhi
Executive Director
Corporate Services

10. Stephen Harrison
International Advisor to CE

11. Rima Al Kilani
Director
Global Marketing

12. Rana Faqihi
Director
Projects

13. Stephanie Wong
Executive Director
Global Marketing &
Communications

14. Boyed Winton
Director
Business Development
Financial Services





Bahrain's economic fundamentals, which have proved so successful in attracting foreign investment, have not changed. These include a strong regulatory framework, a highly-skilled local workforce, an open business environment and a vibrant, cosmopolitan lifestyle. We will continue to build on these strengths to ensure the Kingdom's continued economic growth and development for the benefit of our citizens and future generations. Everything we do will always be dedicated to the service of Bahrain and its people.

Bahrain's economic fundamentals, which have proved so successful in attracting foreign investment, have not changed. These include a strong regulatory framework, a highly-skilled local workforce, an open business environment and a vibrant, cosmopolitan lifestyle.



We will continue to build on these strengths to ensure the Kingdom's continued economic growth and development for the benefit of our citizens and future generations. Everything we do will always be dedicated to the service of Bahrain and its people.

Operations Review

On the Road to Recovery Bahrain Economic Review

3.2%

Bahrain's annual output grew by 3.2 per cent in the Q3 of 2011 compared with the same period a year earlier.

Bahrain's economic growth during 2011 was affected by the unrest in the Kingdom during February and March. After a sharp fall in the first quarter, real output growth returned to previous levels in the third quarter of the year. Output grew by 3.2 per cent in the final quarter of 2011 compared with the same period in the previous year.

The Current Account experienced a large surplus of BD 1.2bn (USD 3.2bn), or 12.6% of GDP in 2011. This unusually large surplus was driven by high oil prices and a fall in non-oil imports due to a reduction in domestic demand.

12.6%

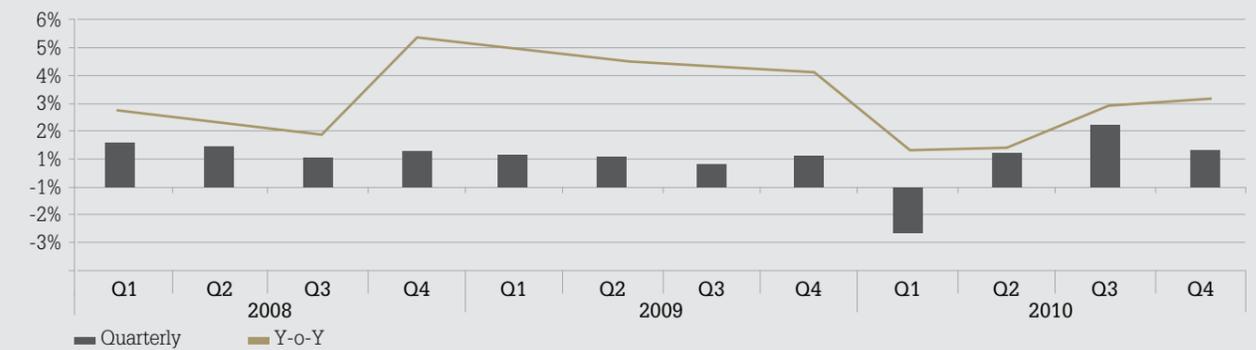
Successful international business development activities during the year, supported by targeted media campaigns, resulted in the EDB attracting over \$300 million of new foreign investment.

USD300 Million

Bahrain Economic Review

A number of key sectors achieved significant growth during the year, including transport and communications, government, manufacturing, mining and quarrying, and finance.

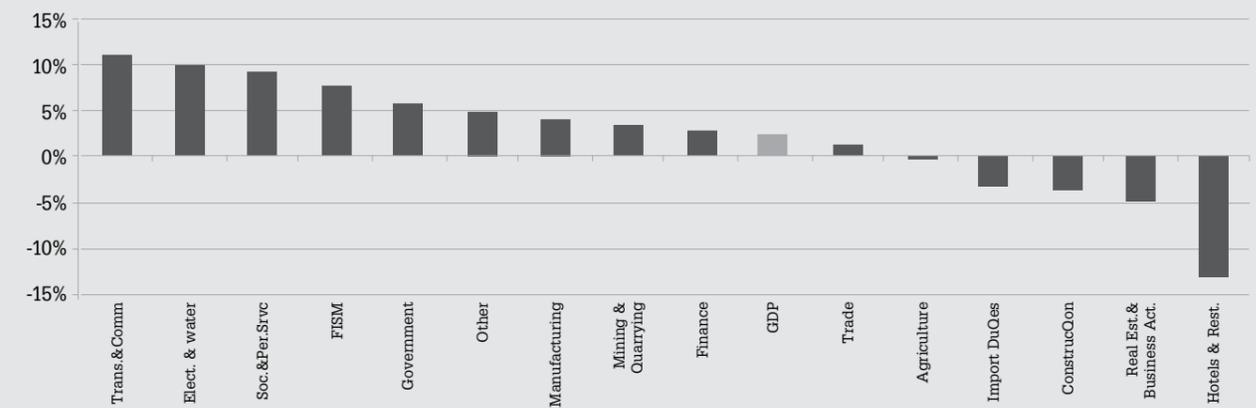
Bahrain quarterly real GDP growth 2009-2011



Source:CIO

Bahrain's annual real output growth reduced to 2.2% in 2011 compared with 4.5% in 2010. However, the economy recovered faster than expected in the second half of the year. After a sharp fall in Q1 2011 due to the unrest in the Kingdom during February and March, output returned to previous levels in Q3, and grew by 3.2% in Q4 compared with the same period a year earlier.

Growth of real GDP by sector in 2011



Source:CIO

The fastest growing sector in 2011 was Transport and Communication with 11% growth for the year. This is particularly significant since it is a large sector accounting for almost 10% of GDP. Other large sectors that experienced encouraging growth included Government at 5.6%, Manufacturing at 3.9%, Finance at 2.6%, and Mining and Quarrying (comprising mainly crude oil output) at 3.2%.

Operations Review

On the Road to Recovery Bahrain Economic Review

13%

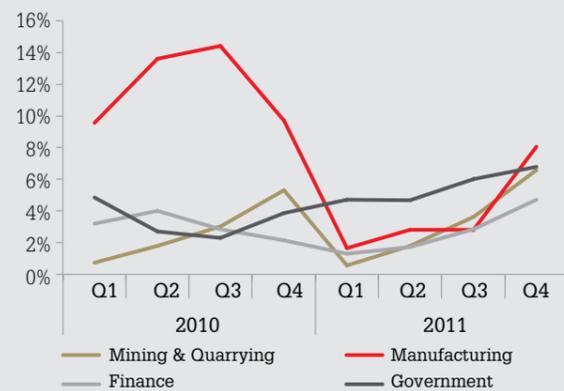
Government output experienced large growth in the second half of 2011, which included a significant 13% wage increase for civil servants in Q3 2011.

Manufacturing output fell by 3% in Q1 2011 compared to the previous quarter, but recovered in the following quarters. Growth of this sector in Q4 2011 was 8.1% higher than the same period a year earlier, and 3.9% higher than 2010 overall.

Mining and Quarrying (predominantly crude oil production) grew by 6.5% in Q4 2011 from the same period a year earlier. This growth is part of the planned development and expansion of the Bahrain Field by Tatweer Petroleum, which aims to increase oil production to more than 100,000 barrels per day in the coming years from the previous production level of around 30,000 barrels per day prior to 2009.

Government output experienced large growth in the second half of 2011, which included a significant 13% wage increase for civil servants in Q3 2011. The Finance sector also witnessed robust growth, predominantly in the areas of insurance and retail banking.

Output growth by quarter - large sectors YoY



Source:CIO

Output growth by quarter YoY



Source:CIO

The sectors of Hotels and Restaurants; Construction; and Real Estate and Business Activities all contracted in 2011. The Hotels and Restaurants sector was hit hard in Q1 2011, falling by 22% from the previous quarter. While the sector recovered somewhat in the three consecutive quarters, output remained at its lowest level since mid-2009, and was 7% lower than the same quarter in 2010.

While Trade sector output fell in Q1 and Q2 during 2011 compared to previous quarters, growth remained weak but positive compared to the same period in 2010. As of Q4 2011, Trade was down 1.3% from Q4 in the previous year.

The Construction sector performed poorly throughout 2011, although it witnessed a slight improvement in Q3. Construction output in Q4 2011 was down 11.4% from the same quarter a year earlier, with Real Estate and Business Activities down 9.2% compared to the same period.

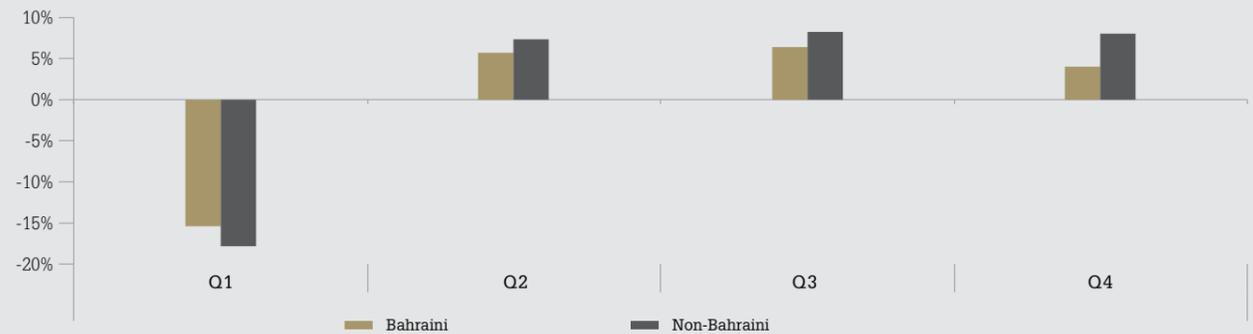
Employment and wages

Bahraini private sector employment fell by 12,653 (or over 15%) in Q1 2011, according to revised numbers in the Q4 quarterly report from the SIO. The fall in employment was felt similarly by males and females. While employment grew in the last three quarters of 2011, employment at the end of the year remained 1% lower than 2010 for Bahrainis. The number of Bahrainis employed in the public sector also experienced an overall fall of 1% by the end of 2011 compared to 2010.

