



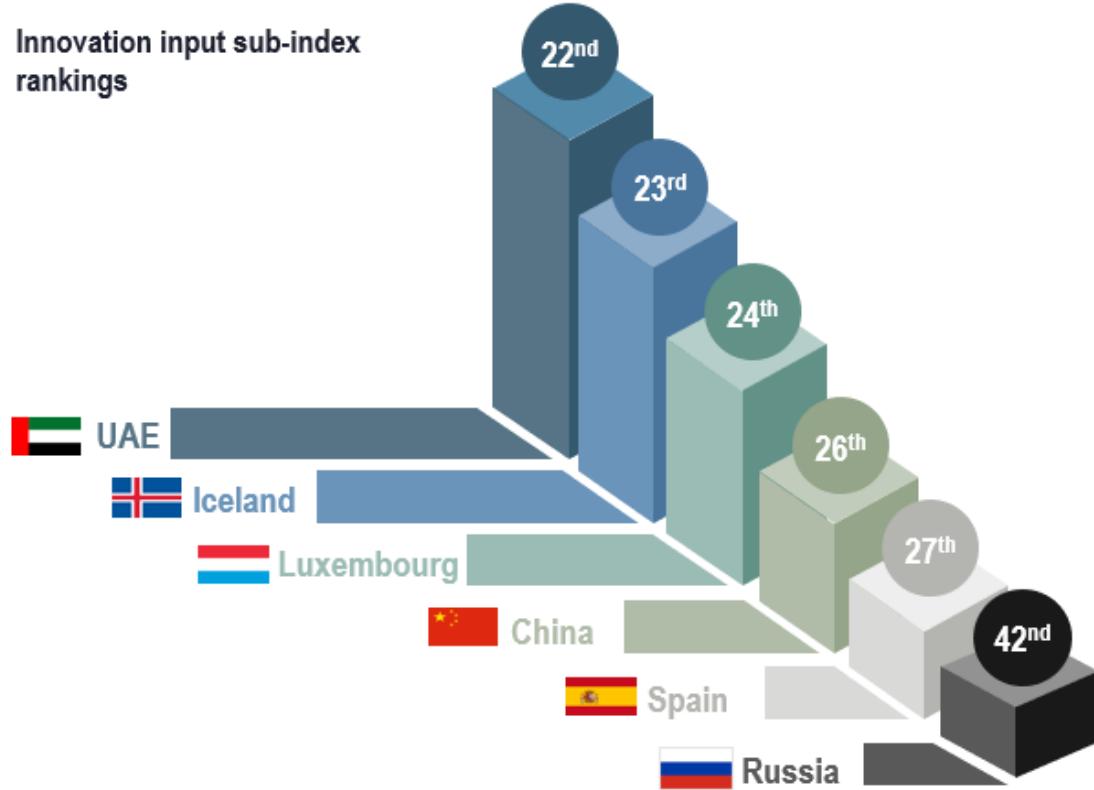
The UAE boosts its innovation standing by 2 ranks to remain 1st among Arab Countries in the 2020 Global Innovation Index

- **Bin Touq:** We have a developed environment that incubates innovation ... and our efforts continue to promote innovation in the long term
- **Al Hammadi:** We are keen to make use of new technologies and research for young people to develop future skills
- **Al Hamli:** We focus on developing the labor market by increasing the number of knowledge workers and raising productivity to contribute to innovation
- **Al Tayer:** We work with partners to provide support programs and financing solutions for innovators and entrepreneurial activities
- **Al Falasi:** A new phase for increasing the capabilities of small and medium enterprises and enabling national entrepreneurship
- **Al-Zeyoudi:** We are working to promote investments in the digital sector and increase trade through innovative platforms

Abu Dhabi, September 3, 2020

The UAE maintains its global high-standing in this year's edition of the Global Innovation Index (GII) as it ranked number one in the Arab World for the fifth consecutive year and improved to 34th globally in the 2020 edition of the report.

The country ranked 22nd on the innovation input sub-index, a 2-rank increase from 2019, and surpassing countries such as Iceland, Luxembourg, China, Spain and Russia. The UAE also improved on the innovation output sub-index, ranking 55th, a 3-rank increase from its rank in 2019.



The positive positioning across these indices reflects the significant improvements and high performances in pillars such as Human Capital & Research, Infrastructure, Business Sophistication, and Creative Outputs. For example, these pillars include gains in indicators such as R&D expenditures, ICT access and use indices, knowledge-intensive employment, patent families, high-tech imports, the percentage of research talent in business enterprises, and creative goods exports. Additionally, the UAE has achieved a positive position on the new “Global Brand value” indicator, under the creative outputs pillar, where it ranked 16th globally.

