

Business Incubators Regulation

Issued by The Small and Medium Enterprises General Authority by Virtue of the Decision of The Board Executive Committee No. "4/1/2018" Dated 21/4/1439 A.H.

Article (1): Definitions

The following words and expressions, wherever mentioned in this Regulation, shall have the meanings assigned thereto hereunder unless the context requires otherwise:

Regulation: The business incubators regulation.

Authority: The Small and Medium Enterprises General Authority.

Governor: The Authority Governor.

The business incubators register: The register in which the details of the business incubators and the beneficiaries are registered

Business incubator: An entity authorized by the Authority and registered in the business incubator register which provides a healthy work environment to commence and practice the business and projects for a period of time.

Beneficiary: A normal or nominal person who practices or desires to practice a business or a profession and wants to make use of the services of the business incubator.

License: A document issued by the Authority authorizing the holder thereof to establish a business incubator.

Article (2) Objectives

The objectives of this regulation are as follow:

- Supporting and enhancing the growth of business and micro or small enterprises.
- Establishing an attractive environment for the entrepreneurs to conduct their businesses.
- Facilitating business start-ups and reducing costs.
- Supporting innovation.
- Motivating the investment in the business incubators sector.
- Motivating the investment in the small and medium enterprises.

Article (3): Scope of Application

The provisions of this regulation shall apply to the beneficiaries and the establishments which provide the business incubators services and the beneficiaries thereof in the Kingdom including but not limited to: The business accelerators, co-working spaces, etc.

Article (4): The Business Incubators Register

The Authority shall establish a register to record the business incubators and the beneficiaries. The Authority may assign any entity to prepare, keep and update the said register.

Article (5): The License Application

The business incubator license applicant shall fulfil the following conditions and requirements:

- a. The applicant shall be company, university, governmental entity, non governmental institution or association or any other entity determined by the Authority's board of directors.
- b. Providing a business plan which includes the following:
 1. Feasibility study.
 2. Description of the business incubator activity and services.
 3. Specification of the targeted sectors if possible.
 4. The incubator policy concerning the beneficiaries' admission and graduation.
 5. The capacity of the beneficiaries by the space. After the Authority's approval..
 6. Blueprints of the interior design including: offices, open spaces, and common areas.
 7. The internal and external regular evaluation plan concerning the business incubator procedures and the beneficiaries.
 8. The resumes of the founders and the work team.
 9. The founders shall submit the eligibility form prepared by the Authority.

Article (6): Consideration and Approval of The License Application

The Authority shall consider the business incubator license application and issue its reasoned decision of approval or rejection within thirty days as of the date of application submission.

Article (7): The Premises Conditions

The business incubator premises shall meet the following conditions:

- a. To be situated in a proper location suitable for the objectives, purposes and the activities it has been established to achieve.
- b. Not to be less than (250) two hundred and fifty meters square with allocated space for the facilities and the common services including: The corridors, meeting rooms, reception, waiting areas and services.

- c. The location shall be an independent building in a commercial street or located within any of the following:
1. The governmental institutions.
 2. The commercial institutions.
 3. The educational institutions.
 4. The agricultural institutions.

Article (8): The Basic Services

The business incubator shall provide the following basic services to the beneficiaries:

- a. Workspaces for the beneficiaries.
- b. Meeting rooms.
- c. Receptionist.
- d. Communication and Internet services.
- e. Printers, copiers, scanners and any other stationary requirements.

Article (9): Optional Services

1. After fulfilling the requirements and obtaining the necessary licenses, the business incubator may provide the following services to the beneficiaries:
 - a. feasibility studies and work plans.
 - b. administrative, advisory, legal, accounting and mentoring services.
 - c. Financing and investment services.
 - d. technical support.
 - e. specialized instruments (studios, 3D printers, cooking station, etc.).
 - f. Licensed laboratories form the concerned entities for the specialized incubators (food, industry, etc.).
 - g. secretariat services.
 - h. events and workshops organization.
 - i. Any other services to be in compliance with the incubator's activity.
2. The Authority may classify the business incubators as per their provided optional services

Article (10): The Business Incubator Obligations

The business incubator shall:

- a. Have a lease agreement with a term of no less than two years.
- b. Obtain a written consent to sublet throughout the lease agreement term.

- c. The beneficiary contract may not exceed the lease agreement term.
- d. Enable the beneficiary to use the granted licenses to the incubator concerning the building and its facilities conditions unless the beneficiary activity requires technical conditions or additional licenses.
- e. Not to use the premises or any part thereof for other than the licensed activities.
- f. Update its data in the business incubators register and the beneficiaries' data within one month as of the date of any introduced amendments or alterations thereto as per the Authority's form.
- g. Provide an annual report at the end of the fiscal year to the Authority about its performance including: The achievements, the practiced activities and the beneficiaries' performance as per the Authority's form.
- h. Obtain the Authority's approval concerning the title transfer, relocation or any introduced change to its activity.

Article (11): Beneficiary's Obligations

The beneficiary shall:

- a. Practice its business in the business incubator for a term not exceeding three years in total. However, the Authority may, whenever it deems appropriate, allow an extension for the fields whose production or investment cycle requires more time.
- b. Without prejudice to the provision of article (10/d), the beneficiary shall obtain the required licenses from the concerned entities to work inside the incubator and the business incubator's approval is required to introduce any changes or relocate the site.
- c. Adhere to the instructions and policies of the business incubator.

Article (12): The Inspection and Monitoring

The Authority may conduct inspections, monitoring, and regular follow up upon the business incubators to make sure that they are in compliance with the provisions of this regulation. The business incubator management shall provide all of the required data and reports to the Authority within the course of its work. However, the Authority may assign the mission of conducting the inspections, monitoring, and regular follow up to any entity.

Article (13): The Authority- Business Incubators Relation

The license granted by the Authority may not establish a contractual relation, partnership or any direct or indirect work relation with the incubator. The incubator shall bear the sole liability towards the beneficiaries about its conducted activities.

Article (14): Offences

If the business incubator is in breach of any of the provisions hereof, the Authority may take the following procedures:

- a. Give a warning.
- b. Temporarily suspend the license.
- c. Cancel the license.

Article (15): Classification and Assessment

The Authority may classify the business incubators, outline and assess the services provided by them. To that end, the Authority has the right to survey the beneficiaries' attitude towards the activities of the business incubators and post the results of the survey on its website or any other means it deems appropriate.

Article (16): Grievance

The concerned party may lodge a petition for the attention of the Authority Governor concerning the issued decision refusing the application rejection, classification, assessment, given warning or license suspension or cancellation within sixty days as of the respective notification date. If the Governors rejects the lodged petition, the concerned party may challenge thereof before the Board of Grievance within thirty days as of the respective notification date.

Article (17): The Decisions and Instructions

The Governor shall issue the decisions and instructions necessary to implement the provisions of this regulation,

Article (18): The Regulation Effectiveness

This regulation shall come into force as of the date of publication in the official gazette.