Non-Bahraini private sector employment fell faster than Bahraini employment in Q1 2011 by almost 18% (not including domestic workers). However, Non-Bahraini employment witnessed more robust growth in the following quarters, leading to a 3% growth by the year-end.

Growth of real GDP by sector in 2011

Private employment growth from previous quarter



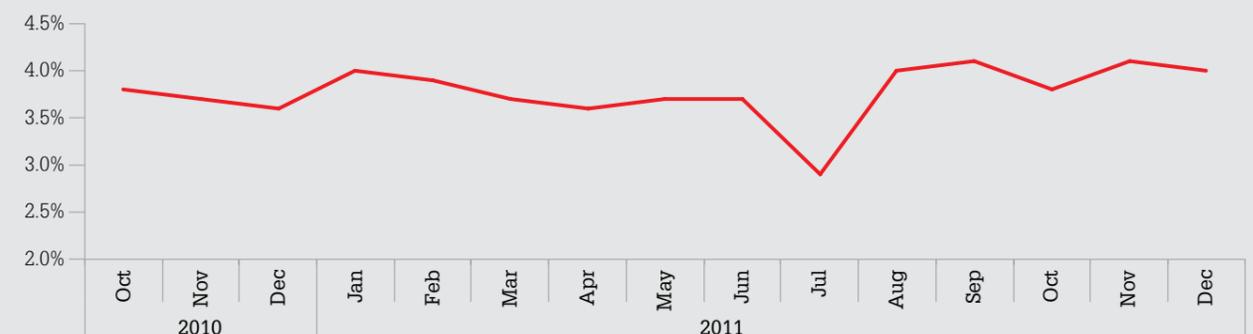
Source:CIO

Private sector wages in Q1 2011 grew by 9.4% for Bahrainis and 3.5% for non-Bahrainis. The Bahraini private sector average wage then saw a slight fall in the following three quarters, resulting in a total growth in private sector Bahraini wages of 4% for 2011. Average wage growth for non-Bahrainis remained negative by 0.5% for 2011.

The large Q1 increase in wages coincides with the large drop in employment. Given the unusually large increase in wages and the negative employment growth in that quarter, the large increase in the average wage suggests that the fall in employment was felt mostly by workers earning less than the average wage, causing the average wage to increase. The following three quarters showed falling private sector Bahraini wages, which also coincides with the employment pattern in corresponding quarters.

Public sector wages for Bahrainis grew by close to 13% in Q3 2011, following the mandate set by National Dialogue to increase public sector wages. Public wage growth in other quarters was negligible. The unemployment rate, as stated by the Ministry of Labour, did not witness any major change in 2011 despite the significant fall in employment in the first quarter of the year.

Private employment growth from previous quarter



Source:MoL

Operations Review

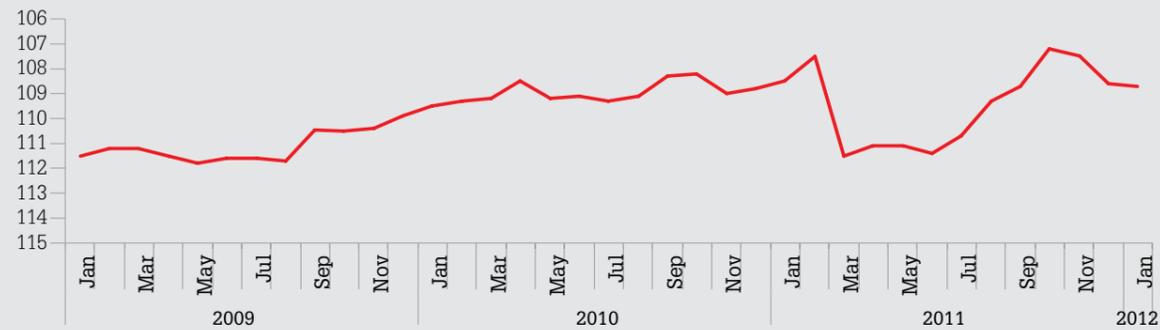
On the Road to Recovery Bahrain Economic Review

The fastest growing sector in 2011 was Transport and Communication with 11% growth for the year. This is particularly significant since it is a large sector accounting for almost 10% of GDP.

Inflation

The Consumer Price Index (CPI) fell by 2.1% in March 2011 compared to the same quarter a year earlier. Overall prices remained subdued beyond March, returning to pre-unrest levels in October 2011.

Consumer Price Index (2006=100)



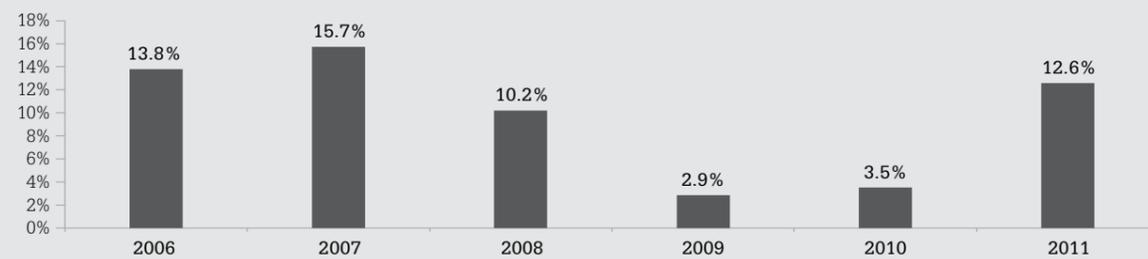
Source: CIO

The driving force behind the fall in prices in March 2011 was the "housing, water, electricity and gas" category, which represents 24% of CPI weight, the largest among the Index's subcomponents. Prices of this category fell by 14% in March and by an additional 5% in December 2011, which was 19% lower in January 2012 than it was a year earlier. Recovery of the CPI to pre-unrest levels in October was led by the second and third largest subcategories of CPI – 'food' and 'transport' – which represent 21% and 12% of CPI weight respectively. Both these sectors have seen increases of 3.2% and 5.2% respectively in January 2012 compared to a year earlier.

Current Account

The Current Account experienced a large surplus of BD 1.2bn (USD 3.2bn), or 12.6% of GDP in 2011. This unusually large surplus was driven by high oil prices and a fall in non-oil imports due to a reduction in domestic demand.

Current account as % of GDP

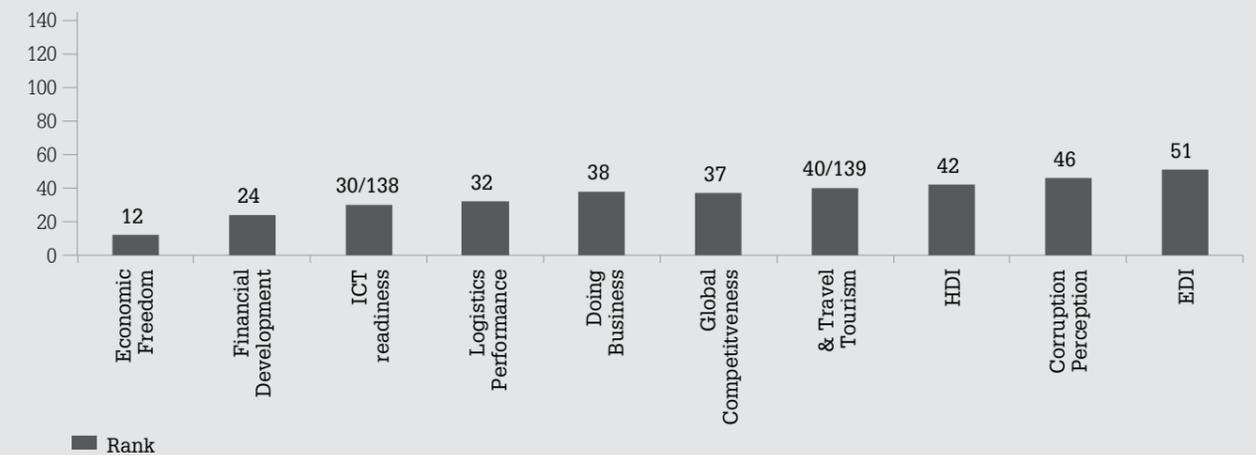


Source: CBB, CIO

Financial

Local currency as a share of total currency held in banks fell, although this was mostly a result of a surge in foreign currency deposits, which dipped towards the end of 2011, but began to grow again in January 2012. Similarly, currency in circulation jumped in March 2011, and remained high to the end of the year, with the share of currency held outside banks remaining steady at around 80%. Personal loans surged in Q3 2011, growing by 22%. This was almost entirely accounted for by an 81% increase in property mortgages, which accounted for 31% of personal loans in this period.

Bahrain's Worldwide Rankings 2011



Operations Review

Benchmarking Bahrain



In the 2011 Financial Development Report Index published by the World Economic Forum, Bahrain was ranked 24th worldwide



Global Rankings

In 2011, Bahrain continued to perform well in major global indices covering key areas such as economic freedom, financial development, doing business, global competitiveness, travel and tourism, and corruption perception. In the majority of indices, the Kingdom improved its ranking or remained on par with 2010.

2011

In 2011, Bahrain maintained its ranking as the 37th most competitive country in the world for the third successive year, according to the Global Competitiveness Index (GCI) published by the World Economic Forum.

This is the 18th consecutive year that the Kingdom has taken the top regional spot, and its economic freedom ranking is well above the global average.