The Global Innovation Index report annually ranks countries based on their capacity to innovate. This year’s version of the report measured the performance of 131 countries and economies representing 99 percent of global GDP, with a focus on understanding “who will finance innovation?” The theme is especially relevant this year as the global depression



triggered by Covid-19 has curtailed financing option for entrepreneurs and innovators. And it is precisely during such disruptive periods that society is most in need of social and technological innovations to help the economy recover and transition to a more-resilient outcome.

The GII is calculated based on detailed measures of innovation inputs and outputs – consisting of 80 indicators that provide insights on the various areas of innovation. These cover seven pillars: (1) institutions, (2) human capital & research, (3) infrastructure, (4) market sophistication, (5) business sophistication, (6) knowledge & technology outputs, and (7) creative outputs. The GII is commonly used by corporate and government officials to compare countries by their level of innovation inputs and outputs.

The GII is also recognized as one of several key indices under the UAE National Agenda's 'Competitive Knowledge-based Economy' pillar, which is overseen by the Ministry of Economy in partnership with several private and public entities including the Ministry of Education, the Federal Competitiveness and Statistics Authority, the Central Bank, the Ministry of Human Resources and Emiratization, the Ministry of Finance, the Securities and Commodities Authority, and the Telecommunications Regulatory Authority, among others.

The 33-initiative package contributes to building a more flexible and innovative economic model:

His Excellency Abdullah bin Touq Al Marri, Minister of Economy, said, "*The UAE's continued improved performance in the Global Innovation Index is a result of a long-term vision adopted by the country over the past years, under the guidance of wise leadership, which resulted in concerted efforts at the federal and local level as well as close collaboration of the public, private, and academic sectors. to consolidate the culture of creativity and innovation in the UAE. This will form a basis and engine for building a society that believes in a culture of innovation and entrepreneurship and for the development of a diversified, competitive and sustainable economy based on*



knowledge and innovation.” H.E. pointed out that “this result today gives us more confidence to enhance our innovative performance in order to achieve the UAE vision 2021 and to the future development goals outlined by the UAE Centennial 2071, making sure that the UAE becomes a regional and international innovation hub.”

H.E. further added that “Today we have an advanced innovation-incubating environment, achieved by pioneering legislation and institutional development. Our efforts to promote innovation further will continue in the long-term and today, in light of the changes posed by and the impact of the COVID-19 pandemic, the importance of these efforts has increased. Innovation will play a fundamental role in accelerating the wheel of growth and overcoming various economic challenges. The Ministry of Economy is working today, in cooperation with its partners, to implement a flexible package and a general plan of 33 initiatives to support various economic sectors. This is an integrated plan whose objectives are not limited to supporting economic activities and businesses, but through which we will work to build a more flexible and innovative economic model and to launch a long-term development path for the UAE economy.” H.E. emphasised that the objectives of this flexible package are aligned with the Global Innovation Index 2020 theme – “Who will finance innovation?” – especially via the initiatives designed to enhance the flexibility of national financing mechanisms for SMEs, those that support digital transformation, as well as the initiatives aiming to foster companies operating in advanced technological sectors.

Small and Medium Enterprises’ pivotal role in developing the innovation ecosystem:

Also on behalf of the Ministry of Economy, His Excellency Dr. Ahmed Belhoul Al Falasi, Minister of State for Entrepreneurship and Small and Medium Enterprises and the Minister in charge of Tourism, said: “*SMEs play a pivotal role in developing an innovative environment as they are the engines of sustainable and knowledge-based economic growth. The UAE’s GII 2020 positive performance reflects the government’s efforts to enhance the innovation ecosystem, improve intellectual property management, and increase investment in innovative projects, among other initiatives carried out in the last year. However, in the coming phase, the Ministry of Economy and its partners will work on launching a new*



phase of initiatives to increase SME capabilities, enable national entrepreneurship, and encourage start-ups and businesses operating in innovation and technology related sectors. Our plans also include stimulating the application of innovation in vital sectors such as tourism in efforts to increase the sectors' competitiveness, develop its services, and enhance its contribution to the UAE's gross domestic product. All these efforts will provide a strong foundations for the UAE's future economy."

