

Business Incubators Regulation

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Business Incubators Regulation

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.

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, including but not limited to accelerators, co-workspaces, etc.

Virtual Business Incubator: An entity authorized by the Authority and registered in the business incubator register, which provides all services remotely in virtual way through web network or any other new technical methods.

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:

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

Article (3): Commencement

The provisions of this regulation shall apply to the establishments, which provide the business incubators services and the beneficiaries thereof in the Kingdom

Article (4): Business Incubator Register

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

Article (5): The License Application

1. The license applicant shall fulfil the following conditions and requirements:

- A. The applicant shall be company, university, governmental entity, non-governmental institution, association or any other entity determined by the Authority's Board of Directors.
- B. Validity of the commercial registration or certificate of registration.
- C. Providing a business plan, which includes the following:
 1. Description of the business incubator activity and services.
 2. Specification of the targeted sectors if possible.
 3. The capacity of the beneficiaries and approval by the Authority.
 4. The founders shall submit the eligibility form prepared by the Authority.
 5. A part of the virtual business incubators team shall exist in other licensing entities.

2. The Authority will issue an immediate license for the applicant upon the satisfaction of the license requirements prescribed in this Article, provided that the applicant shall undertake to the following:

- A. The Authority shall have the right to cancel this license if the requirements and approvals of relevant parties (including municipalities and secretariats) are not met within thirty (30) days after the issuance thereof.
- B. The applicant shall not exercise the license business until the satisfaction of the requirements of such relevant parties.

Article (6): The Premises Conditions

1. 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. Governmental institutions.
 2. Commercial institutions.
 3. Educational institutions.
 4. Agricultural institutions.
 5. Industrial and economic cities.
- D. The premises shall meet the requirements of the relevant authority, including but not limited to the areas requiring specific conditions for business incubators, such as lands of airports and otherwise.

2. With consideration to the requirements of the municipal license of business incubator, the premises shall be owned by the applicant or leased for no less than one year, provided that the Lease shall be authenticated on "EJAR Platform" of the Ministry of Housing. Furthermore, the Lease shall include approval of the lease to other throughout the term of such Lease.

3. Virtual business incubator and co-workspaces shall be excluded from the provisions of this Article, and kept to what is stated the requirements of the Ministry of Municipal Rural Affairs and Housing.

Article (7): Basic Services

All business incubators, excluding virtual business incubators, 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 (8): 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.

Article (9): Business Incubator Obligations

The business incubator shall comply with the following:

- a. Ensure that the beneficiary contract may not exceed the lease agreement term;
- b. Enable the beneficiary to use the granted licenses to the incubator concerning the building and its facilities conditions unless the beneficiary's activity requires technical conditions or additional licenses;
- c. Not to use the premises or any part thereof for other than the licensed activities;
- d. Update its data in the business incubators register and the beneficiaries' data within one month after any introduced amendments or alterations thereto as per the Authority's form;
- e. Undertake to prepare a plan for self and external periodical assessment of the procedures of the business incubator and beneficiaries;
- f. Provide an annual report at the end of the fiscal year to the Authority about its performance including the achievements, the practiced activities and list of the beneficiaries and their performance as per the Authority's form; and
- g. Obtain the Authority's approval concerning the title transfer, relocation or any introduced change to its activity.
- h. Virtual business incubator shall be excluded from the provisions of paragraphs (a, b & c) of this Article, unless having a real location.

Article (10): Beneficiary 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 paragraph (b) of Article (9), 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 (11): Inspection and Monitoring

The Authority may conduct inspection, 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 determined by the Authority.

Article (12): The Authority and Business Incubator Relationship:

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 (13): 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 (14): 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 thereof on its website or any other means it deems appropriate.

Article (15): 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 sixty (30) days after the respective notification date.

Article (16): Decisions and Instructions

The Governor shall issue the decisions and instructions necessary to implement the provisions of this Regulation.

Article (17): The Regulation Effectiveness

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