Bahrain was ranked 30th in The Global Information Technology Report 2011, produced by the World Economic Forum in cooperation with INSEAD

Bahrain was ranked 38th worldwide and 4th regionally by the 2011 Doing Business Report published by The World Bank and International Finance Corporation

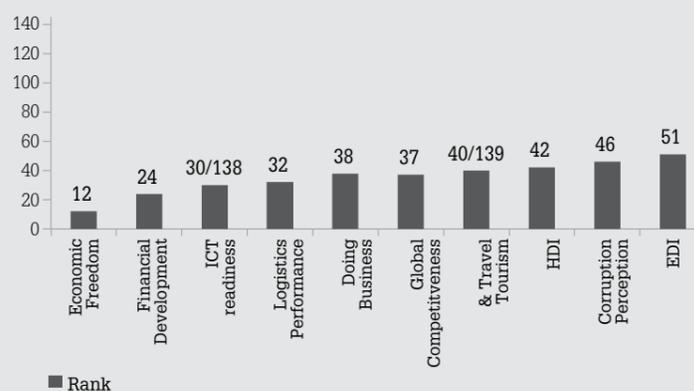
Economic Freedom

The 2011 annual Index of Economic Freedom published by the Heritage Foundation and the Wall Street Journal, ranked Bahrain the 12th freest economy in the world (down two places from 2010), and the 1st in the MENA region. This is the 18th consecutive year that the Kingdom has taken the top regional spot, and its economic freedom ranking is well above the global average. According to the Index, Bahrain continues to be a financial hub for dynamic economic activity; while the Kingdom's openness to global commerce is sustained by its competitive and efficient regulatory environment.

Financial Development

In the 2011 Financial Development Report Index published by the World Economic Forum, Bahrain was ranked 24th worldwide (down one place from 2010), and maintained its 2nd place the Gulf. The Kingdom ranks 1st overall in the tax sub-pillar, 2nd in banking system stability, 15th in financial sector liberalisation, and 17th in corporate governance. Banking and financial services improved three places to 11th, while non-banking financial services moved up from 42nd to 36th place.

Bahrain's Worldwide Rankings 2011



Information & Communications Technology

Bahrain was ranked 30th in The Global Information Technology Report 2011, produced by the World Economic Forum in cooperation with INSEAD. The Kingdom displayed notable competitive strengths in the quality of its market environment (9th), and the high degree of preparedness of its citizens to use ICT (15th), an aspect that has already converted to high penetration rates (29th for individual usage). The strong government vision and leadership in ICT diffusion (ranked 14th) has also resulted in first-class e-services (8th), significantly expanded outreach of basic services to citizens (11th), high e-participation (11th), and increased government efficiency (12th).

Logistics Performance

The 2011 Logistics Performance Index (LPI), which is published by The World Bank, ranked Bahrain the 32nd most efficient country in the world and 2nd in the GCC, performing well in infrastructure, logistics competence, tracking and tracing, and timeliness.

Doing Business

Bahrain was ranked 38th worldwide and 4th regionally by the 2011 Doing Business Report published by The World Bank and International Finance

Networked Readiness Index 2011*

Economy	2011 rank	2010 rank	Change
1. UAE	24	23	-1 ↘
2. Qatar	25	30	+5 ↗
3. Bahrain	30	29	-1 ↘
4. KSA	33	38	+5 ↗
5. Oman	41	50	+9 ↗
6. Kuwait	75	76	+1 ↗
138 economies		133 economies	

- * The Networked Readiness Index (NRI) examines how prepared countries are to use ICT effectively on three dimensions:
 - General business, regulatory and infrastructure environment for ICT
 - Readiness of the three key stakeholder groups in a society – individuals, businesses and governments – to use and benefit from ICT
 - Actual usage of the latest information and communication technologies available.

Corporation. The Report measures business regulations and their enforcement across 183 economies. The Kingdom improved its performance in a number of specific areas, including Trading across Borders, Enforcing Contracts, and Resolving Insolvency; and continued to perform well in Time Taken to Issue a Construction Permit.

Global Competitiveness

In 2011, Bahrain maintained its ranking as the 37th most competitive country in the world for the third successive year,

according to the Global Competitiveness Index (GCI) published by the World Economic Forum. The GCI is based on 12 pillars of competitiveness, covering infrastructure, macroeconomic stability, health, education, labour market efficiency, business sophistication, and innovation. The Kingdom showed improvement in several of the Index's pillars, including higher education and training (up 16 places), labour market efficiency (up 14 places), and health and primary education (up 5 places) compared with 2010.

Operations Review

Benchmarking Bahrain



The Travel and Tourism Competitiveness Report, which is produced by the World Economic Forum, ranked Bahrain 40th worldwide in 2011, up one place on the previous report published in 2009.



Travel & Tourism

The Travel and Tourism Competitiveness Report, which is produced by the World Economic Forum, ranked Bahrain 40th worldwide in 2011, up one place on the previous report published in 2009. The Kingdom retained its ranking as the 2nd most competitive country in the GCC. Among the various sub-categories of the report, Bahrain was ranked 20th for travel and tourism business environment and infrastructure.

Human Development

Bahrain occupied the 42nd position out of 187 countries in the 2011 Human Development Report (HDR) published by the United Nations Development Programme. The Kingdom continues to feature in the category of 'Very High Human Development' countries. The 2011 HDR presents the 2011 Human Development Index (HDI) values and ranks for 187 countries.

The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge, and a decent standard of living. Bahrain's HDI value for 2011 was 0.806, positioning the country at 42nd out of 187 countries. Between 1980 and 2011, Bahrain's HDI value increased from 0.651 to 0.806, an increase of 24 percent or an average annual increase of about 0.7 per cent. The rank of Bahrain's HDI for 2010 was 39 out of 169 countries. However, it is misleading to compare values and rankings with those of previously

GCC Rank	Economy	2011 rank
1	UAE	30
2	Qatar	37
3	Bahrain	42
4	KSA	56
5	Kuwait	63
6	Oman	89
187 economies		

published reports, because the underlying data and methodology has changed, as well as the number of countries included in the HDI, which has increased. The 187 countries ranked in the 2011 HDI represents a significant increase from the 169 countries included in the 2010 Index, when key indicators for many countries were unavailable. Bahrain's HDI remains the 3rd highest in the GCC region.

To ensure as much cross-country comparability as possible, the HDI

is based primarily on international data from the UN Population Division, the UNESCO Institute for Statistics (UIS) and the World Bank. As stated earlier, the HDI values and ranks in this year's report are not comparable to those in past reports (including the 2010 HDR) because of a number of revisions done to the component indicators by the mandated agencies. To allow for assessment of progress in HDIs, the 2011 report includes recalculated HDIs from 1980 to 2011, displayed in the table below.

Bahrain's HDI trends based on consistent time series data, new component indicators and new methodology

	Life expectancy at birth	Expected years of schooling	Means years of schooling	GNI per capita (2005 PPP\$)	HDI value
1980	69.6	10.0	4.1	31,987	0.651
1985	71.3	13.1	5.2	21,224	0.700
1990	72.3	13.5	6.0	19,302	0.721
1995	73.0	13.6	7.2	21,302	0.750
2000	73.7	13.4	8.3	22,715	0.773
2005	74.3	13.4	9.0	27,102	0.795
2010	74.9	13.4	9.4	27,874	0.805
2011	75.1	13.4	9.4	28,169	0.806

Bahrain's HDI indicators for 2011 relative to selected countries and groups

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Bahrain	0.806	42	75.1	13.4	9.4	28,169
Qatar	0.831	37	78.4	12.0	7.3	107,721
United Arab Emirates	0.846	30	76.5	13.3	9.3	59,993
Arab States	0.641	-	70.5	10.2	5.9	8,554
Very high HDI	0.889	-	80.0	15.9	11.3	33,352

Assessing progress relative to other countries

Long-term progress can be usefully assessed relative to other countries. For instance, during the period between 1980 and 2011 Bahrain, Qatar, and the United Arab Emirates experienced different degrees of progress toward increasing their HDIs.

Bahrain's 2011 HDI of 0.806 is below the average of 0.889 for countries in the 'Very High Human Development' group, and above the average of 0.641 for countries in the Arab States. Countries from the Arab States that are close to Bahrain in the 2011 HDI rank and population size are Qatar and the United Arab Emirates, which have HDIs ranked 37th and 30th respectively. The Kingdom continued to perform well in health and education, two main components of the HDI.

Corruption Perception

The 2011 Corruption Perception Index, published by Transparency International, ranked

Bahrain 46th globally (up two places) and 3rd in the GCC (up one place). The Kingdom was the only country in the Gulf to improve its rankings.

Global Enabling Trade

Bahrain was ranked 30th worldwide and 5th in the MENA region by the World Economic Forum's Global Enabling Trade Report. This report includes the Enabling Trade Index, which measures four areas: market access, border administration, transport and communications infrastructure, and the business environment. The Kingdom ranks 12th (up three places) for efficiency of custom administration; 12th (up 5 places) for the quality of port

infrastructure; and 17th (up three places) for air transport port infrastructure. In addition, Bahrain improved its ranking for regulatory environment by 15 places to 10th worldwide, driven mainly by its transparent and efficient institutional framework. The Kingdom was also able to reduce the number of days it takes to export goods from 14 to 11 days, improving its global ranking by seven places to 33rd.

Operations Review

Major Reform Initiatives



The Higher Education Agenda developed a year earlier, which sought to reform the Higher Education Council (HEC) and lay the foundations for change, the Strategy aims to create high-ranking world class universities.



Implementing The Second National Economic Strategy

Launched in 2009, the first National Economic Strategy (NES) started the journey towards realising the aspirations of Bahrain's Economic Vision 2030. The second NES 2011-2014 continues the journey, responding to the latest challenges and aligning initiatives with the 2011-2012 Budget. During 2011, further progress was made in continuing Bahrain's major reform programmes in education, health and housing.

During 2011, the QAAET continued to implement the national examinations programme, with the introduction of examinations for year 12.

The existing mathematics curriculum has been revised and aligned to the requirements of TIMSS (Trends in International Mathematics and Science Study) and international best practice.

Students in secondary schools in Bahrain now receive 25 per cent more teaching time than before.

Education

Excellent progress was achieved during 2011 in advancing the Kingdom's educational reform programme. A number of key initiatives were implemented in the areas of higher education, schools improvement, vocational training, and qualifications.

National Higher Education Strategy

The purpose of this Strategy, which was published in May 2010, is to develop and implement a strategic improvement plan for the higher education sector. Following on from the Higher Education Agenda developed a year earlier, which sought to reform the Higher Education Council (HEC) and lay the foundations for change, the Strategy aims to create high-ranking world class universities. It sets out the Government's expectations for Bahrain's higher education system, and provides the focus for development of the sector over the next five years. Progress to date includes the successful development and approval of the strategy by the Education Reform Board, and concrete action on the eight strategic goals. In particular, these include the establishment of a national research strategy, and the development of a data-led management information system to monitor and evaluate university performance.