Foreign trade and investment are pivotal factors in fostering global innovation:

His Excellency Dr. Thani bin Ahmed Al-Zeyoudi, in his capacity at the Ministry of Economy as Minister of State for Foreign Trade and the Minister responsible for retaining and attracting talent, said: "*Foreign trade and investment are pivotal factors in fostering global innovation as trade of creative goods and high-tech products, investment growth in value-added projects, and the cross-border implementation of research and development projects all contribute to the knowledge base of the economy, consistently generating new and innovative ideas. The Ministry of Economy, along with its partners, has long been working on improving all three of these elements within the UAE. Looking forward, we will continue building on these efforts during the next phase, especially within the framework of implementing the flexible 33-initiative package, which includes initiatives designed to accelerate the implementation of the positive list of the foreign direct investment law in order to increase quality investment attraction, to encourage investment in the digital and fourth industrial revolution sectors, and to facilitate and increase trade via innovative platforms.*" On another note, H.E. added that efforts continue in developing, retaining and attracting talented and creative human capital in various scientific, literary and humanitarian fields as they represent the wealth needed to advance towards an innovative future. H.E. further indicated the importance of the UAE's "Golden Residency" system in achieving this essential goal.

Developing innovation among the Emirati youth:

On the education front, H.E. Hussain bin Ibrahim Al Hammadi, Minister of Education, stated: "*The Ministry of Education has implemented many initiatives and reforms to*



improve the education and research climate in the UAE over the years. This has led to significant improvements in critical education indicators such as school life expectancy, graduates in science and engineering, R&D expenditures, and the prevalence of research talent in business enterprises, all of which have increased significantly in a short span." H.E. clarified that now more than ever in light of the current pandemic the Ministry of Education is working on fostering innovation among UAE's youth -- preparing them for a vastly different post-COVID future -- by leveraging new technologies and cooperating with international universities and research institutions to enable Emirati entrepreneurship and future skills development. H.E. further added that "*human capital development will help the UAE in becoming an education and knowledge hub, making it more resilient to future shocks and helping to drive the future growth of the UAE.*"

Training national cadres and promoting a culture of innovation in the labor market:

In his capacity, His Excellency Nasser bin Thani Juma Al Hamli, Minister of Human Resources and Emiratization, stressed: "*Strengthening labor market resilience is among the priorities of the Ministry based on its commitment to contribute to the efforts made to enhance the competitiveness of the state. By implementing policies and initiatives, in cooperation with its partners in the federal and local government sectors as well as the private sector, aimed at training and employing national cadres and reducing the cost of transferring competencies and global expertise between institutions and companies, the Ministry thus aims on optimising the investment of manpower in the labour market in a way that both meets market needs and contributes to achieving national goals.*" H.E. further added: "*The Ministry is focusing its efforts, in cooperation with its partners, to deal with the challenges of the Covid-19 pandemic, seeking to meet job requirements for which demand has grown as a result of this pandemic, as well as future jobs, by developing national skills and preparing them to fill these vacancies and by preserving and attracting global talent, especially knowledge-worker competencies. This would raise the productivity of the labour market so that it would remain an active contributor to the country's competitiveness in the various fields related to innovation.*"

Financial solutions to support innovators:



His Excellency Obaid Humaid Al Tayer, Minister of State for Financial Affairs elaborated: *“The Ministry of Finance is keen to provide all possible support to achieve the vision of the UAE government in becoming among the most innovative governments in the world by 2021. In this context, the Ministry continues to work closely with various government and private stakeholders to launch initiatives, strategies and programmes aimed at advancing innovation and creativity across all fields. To this extent, the Ministry launched the Mohammed bin Rashid Innovation Fund which aims to provide the necessary financing solutions for innovators, entrepreneurs and companies, and to provide specialised services to develop and accelerate their work in a way that continuously contributes to achieving the UAE's innovation goals and direction as well as its contribution to economic growth. The fund also contributed to providing the required support for innovators to face the repercussions of the Covid-19 pandemic and to continue achieving growth and financial stability. This has been achieved via the government's understanding of the importance of allocating financial support to developing a culture of creativity and innovation, in enhancing the resilience of the national economy, and raising the country's position on the map of global competitiveness.”*

Constant monitoring of rapid innovation growth in the economy:

His Excellency Abdulla Nasser Lootah, Director General of the Federal Competitiveness and Statistics Authority said, *“The Federal Competitiveness Statistics Authority continues its efforts in enhancing the UAE's data governance mechanisms and infrastructure, as well as collecting timely and accurate data, aiming to provide stakeholders with the most accurate indicators that reflect the UAE's competitiveness, especially with respect to its innovation ecosystem.”*

H.E. added: *“These efforts have led to improvements of the UAE's standing on international reports, such as the Global Innovation Index (GII). Our team continues to monitor international standards and scientific methodologies for data collection and assessment. This facilitates collaboration with policy makers in efforts that go beyond monitoring, assessing and benchmarking national and global innovation capabilities, to enabling decision makers to develop better data-informed policies and resolutions. The*



GII is a critical report for the UAE as part of its National Agenda goal to become a global leader in innovation. We are therefore working with national and international stakeholders, including international data organisations, to ensure the collection and reporting of timely data that facilitates the accelerated growth of innovation in the UAE.”