The newly-reformed HEC Board, led by a new General Secretary is responsible for implementation of the strategy, and reports to the Education Reform Board twice-yearly on progress.

Bahrain's School Agenda

The final draft of Bahrain's School Agenda was approved by the Education Reform Board in 2011. It identifies six key areas for the long-term improvement of the school system:

1. Increasing teaching time and addressing poor performance
2. Reforming the curriculum and improving student outcomes
3. Improving the Ministry of Education's performance
4. Enhancing school leadership
5. Ensuring that the system recruits the best possible teacher candidates
6. Providing extensive and relevant continuous schools professional development to ensure that teachers are fully equipped to teach in 21st century classrooms

Significant progress has already been achieved in the implementation of the agenda. Most notably, the length of the Secondary school day has been extended; and the Ministry of Education has launched a national numeracy strategy, and commenced development of whole curriculum reform including an Arabic Literacy strategy.

Vocational Education and Training Agenda

Following the publication of the first draft in 2010, this Agenda was further refined in 2011 following substantial consultation. Particular attention was paid to the alignment of the strategy with developments in the Bahrain Qualifications Framework (BOF) and the High Council for Vocational Training (HCVT), to ensure that proposals for higher education and vocational education and training are complementary. The final draft of this Agenda is currently being prepared for submission to the Education Reform Board in the autumn of 2012. Now titled 'Bahrain's Employability Agenda', it will create a blueprint for ensuring that Bahrain's education and training system provides the Kingdom with a highly skilled workforce able to meet the needs of a diversified economy. The HCVT has made substantial progress on the implementation of occupational standards that are essential for the successful implementation of the BOF. This step makes Bahrain the first GCC country to have occupational standards linked to a qualifications framework.

Bahrain Qualifications Framework (BOF)

This initiative, which is considered the first within the GCC, was developed in 2010 and funded by Tamkeen in 2011. It will place all qualifications at the correct 'level' in the framework, which enables clear movement between courses, and

ensures that common standards for each qualification type are agreed and applied. The BOF will also provide a clear mechanism for the accreditation of prior learning, and a unified credit accumulation and transfer system. The first phase of the BOF was completed in 2011, with approval of the framework and associated policies. The BOF has been established within the Quality Assurance Authority for Education & Training (QAAET), and the pilot phase for qualification development and approval began in January 2012. It is planned that within 5 years, every qualification offered in Bahrain will have to be placed on the BQ.

The Quality Assurance Authority for Education & Training (QAAET)

During 2011, the QAAET continued to implement the national examinations programme, with the introduction of examinations for year 12. In March 2011, the Authority extended its programme of assessments and reviews to private schools in the Kingdom. During the year, a comprehensive review of the University of Bahrain was finalised. To date, reviews have been conducted for all 203 public schools; 80 out of approximately 90 vocational institutes; and all 12 universities. Specific programme reviews have also been conducted, totalling 12 in Business and 5 in Law. Specific arrangements in the form of memoranda of understandings have been signed between the QAAET and licensing bodies and funding agencies, to put in place concrete actions to improve underperforming schools and institutions. In order to ensure that progress towards improvement is being made by underperforming schools and institutions, the QAAET has established a new review framework, and has conducted a series of follow-up reviews and focused monitoring visits.

Extension of the School Day

During 2011, the school day of all secondary schools was extended. An additional 45 minutes of instructional time has been added per day which, in addition to the re-assigning of examination preparation days to teaching, has added approximately 300 additional hours of instruction to the school year. This step was taken in order to give Bahraini students a similar amount of schooling to the OECD average, which is between 900 and 1000 hours of instruction per year. Previously, Bahraini schools offered only 635 hours per year. Lengthening the school day, in addition to changing the way examinations are conducted, has resulted in the number of school hours increasing to over 900 per year. Students in secondary schools in Bahrain now receive 25 per cent more teaching time than before.

National School Numeracy Strategy

International studies have shown that literacy and numeracy levels in Bahrain are very low compared to international averages, with more than 50 per cent of Bahraini 14 year-olds deemed to be functionally innumerate. Accordingly, the National School Numeracy Strategy has been developed to address this matter. The existing mathematics curriculum has been revised and aligned to the requirements of TIMSS (Trends in International Mathematics and Science Study) and international best practice. A team of 12 experts have written a total of 1,000 prescriptive lesson plans for the entire primary school math curriculum for grades 1 to 6. A total of 30 Bahraini coaches have been identified, and they have received full-time training to ensure a successful roll-out of the programme.

Operations Review

Major Reform Initiatives



National School Literacy Strategy

Development of an Arabic strategy began in 2011 and is designed to ensure that young Bahrainis develop high-level literacy skills. The strategy, which includes a revision of the existing curriculum, will see all teachers (with the exception of foreign language classes) using fusha rather than local dialect to ensure that students are immersed in the language. Specific training to improve the Arabic syntax and grammar of teachers is planned for the autumn of 2012. To complement the Arabic literacy strategy, a similar strategy based upon the numeracy model, is being planned for English literacy.

Health

Bahrain's Healthcare Agenda

Bahrain's Healthcare Agenda, which set out the Ministry of Health's strategic direction for improving the performance of Bahrain's healthcare system through a range of reform initiatives, was developed during the second half of 2010. During 2011, steps were taken to begin implementation of the initiatives identified.

The development process of the Agenda began with a diagnostic study which identified and examined the strengths and challenges of Bahrain's healthcare system in comparison with regional and international healthcare systems. The diagnostic study, which builds on a thorough study conducted in 2005, covered four areas: funding, coverage, governance and delivery. Following this assessment of the healthcare system, extensive discussions were held between the EDB and officials at the Ministry of Health to set priority initiatives. This

in turn led to an agreement on a set of reform initiatives to guide the development of Bahrain's Healthcare Agenda. These reform initiatives are aligned with not only the recommendations of the diagnostic study and perspectives of senior officials at the Ministry of Health, but also with the National Economic Strategy 2011-2014, and the Ministry of Health's budget submission for 2011-2012.

The actions above led to the documentation of buy-in by senior Government officials at the Ministry of Health and the Bahrain Economic Development Board to the reforms specified in Bahrain's Healthcare Agenda. The Agenda focuses on six strategic objectives to reform Bahrain's health sector:

- Sustaining the population's health through health promotion and prevention
- Integrating services throughout the health system
- Putting quality first,
- Providing access for everyone to healthcare services,
- Enhancing the Ministry of Health's role in policy making and governance
- Ensuring health service sustainability

Furthermore, Bahrain's Healthcare Agenda builds on recent developments to reform the health sector, particularly with respect to maintaining the accreditation of Ministry of Health facilities by Accreditation Canada, and complying with the standards to be set by the newly established independent healthcare regulator, the National Healthcare Regulatory Authority (NHRA).

Bahrain's Healthcare Agenda, which was approved in December 2010 by senior Government officials within the Economic Development Board Executive Committee chaired by HRH the Crown Prince, has formed a basis to encourage a number of stakeholders in taking action at a national level in order to introduce a series of changes to reform Bahrain's healthcare system.

Officials at the Ministry of Health are committed to fulfilling the reform initiatives underlying each of the above strategic objectives. To ensure accountability for implementation of the initiatives, the Ministry of Health has identified senior officials within the Ministry who will sponsor each initiative and be accountable for implementation progress. Accordingly, preliminary steps to prepare for implementation have been initiated.

During 2011, implementation plans were developed jointly by the Economic Development Board and the Ministry of Health for several key initiatives:

- Integrating services within the Ministry of Health
- Integrating services between the Ministry of Health and other institutions
- Ensuring the Ministry of Health complies with NHRA requirements
- Enhancing the Ministry of Health's role in policy making
- Aligning the governance of Salmaniya Medical Complex's with international best practice
- Supporting the establishment of the National Health Regulatory Authority
- Establishing partnerships with the private sector

The new Housing Strategy will strengthen the role of the Ministry as a policy-maker; and help ensure that future housing developments are effectively planned and delivered in a sustainable manner, and with greater participation by the private sector.



- Adopting a new healthcare financing model

Implementing Bahrain's Healthcare Agenda initiatives provides an opportunity to address challenges such as the increasing incidence of non-communicable diseases, the growing and aging population, the shortage of health professionals, and the expected rise in medical costs.

Housing

The Government is committed to providing Bahraini citizens with affordable homes, and to shortening the waiting list for housing. A number of key initiatives were implemented during 2011.

Public-Private-Partnership for Social & Affordable Housing

The Bahrain's first Public-Private-Partnership (PPP) social and affordable housing project (and the first of its kind in the GCC), was launched in 2010 as part of the Ministry of Housing's plans to address the need for 50,000 homes for citizens on low-to-medium-incomes, and reduce the waiting list for social housing. In 2011, the Ministry approved a landmark BD 208 million agreement with Bahrain-based Naseej to build 3,110 social housing units and 1,000 affordable homes in three different locations at North Bahrain New Town, Al Buhair, and Al Lawzi. The concession agreement was officially signed in January 2012, and the financial agreement is expected to be signed later in the year. Construction of the housing units is planned to be completed within three years.

New Housing Strategy

A new six-year strategy for the Ministry of Housing was developed in 2011, with implementation planned to start in

early 2012. The new Housing Strategy will strengthen the role of the Ministry as a policy-maker; and help ensure that future housing developments are effectively planned and delivered in a sustainable manner, and with greater participation by the private sector.

Mortgage Guarantee System

A Mortgage Guarantee System (MGS) study was re-initiated in 2011. The purpose of the MGS is to create a complete mortgage finance system encompassing both the primary and secondary financial markets. A key objective is the creation of a sustainable and affordable housing finance system for the citizens of Bahrain, by moving from a public-sector based to a market-based financing system.

Social Housing Forum

The EDB organised a Housing Forum in 2011, in collaboration with the Ministry of Housing, to showcase the work that has been accomplished to date in the area of social housing in Bahrain. The forum discussed key developments such as Bahrain's first social and affordable housing PPP, as well as providing an opportunity for business networking. Attendees included local and regional property developers, as well as potential investors from the GCC, Turkey and China.

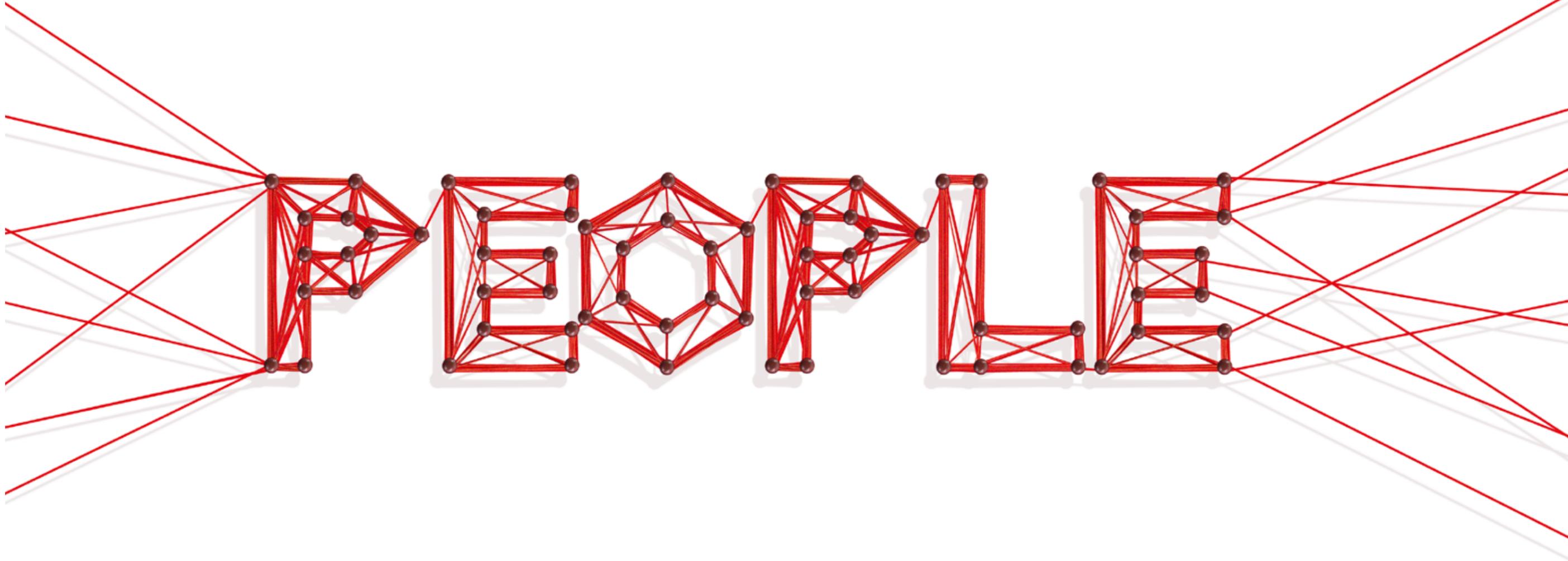
Legal Framework and Governance

The EDB assists in drafting and reviewing new laws and regulations related to business, economy and investment in Bahrain; and works in coordination with ministries and government agencies in reviewing and amending existing laws and regulations. In addition, the EDB provides opinion on draft laws and regulations proposed by relevant entities including Council of

Representatives and Shura Council.

Key achievements during 2011 include the following:

- Drafting and reviewing laws and regulations related to business, economy and investment in the Kingdom, such as:
 - Draft Law amending Commercial Companies Law
 - Draft Law on Conflict of Laws
 - Draft Law on Arbitration
 - Draft Law on Lease of Premises
- Following up the issuance of bills drafted by EDB with concerned bodies. These draft bills include the following:
 - Competition Law
 - Data Protection Law
 - Computer Crimes Law
 - Corruption in the Private Sector Law
 - Draft regulation on leasing state-owned lands
- Providing legal opinion on, and assisting in drafting, new bills related to business, economy and investment, such as:
 - Draft Law amending Electronic Transactions Law
 - Draft Law with respect to Bahrain Chamber of Commerce and Industry
 - Draft Law establishing Bahrain Tourism Authority
 - Draft Law regulating Off-Plan Sale of Built Real Estate
- Following up on the enactment of the Apostille Convention, which aims at enhancing the business environment; and the Convention on Contracts for the International Sale of Goods, which aims at unifying the rules applicable to international business transactions
- Commencing the update of the Bahrain Legislations CD which was first issued in 2008



42 position

The Kingdom continues to feature in the category of 'Very High Human Development' countries. The 2011 HDR presents the 2011 Human Development Index (HDI) values and ranks for 187 countries

Bahrain occupied the 42nd position out of 187 countries in the 2011 Human Development Report (HDR) published by the United Nations Development Programme. The Kingdom continues to feature in the category of 'Very High Human Development' countries. The 2011 HDR presents the 2011 Human Development Index (HDI) values and ranks for 187 countries.



During 2011 and the first semester of 2012, approximately 300 additional hours of instruction was added to the school year. This step was taken in order to give Bahraini students a similar amount of schooling to the OECD average, which is between 900 and 1000 hours of instruction per year.

Operations Review

Attracting and Nurturing Foreign Direct Investment



Through a concerted business development programme, the EDB was successful in attracting 18 foreign companies to set up business in the Kingdom of Bahrain in 2011. These companies are engaged in key sectors including financial services, legal services, oil and gas, chemicals, plastics, and fire safety and security.



Business Development

Through a concentrated business development programme, the EDB was successful in attracting 18 foreign companies to set up business in the Kingdom of Bahrain in 2011. These companies are engaged in key sectors including financial services, legal services, oil and gas, chemicals, plastics, and fire safety and security. They are expected to contribute close to US\$300 million to the Kingdom's economy, and generate around 850 jobs over the next three years.

2011

In 2011, the team set up sector-specific working groups, the aim of which is to develop the financial sector and create an environment where firms can network and share ideas.

In 2011, the team conducted eight direct marketing campaigns in key global geographies spanning the UK, Germany, France, Belgium, India, China and Korea.

Bahrain's sound economic fundamentals and well-established business environment. Was a catalyst that encouraged several leading global companies such as BASF, DLA Piper, JBF Industries, RMA, Swinton Technology and UTC Fire & Security to set up operations in the Kingdom.

Business Development Activities

The EDB conducts its business development activities through a number of dedicated specialist teams covering key areas such as Services & Industry, Financial Services, International Relations and Investor Relations.

Services & Industry

The Services & Industry team adopts both a proactive and reactive approach to targeting foreign companies in the services and industry sectors. The team interacts proactively with foreign companies via targeted direct marketing campaigns and roadshows, and through relationships generated by EDB's international offices. On a reactive basis, the team interacts with companies either on visits to Bahrain, or who contact the EDB directly to seek information about the Kingdom's business and investment environment.

In 2011, the team conducted eight direct marketing campaigns in key global geographies spanning the UK, Germany, France, Belgium, India, China and Korea. With 83 meetings in total, the team managed to secure 4 new investments to Bahrain. A further 9 companies have demonstrated serious interest, or are in progress of finalising registration in 2012. Despite the effects of the unfortunate incidents of 2011 on the economy, foreign investors visiting Bahrain were first-hand witnesses to Bahrain's sound economic fundamentals and well-established business environment. This solid foundation was a catalyst that encouraged several leading global companies such as BASF, DLA Piper, JBF Industries, RMA, Swinton Technology and UTC Fire & Security to set up operations in the Kingdom.

During the year, the team expanded its annual Aftercare programme through making direct contact with various established foreign businesses in Bahrain. A total of 400 companies were contacted, and were asked about the current status of their operations and their expansion plans, and offered assistance to tackle any business-related issues. The team also interacted with various key private and public sector stakeholders to identify ways of working closely together to attract new foreign direct investment (FDI) to the Kingdom. In addition, the team conducted research into key sectors such as aluminium, steel,

plastics, chemicals and ICT. This research noted global trends, identified the local value chain of each sector, and ultimately identified key opportunities for investment.

Financial Services

The Financial Services team focuses on promoting Bahrain's financial services sector abroad, and attracting foreign financial institutions to locate in Bahrain. The team also works to develop the industry within Bahrain through initiatives in collaboration with the public and private sectors.

During 2011, the team implemented a number of overseas marketing initiatives, including a roadshow, several direct marketing campaigns, and participation in exhibitions and conferences. A key highlight was a financial services roadshow, comprising key individuals from the financial services sector including the Governor of the Central Bank of Bahrain (CBB) and the CEOs of Citibank and Investcorp, to the United States, taking in Washington DC, New York, and Chicago. The roadshow coincided with the annual IMF/World Bank meetings. The visit also involved meetings with individual companies, an event with ABANA (the Arab Bankers Association of North America), seminars, and media interviews. Direct marketing campaigns were also conducted in Dubai, Dublin,

Hong Kong, Taiwan, London, New York and Paris, where the team met with senior management of global financial sector firms.

Following the unrest in Bahrain during February and March, the team also participated in a dedicated retention trip with the Governor of the CBB and the CEO of the EDB to London, Paris and New York. The delegation visited the senior management of firms with operations in Bahrain to assure them of the EDB's ongoing commitment and support, and the advantageous operating environment in Bahrain. This trip also involved presentations to all the major rating agencies about Bahrain's robust financial and economic condition.

These various marketing initiatives contributed to attracting a number of prestigious financial services firms to set up operations in Bahrain. These include AMP Capital Investors, Canara Bank, and Deloitte Corporate Finance.

The team also has an inward focus on creating forums for local firms to meet and develop the sector, and bringing external industry participants to Bahrain. In 2011, the team set up sector-specific working groups, the aim of which is to develop the financial sector and create an environment where firms can network and share ideas. Secondly, in partnership with Euromoney Conferences, the team initiated the

first GCC Private Banking Conference, which will take place in March 2012. This conference is expected to generate significant publicity and coverage for Bahrain, and to reinforce the Kingdom's credentials as a leading regional financial services hub.