The UAE’s leadership in digital development, founded in ICT excellence:

In His Excellency’s capacity, Hamad Obaid Al Mansoor, Director General of the Telecommunications Regulatory Authority mentioned: *“The importance of the ICT (information and communications technology) sector has been significantly highlighted in the wake of the COVID-19 crisis, which has pushed for digital channels for life continuity. We, in the UAE, have succeeded, thanks to the insightful vision of our wise leadership, in achieving a smooth and rapid transition towards a digital model based on remote work, distance learning, and the provision of government and non-government services through non-traditional channels, leveraging the already existing advanced ICT infrastructure, and the cumulative development in digital transformation programs, as the UAE has entered the era of e-government early in 2001.”*

H.E. added that *“The UAE is currently a global leader in ICT based digital development, with some of the most developed service provision channels, and based on its regulatory and enabling role in the field of communications and digital transformation, TRA has been keen to secure all requirements for readiness and leadership to serve the highest goals of our beloved country. We will thus continue our efforts through comprehensive partnership with the relevant government entities, and cooperation between the public and private sectors, to establish a digital knowledge society and economy based on the concepts of innovation, creativity, and the Fourth Industrial Revolution.”*

Continuous efforts to promote an attractive and supportive investment culture:



His Excellency Dr. Obaid Al Zaabi, Chief Executive Officer of the Securities and Commodities Authority stated that: *“The SCA is committed to supporting the National Agenda Team members in their efforts to foster a culture of innovation in the UAE. Therefore, SCA is continually working on the development of investments and capital markets regulations to advance the nation's finance and investment ecosystem, which plays a vital role in bringing innovations and ideas to the financial market. In particular, having an advanced venture capital ecosystem will increase the number of venture capital deals as well as develop a well-functioning equity market, which are both paramount in helping entrepreneurs and businesses to finance their growth plans and to sustain the production volume of products and services. SCA will continue to work closely with its stakeholders to ensure that the UAE maintain its attractive investment culture during the economy's recovery phase.”*

Top 5 countries on the Global Innovation Index 2020:

This year's GII results indicate minimal change in the rankings of the top 5 leading innovators, with Switzerland, Sweden, and the USA maintaining the top 3 positions respectively, and the UK and Netherlands maintaining their “top 5” classification. Below is a list of the top 5 most innovative countries as ranked by the Global Innovation Index 2020 report:

Top 5 Most Innovative Countries, Global Innovation Index 2020		
Global Rank	Countries	Change in Rank (2019-20)
1	Switzerland	No change
2	Sweden	No change
3	United States of America	No change