A number of projects to enhance the financial sector in Bahrain were initiated by the team during the year, working in close collaboration with the industry and the EDB legal team. These include improving the speed and consistency of fund registration and authorisation; developing protected cell company legislation; introducing general partner/limited partner fund structures for private equity funds; updating the existing Financial Trusts Law to increase both the uptake of trust structures and Bahrain's attractiveness as a jurisdiction; and working with industry and the CBB on revising the existing process of licensing corporate finance firms to further encourage growth within this segment.

Also during the year, the team established a comprehensive Relationship Management programme for international financial institutions based in Bahrain. This consists of a bi-annual call programme for the 30 largest entities, and an annual call programme for next 50. The aim is to obtain feedback of where the firms

Operations Review

Attracting and Nurturing Foreign Direct Investment



A new International Relations team was established in 2011 with the aim of managing EDB's international presence, which covers Europe, Japan, India, China, and the USA.



believe the market is heading, understanding their plans for Bahrain, and also identifying how the CBB & EDB can improve Bahrain as an even more attractive jurisdiction. The team conducted two to three rounds of interviews with each firm, with total interviews amounting to over 200. The findings were collated in an annual report that was sent to the CBB and EDB senior management. Additionally, in association with the Bahrain Association of Banks (BAB), the team held an event for banks in Bahrain to update them on the latest economic and political developments. The main guest speaker was Sheikh Mohammed Bin Essa Al Khalifa, the CEO of the EDB.

International Relations

A new International Relations team was established in 2011 with the aim of managing EDB's international presence, which covers Europe, Japan, India, China, and the USA. The EDB also expanded its presence in Europe with a new resource focused on Germany, Switzerland, and Austria.

In addition to managing the EDB's international presence, the team worked on redeveloping the 2010 plan for the international promotion of Bahrain through a new EDB Roadshow strategy aimed at:

- Promoting Bahrain

- Highlighting key investment opportunities for foreign investors
- Developing new opportunities for private Bahraini businesses through expansion opportunities in global markets, and through identifying joint venture projects for the Kingdom

To bring the 2011 Strategy to fruition, the EDB worked with the Bahrain Chamber of Commerce & Industry, business societies and NGOs in Bahrain to bring together prestigious business groups with whom the EDB visited a number of key global markets. The EDB conducted seven Roadshows in 2011:

2011	February	June	October	October	November	November	November
Country	USA	USA	USA	UK	Italy	France	Germany
Cities	Phoenix	Washington Baltimore New York	Los Angeles Long Beach Minneapolis	Manchester London Birmingham	Milan Rome	Paris	Berlin Essen Dusseldorf Munich
Meetings	57	45	135	57	155	71	123

In addition to these roadshows, the EDB developed a programme of meetings for an official business delegation that accompanied His Royal Highness Prince Salman Bin Hamad Al-Khalifa, the Crown Prince and Chairman of the Economic Development Board, to the Republic of Turkey. This historic visit, which solidified trade ties between the two countries, included two business seminars in Istanbul and Ankara, and generated forty business meetings between interested parties from both sides.

Investor Relations

The EDB expanded its Investor Relations team in 2011. The team has three core responsibilities:

- Assisting foreign investors in the establishment procedures to begin their business operations
- Managing government relations and follow-ups to retrieve requests and ensure business continuity for established foreign investments
- Surveying and performing aftercare operations for targeted sectors

During 2011, the team successfully facilitated the establishment and legal presence of 18 companies. In addition, the team placed extensive effort in tackling around 152 issues faced by registered companies in an effort to maintain their local presence. The team also interacted with 48 new companies that spanned various service and industry sectors. This interaction was aimed at assisting companies with legal formation and expediting processes with key regulators.

New Foreign Direct Investment

The EDB was successful in attracting 18 foreign companies to set up business in the Kingdom of Bahrain in 2011. These companies are engaged in key sectors including financial services, legal services, oil and gas, chemicals, plastics, and fire safety and security. They are expected to contribute approximately US\$300 million to the Kingdom's economy, and generate around 850 jobs over the next three years.

AMP Capital Investors

In 2011, AMP Capital chose Bahrain as the location of its first office in the Middle East. The company is one of Asia Pacific's largest investment managers, with over 50 years' experience. AMP Capital manages investments for Australian, New Zealand and international investors in real estate, infrastructure, fixed income, active equities, multi-manager and multi-asset portfolios, worth over Australian \$124.8 billion.

BASF

The German chemicals giant, BASF, took the decision to establish a new manufacturing plant at the Bahrain International Investment Park (BIIP). Constituting the company's largest investment in the Middle East to date, the plant will manufacture a range of customer specific antioxidant blends (CSB). Considered to be one of the largest of its kind in the world, with an annual capacity of 16,000 metric tons, the plant is planned to be fully operational by the end of 2012. BASF signed an agreement with Tamkeen and the EDB to support the employment and training of Bahrainis for the new operation, which is expected to make

a significant contribution to Bahrain's economic diversification.

Canara Bank

Canara Bank opened a wholesale banking branch in Bahrain in 2011, which is its first fully operational location in the GCC. The new branch will offer a range of products for Indian corporations, and will also be the base for the bank's expansion plans in the region. With a majority holding by the Government of India, Canara Bank was founded in 1906, and has over 3,400 branches across India as well as overseas branches in the UK, Hong Kong and Shanghai. In addition, the bank has a joint venture in Moscow and a representative office in Sharjah, UAE.

DLA Piper

The world's largest global law firm, with 4,200 lawyers and 77 offices in 31 countries, DLA Piper decided to expand its operations in Bahrain by opening a full-service office in early 2011, making it the only international law firm with offices in every GCC country. The firm's practitioners in Bahrain provide full-service business law advice for private and public sector organisations across a wide range of industries including oil and gas, banking, intellectual property and technology, employment, global government relations, private equity, real estate, construction, tourism, leisure, and healthcare. DLA Piper has long-standing relationships throughout the Middle East with clients who have ambitious international growth plans.

Enerflex

A leading oil and gas services company headquartered in the United States and with operations in Europe, Australia,

Asia and the Middle East, Enerflex has established an office in the Kingdom following the award of a service contract with Tatweer Petroleum. Enerflex will use its operational presence in Bahrain to target further regional expansion. The company is investing in training Bahrainis as part of its operational strategy, and will engage local engineering and fabrication services.

JBF Industries

Founded in 1982, JBF Industries is a publicly listed company based in Mumbai, employing more than 2,500 people, and with sales revenues in 2011 of US\$ 1.5 billion. JBF is constructing a US\$ 200 million plastics factory in Bahrain to produce polyester film used in the manufacturing of electronics, and food and packaging materials. Construction of the new facility, which will create 300 new jobs, is expected to be completed in early 2013. It will have an estimated production capacity of 9,000 tons in the first phase.

Karvy Computershare

In 2011, Karvy Computershare Private Limited (KCPL) acquired a majority stake in Bahrain Shares Registry Company, and officially entered the Middle Eastern market. KCPL is India's largest registrar and among the top five in the world. With a workforce of over 2,500 people, the company currently services over 67 million investor accounts spread over 900 issuers, including banks, PSUs and mutual funds. Headquartered in Hyderabad, India, KCPL is a 50:50 joint venture between Karvy and Computershare of Australia – the world's largest transfer agent.

Operations Review

Attracting and Nurturing Foreign Direct Investment



RMA Middle East

Established in Rheinau, Germany in 1969, RMA Pipeline Equipment has grown to become one of the leading manufacturers of pipeline equipment, with three plants in Europe and representative offices across the globe. The company's new Middle East subsidiary commenced construction of a new BD 2.3 million manufacturing plant at the Bahrain International Investment Park in November 2011, with completion expected for late 2012. The 10,000 square metre facility will produce pipeline inspection gauge (PIG) traps, and t-pipe fittings for the oil and gas sector. The plant is expected to generate over 100 new jobs, and export around 95 per cent of output.

Swinton Technology

UK-based Swinton Technology, a leading global supplier of oil and gas flow metering computer / control system solutions and services, established its regional headquarters in Bahrain during 2011. Swinton Technology Middle East will service clients across the GCC, providing installation, commissioning and ongoing systems support.

UTC Fire & Security

Headquartered in Connecticut, US, UTC Fire & Security is a business of United Technologies Corporation, which provides fire safety and security solutions as well as high technology products and services to more than one million customers globally in the building and aerospace industries. The company

established a state-of-the-art training centre in Bahrain in 2011, occupying approximately 6,000 square feet. It will provide world-class professional skills for fire and security product training for professionals, Bahraini employees, business partners, end users and consultants in the region. UTC has operated in Bahrain since 2009, when it opened a Pro Express shop to provide customers with convenient and easy access to a range of security products from a business-to-business service centre. This decision was made because Bahrain serves as a hub for the security products business in the region, localising the customer service, sales, technical support and logistics functions.

Bahrain - Among the best to Live, Work and do Business | Global Rankings





Newly attracted foreign companies are expected to create around 850 jobs over the next three years.

US\$ 300 m

Newly attracted foreign companies are expected to contribute close to US\$300 million to the Kingdom's economy,

EDB was successful in attracting 18 foreign companies to set up business in the Kingdom of Bahrain in 2011. These companies are engaged in key sectors including financial services, legal services, oil and gas, chemicals, plastics, and fire safety and security. They are expected to contribute close to US\$300 million to the Kingdom's economy, and generate around 850 jobs over the next three years.

Operations Review

Flying the Flag Abroad



A high level Bahraini delegation attended the 41st annual meeting of the World Economic Forum at Davos, Switzerland, in January 2011. The EDB coordinated and supported media interviews to raise Bahrain's profile at this prestigious international event.



GLOBAL COMMUNICATIONS

Throughout 2011, the EDB maintained its important role of increasing global awareness of Bahrain as an attractive destination for foreign investment by conducting international road shows and inviting business delegations and media representatives to visit the Kingdom.

The EDB seeks to create a positive predisposition towards Bahrain by senior foreign direct investment (FDI) decision makers and influencers, to ensure that they understand Bahrain's advantages as an investment and business destination.

2011

The EDB organised another comprehensive programme of international road shows during 2011, with high-level delegations from the public and private sector visiting the US, UK and Europe, to promote Bahrain's value proposition as a desirable investment destination.

The third Bahrain Boat Show International (BSSI) was held at Amwaj Islands during November 2011. This four-day show has developed into one of the main boating events in the MENA region, featuring over 100 exhibitors and attracting a growing number of local, regional and international visitors.

The EDB seeks to create a positive predisposition towards Bahrain by senior foreign direct investment (FDI) decision makers and influencers, to ensure that they understand Bahrain's advantages as an investment and business destination.

Major Events

The EDB attended and addressed a number of key international business events during the year. These included WEF Davos, WEF Middle East in Jordan, IMF/World Bank meetings in the US, Funds Forum International in Monaco, World Islamic Capital Markets & Islamic Funds Conference and 18th World Islamic Banking Conference in Bahrain, the 10th International Entrepreneurship Forum, and the Council on Foreign Relations. In addition, the EDB continued to sponsor major events held in the Kingdom, such as the Bahrain Boat Show International.

World Economic Forum - Davos

A high level Bahrain delegation attended the 41st annual meeting of the World Economic Forum at Davos, Switzerland, in January 2011. The EDB coordinated and supported media interviews to raise Bahrain's profile at this prestigious international event. Interviews and coverage organised by the EDB included: Shaikh Mohammed bin Essa Al Khalifa, Chief Executive of the EDB – CNBC Arabia, CNBC Europe, BBC Arabia, CNN, Washington Post and the New York Times/International Herald Tribune; and HE Rashid Al Maraj, Governor of the Central Bank of Bahrain (CBB) – CNBC Arabia. The EDB also sponsored a series of vignettes which aired for the duration of CNN's coverage of the event, offering viewers insight into Davos 2011. In addition talking points were provided for Shaikh Mohammed's panel, during which he shed light on the economic and political changes shaping the MENA region.

Bahrain Boat Show International

The third Bahrain Boat Show International (BSSI) was held at Amwaj Islands during November 2011. This four-day show has developed into one of the main boating events in the MENA region, featuring over 100 exhibitors and attracting a growing number of local, regional and international visitors. Exhibits ranged from the latest luxury mega-yachts to marine technologies, plus leisurely aquatic activities such as sailing, scuba diving, and fishing.

GITEX Technology Week

The EDB participated in the GITEX Technology Week held in Dubai, UAE, with an exhibition stand alongside the Telecommunication Regulatory Authority and Bahrain Polytechnic. This key annual trade facilitation and business networking event attracts over 3,500 international and regional exhibitors; and more than 136,000 ICT professionals from over 135 countries. The EDB took this opportunity to promote the role of Bahrain's sophisticated ICT infrastructure in attracting and supporting new investors to set up business in the Kingdom.

International Road Shows

The EDB organised another comprehensive programme of international road shows during 2011, with high-level delegations from the public and private sector visiting the US, UK and Europe, to promote Bahrain's value proposition as a desirable investment destination. Delegates held meetings with officials and corporate representatives from selected sectors to examine opportunities of joint cooperation, and also took part in media interviews.

The US road show took in the cities of Washington DC, New York, Chicago, Phoenix, Los Angeles, Long Beach and Minneapolis. The United Kingdom road show commenced in London, followed by Birmingham and Manchester, and concluded with a visit to the Daresbury Science and Innovation Park on the outskirts of Manchester. In Europe, seven cities in three countries were visited: Berlin, Dusseldorf, Essen and Munich in Germany; Paris in France; and Milan & Rome in Italy.

Retention and Ratings Mission

A dedicated mission headed by HE Rashid Al Maraj, Governor of the CBB, and HE Shaikh Mohammed bin Essa

Al Khalifa, Chief Executive of the EDB, visited London, Paris and New York, where meetings were held with the senior management of firms with operations in Bahrain, to emphasize on the ongoing commitment, support and the advantageous operating environment in Bahrain. The mission also made presentations to all major rating agencies about Bahrain's robust financial and economic condition.

Media Relations

Journalists' Familiarisation

During 2011, incoming familiarisation trips were organised for 29 international journalists in order to create a positive image of Bahrain for FDI decision-makers through informed media coverage. Journalists were provided with a full schedule of interviews and events that were tailored to fully demonstrate the breadth of Bahrain's economic opportunities, and the Kingdom's attractiveness as a destination for investment. Positive coverage was generated in leading publications including the Financial Times, The National, Euronews, FT Financial Adviser, The Asian Banker, The Post Magazine, MENA Insurance Review, Islamic Globe, MEED, Global Times, International Business Daily and Caijing Magazine.

Operations Review

Flying the Flag Abroad



Following the launch of German, French, Chinese and Japanese 'microsite' websites, existing case studies previously conducted with companies who have set up their businesses in Bahrain were translated and produced in French, German, Chinese and Japanese language versions.



Media Monitoring

Throughout 2011, the EDB continued to monitor tier one publications across the targetted core territories for news coverage about Bahrain and the economy. Inaccurate or misrepresentative reporting on the Kingdom was handled by direct engagement with the relevant media in order to rebut and correct coverage swiftly and effectively.

Public Relations

Workshop for International PR Agencies

The EDB organised a special workshop in Bahrain during 2011 for international public relations agencies from the USA, UK, Germany, France, China, India, Japan, Singapore and Middle East. The event was aimed at taking the performance of Bahrain's global economic PR campaign to the next level to deliver even greater traction and influence. Accordingly, the EDB's planned PR programme was adjusted to include appropriate

activities to ensure that the Kingdom's economic story achieved prominence internationally, and provided reassurance to current and prospective investors by highlighting Bahrain's economic resilience and its enduring strengths as an attractive investment destination.

Press Material

During 2011, the EDB distributed 86 press releases to the international media. These covered new companies setting up business in the Kingdom, quarterly economic data, the latest ranking of Bahrain in global indices, and coverage of major international events at which Bahrain was represented. In addition, all key financial and lifestyle events involving the EDB and other government institutions were given full PR support, including the preparation of specific briefing materials and invitations to international journalists. During the year, the EDB drafted over 130 speeches and talking points.

Advertising

During 2011, the third party endorsement television commercials from the previous year continued to air on CNN and CNBC, following the second phase of the "Fact Device" print campaign that was introduced towards the end of 2010. A total of eight advertisements were produced in English, five in German and four in Chinese. The EDB is currently developing a new advertising campaign, based on qualitative research conducted through interviews with key foreign direct investment (FDI) advisors and influencers in the US, Europe and Asia Pacific.

Collateral

The EDB provided relevant collateral to support business development and marketing activities. Brochures and exhibition material were produced in English, German, French and Italian to support EDB road shows and business visits. Moreover, a wide range of briefing materials was created in 2011, and constantly updated to reflect the messaging framework and provide a detailed insight into the economic opportunities present in Bahrain.

Business Guide for German Companies

In cooperation with Ghorfa, the Arab-German Chamber of Commerce, the EDB developed a Bahrain business guide for German companies looking to establish themselves in Bahrain. The publication was used during EDB's road show to Germany, in addition to being distributed to the German embassy in Bahrain, other embassies, chamber associations and German member companies.

Website Updates

Following the launch of German, French, Chinese and Japanese 'microsite' websites in 2010, existing case studies previously conducted with companies who have set up their businesses in Bahrain, such as DHL, Kraft, BNP Paribas, American Express and Ernst & Young, were translated and produced in French, German, Chinese and Japanese language versions for uploading onto the microsities in 2011.

Operations Review

Spreading the Message at Home



In 2011, Volvo and the European Tour unveiled a new season-starting tournament in Bahrain on the European Tour Schedule, with stars from the European Circuit competing for the first time in the Kingdom.



NATIONAL COMMUNICATIONS

The main focus of the EDB's national communications activities during 2011 was on proactively communicating the numerous activities and achievements of the Economic Development Board to stakeholders, both at home and abroad. This included the full activation of digital communications channels such as the EDB Online Newsroom and Twitter. In addition, the EDB continued its efforts to enhance the quality and effectiveness of Government communications.

The EDB continued its Vision 2030 branding and awareness efforts with enhanced branding and artwork, and a new theme and templates.

In 2011, Volvo and the European Tour unveiled a new season-starting tournament in Bahrain on the European Tour Schedule, with stars from the European Circuit competing for the first time in the Kingdom.

Media Activities

The EDB achieved higher media exposure during 2011, with the following outcomes:

- Local press releases: 53 press releases issued on the EDB's initiatives, together with greater TV and Radio coverage
- U.S. Road Show: 36 published news items, plus 12 TV news spots
- UK Road show: 41 published news items, plus 12 TV news spots

Online Communications & Social Media

The EDB achieved full activation of its digital communications channels in 2011, including:

- Over 125,000 visits were recorded to the EDB Online Newsroom, which is the first of its kind among Government entities in Bahrain
- 7 issues of the Tanmiya eNewsletter were published
- Over 14,000 'Likes' were recorded on Facebook
- Over 4,000 followers registered on Twitter
- 10,000 upload views were made on YouTube

Vision 2030 Branding & Awareness

The EDB continued its Vision 2030 branding and awareness efforts with enhanced branding and artwork, and a new theme and templates. A new Vision 2030 video was completed for distribution to all elementary schools. In addition, the EDB supported the Social Housing Forum, which was organised in cooperation with the Ministry of Housing.

Vision 2030 Presentations

Presentations by the EDB on Bahrain's Economic Vision 2030 included the following:

- New students participating in the HRH the Crown Prince's International Scholarship Summer Programme
- Public sector employees attending the Government Induction Programme organised by the Bahrain Institute of Public Administration
- Wives of diplomats involved in the Jusoor orientation and training programme organised by the Ministry of Foreign Affairs

Events

Volvo Golf Championship

In 2011, Volvo and the European Tour unveiled a new season-starting tournament in Bahrain on the European Tour Schedule, with stars from the European Circuit competing for the first time in the Kingdom. During this unique event, interviews were arranged for spokespersons from the EDB, Bahrain International Circuit and Royal Golf Club, plus leading golf personalities, with CNN International and journalists from sports and lifestyle publications.

World Islamic Banking Conference

The World Islamic Banking Conference (WIBC) has become internationally recognized as the largest and most significant gathering of Islamic banking and finance leaders anywhere in the world. The annual WIBC was held in Bahrain in 2011 for the 18th consecutive year. The event was attended by more than 1,200 high-level delegates from over 50 countries.

Market 338

Sponsored by the EDB, and organised by Al Riwaq Art Space, Market 338 is Bahrain's first outdoor market dedicated to promoting the talents and skills of upcoming Bahraini artists, designers and entrepreneurs. This innovative outdoor event, which was held twice a week during the winter months of 2011, was located in Bahrain's popular restaurant district in Block 338 Adliya, which attracts locals and tourists alike. The market featured creative art, handicrafts, jewellery, accessories, photography, and other attractions.

Enhancing Government Communications

The EDB continued to take active steps during 2011 to institutionalise national communications across different areas of the Government through the following initiatives:

Instilling best practices, policies and processes:

The Government Communication Strategy Framework was introduced.

Government Communication Network:

Special Seminars through which Government Communicators can network, and share knowledge,

experiences and challenges, were conducted. These involved a number of special case studies, together with invited international speakers.

Building capabilities and competencies:

- To date, 37 Government communicators have been enrolled in the International Professional Advanced Diploma in Public Relations, which is an internationally-accredited diploma – level 7 by British standards – and awarded by Edexcel
- Over 200 specific communications competencies courses were conducted during the year
- Professional media training was provided for official Bahraini spokespersons

Operations Review

Towards Organisational Excellence



EDB continued to place the highest priority on the training and development of its staff, which were identified as part of individual Personal Development Plans.



Corporate Services

During 2011, a number of measures were implemented to further enhance the EDB's organisational capability and operational effectiveness, and its leadership role as a catalyst for change. This supports the Board's aspiration to be a performance role model for Government institutions and public sector agencies in Bahrain.

The EDB continued to place the highest priority on the training and development of its staff, which were identified as part of individual Personal Development Plans.

The EDB's commitment to equal opportunities was recognised by receipt of the 'HRH Princess Sabeeka Bint Ibrahim Al Khalifa's Award for Empowering Bahraini Women'.

People

In line with its responsibility to lead by example, the EDB is committed to investing in the skills and knowledge of its people. This will enable them to perform to the best of their abilities, and thereby achieve the highest levels of customer satisfaction through the delivery of value-added services.

Accordingly, the EDB continued to place the highest priority on the training and development of its staff, which were identified as part of individual Personal Development Plans. During the year, over 9,000 hours of training were provided, which averaged 80 hours per employee, through both generic and tailored sessions. A series of courses and workshops were conducted which aimed to enhance employees' soft, technical and specialised skills. With a concentration on management development, various courses such as Coaching for Managers, First Line Management, Effective Leadership, Advanced Presentation Skills and Handling Performance workshops were conducted. Other programmes for general staff included Leading Self, How to Receive Feedback, Presentation Skills, Customer Care, Problem Solving, IC DL and Productivity Improvement.

The EDB is committed to providing rewarding employment and career progression opportunities for Bahraini nationals. Towards this end, a Human Resources Policy Manual was introduced; a revamp of the Recognition Scheme was implemented; a Job Description structure and standardisation was completed for all grades; and a salary study was performed to ensure appropriate benchmarking across the board. At the end of 2011, Bahrainis constituted 84.62 per cent of the total workforce, and 17.7 per cent of the executive management team. The EDB's commitment to equal opportunities was recognised by receipt of the 'HRH Princess Sabeeka Bint Ibrahim Al Khalifa's Award for Empowering Bahraini Women'. To ensure a clear unified vision, EDB conducted an Annual Staff Forum whereby the Operational Plans for the year were discussed and communicated to all.

Technology

The utilisation of state-of-the-art information and communications technology (ICT) is a key priority of the EDB. During the year, a stable, adaptable and eco-friendly ICT server infrastructure was implemented, using cutting-edge virtualisation and data storage technologies. This supports the EDB's backup policy of ensuring a full data backup system in order to fulfill current and future ICT requirements.

Also during the year, a new test environment was developed to replicate all ICT procedures and test any new modifications or systems introductions prior to deployment. Other ICT initiatives included the installation of a contemporary Unified Communications System, the standardisation of all systems to ensure a consistent ICT environment, and enhanced internet browsing facilities through the introduction of an Internet Acceleration Solution.

Processes

As part of the EDB's continuous review and improvement of its processes, an advanced environmentally-friendly workflow system was implemented to eliminate the use of manual forms, and accelerate approval through the ability to track requests at different stages of the process. Other process

improvements during 2011 included restructuring and automating a number of Human Resources, Administration and Finance procedural forms, including but not limited to Business Travel, Expense Claims, Training and Annual leave.

In addition, an Inventory System was introduced to keep track of all Administration stock items and facilitate timely replenishment; the Purchasing System was restructured and integrated with the Commercial Registration (CR) database of the Ministry of Industry & Commerce to enable the EDB to comply with Government regulations for contracting services with officially registered vendors; and the EDB's intranet was enhanced to enable effective monitoring of staff attendance and productivity.

Governance

Throughout 2011, the EDB maintained its commitment to adopt the highest standards of corporate governance. This covers accountability and transparency; proper fund management; cash stability through regular reimbursement from the Ministry of Finance; compliance with International Financial Reporting Standards for the production of 2010 Financial Statements; introducing an Internal Tendering Committee for purchases between BD 10,000 and BD 25,000; initiating an annual purchasing

plan to properly manage purchases; and compliance with Bahrain Tender Board regulations.

Social Activities

EDB encourages and promotes a healthy environment for the EDB 'family' through the Social Committee activities. During the year, a number of successful social events were organised to strengthen social interaction among the employees with the management team; and to provide social and entertainment occasions for employees and their families. The Social Committee also organised the traditional Ramadan Ghabga, Eid gatherings, the annual desert camp, and Labour Day celebrations; together with other activities such as male/female soccer games, participation in the 2011 Bahrain Marathon Relay, and many more.

Moving Forward



The Economic Development Board has developed an Executive Plan for 2012 to guide the continued economic growth and social development of the Kingdom in order to provide a more prosperous and stable future for all citizens in line with the Economic Vision 2030.

Recently-developed iPhone and iPad applications will be launched in order to enhance the EDB's online presence, and provide better reach to audiences, both in and outside Bahrain.



2012

During 2012, the Economic Development Board will actively seek to enact the laws it drafted last year, and continue its review of certain business and investment-related legislation to identify areas for improvement.

The EDB will support the Ministry of Housing in implementing its newly developed six-year strategy in 2012, with the priority being to provide more affordable homes for Bahraini citizens, and to shorten the housing waiting list.

EDB will focus on maintaining a balanced economic growth in the short-term, through creating job opportunities, addressing the housing problem, and increasing the average household income.

EDB will work closely with the Ministry of Health (MOH) to implement initiatives to support the strategic objectives of the new Health Agenda.

The Plan contains tangible steps to implement the consensus of the National Dialogue in collaboration with all concerned parties. It recognises the need to take maximum advantage of Bahrain's national resources to meet local, regional and global challenges, by redirecting state subsidies of basic commodities and services to maximise their benefits where they are most needed.

Following the decline in Bahrain's economic growth in 2011 as a result of the social and political unrest earlier in the year, the EDB will focus on maintaining a balanced economic growth in the short-term, through creating job opportunities, addressing the housing problem, and increasing the average household income. The Plan prioritises the adoption of comprehensive and integrated economic policies to enhance the Kingdom's economic diversity, attract further foreign direct investment in key growth sectors, and consolidate Bahrain's status as the region's financial hub.

The Executive Plan also highlights the importance of continuing Bahrain's major reform programmes in education, health and housing. Education has a critical role to play in achieving the objectives of Bahrain's Economic Vision 2030 and the second National Economic Strategy. Accordingly, the Economic Development Board will continue to implement the three major Agendas for Schools, Higher Education and Vocational Education & Training; support major initiatives such as the Quality Assurance Authority for Education and Training, the Bahrain Qualifications Framework, and the National School Numeracy Strategy; and enhance the role of the Ministry of Education, the University of Bahrain, the Bahrain Teachers College, and the Bahrain Polytechnic.

The EDB will support the Ministry of Housing in implementing its newly developed six-year strategy in 2012, with the priority being to provide more affordable homes for Bahraini citizens, and to shorten the housing waiting list. The second phase of the social and affordable housing public-private-partnership (PPP) project, which involves the construction of over 4,000 new housing units over the next three years, will help to address the Kingdom's housing shortage.

In the area of healthcare, the EDB will work closely with the Ministry of Health (MOH) to implement initiatives to support the strategic objectives of the new Health Agenda. These include enhancing the Ministry's role as a policy maker, integrating services within the Ministry, and coordinating services between MOH and other institutions. At the same time, the EDB will support the ongoing development of the newly-established national Healthcare Regulatory Authority

During 2012, the Economic Development Board will actively seek to enact the laws it drafted last year, and continue its review of certain business and investment-related legislation to identify areas for improvement. The EDB plans to draft further legislation on matters related to the economic advancement of the Kingdom.

The Executive Plan also includes a schedule for international direct marketing campaigns and road shows to attract more companies and institutions to invest in Bahrain. Planned events for 2012 include the World Islamic Capital Markets and Funds Conference, the World Islamic Banking Conference, and the first GCC Private Banking Conference; together with the Formula 1 Gulf Air Bahrain Grand Prix, Bahrain International Air Show, Bahrain Boat Show International and the Bahrain Garden Show. These and all other EDB activities will be supported by integrated national and global communications programmes. Also in 2012, the recently-

developed iPhone and iPad applications will be launched in order to enhance the EDB's online presence, and provide better reach to audiences, both in and outside Bahrain.

Finally, the Economic Development Board will continue to develop the skills and capabilities of its staff, and enhance its ICT infrastructure and internal processes, in order improve productivity, maintain effective and efficient operations, and provide all stakeholders with a professional and responsive service.