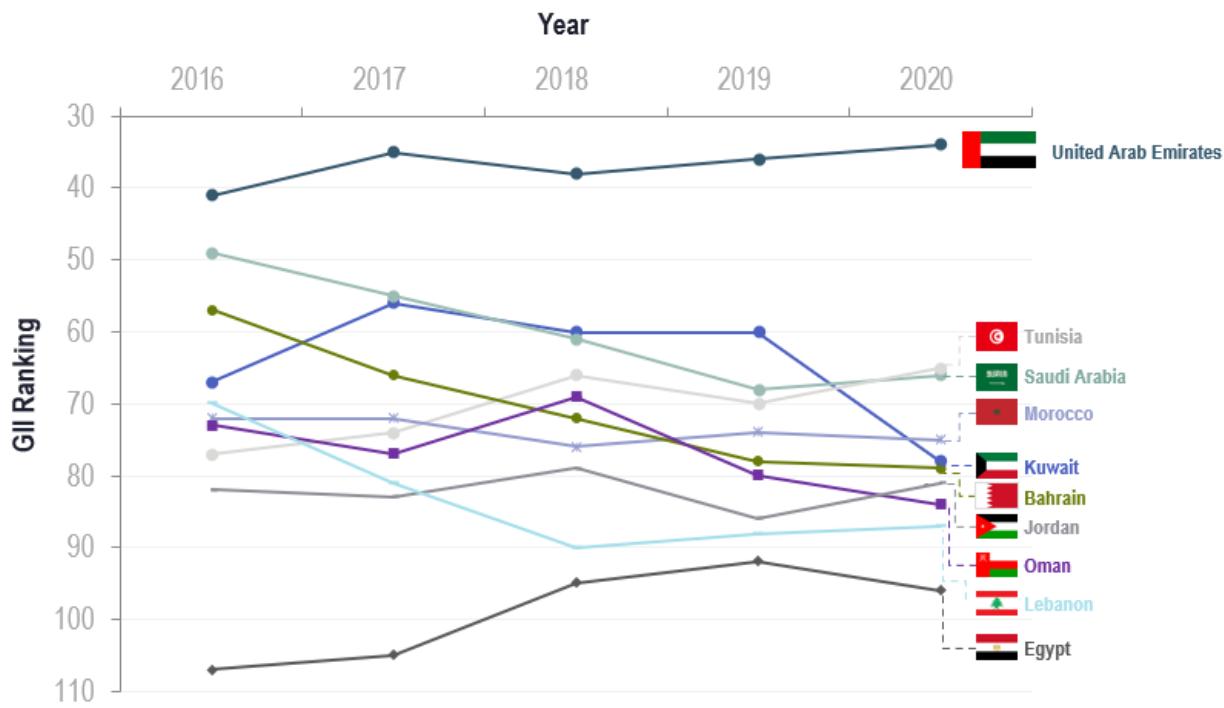


4	United Kingdom	+1
5	Netherlands	-1

The below table indicates the ranking of Arab countries as ranked by the Global Innovation Index 2020 report:

Ranking of Arab Countries, Global Innovation Index 2020		
Global Rank	Countries	Change in Rank (2019-20)
34	United Arab Emirates	+2
65	Tunisia	+5
66	Saudi Arabia	+2
75	Morocco	-1
78	Kuwait	-18
79	Bahrain	-1
81	Jordan	+5
84	Oman	-4
87	Lebanon	+1
96	Egypt	-4

The UAE has maintained its role as the leading Arab country in innovation over the past 5 years, consistently outranking the above-mentioned countries:



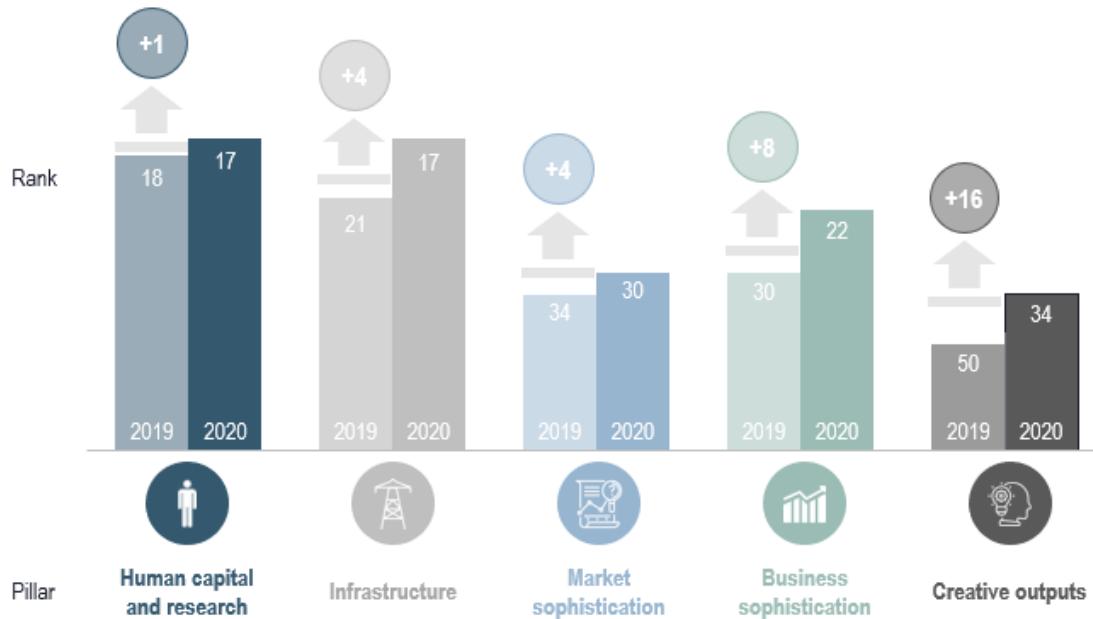
GII 2020: detailed reading of sub-pillars

The Global Innovation Index is based on both innovation input and output sub-indices. Converting innovative inputs to higher innovative outputs is fundamental for improving the UAE's performance. This is what the UAE has consistently achieved: Over the period 2015-2020, the UAE displayed a strong and steady performance in innovation inputs, ranking consistently in the top 25: 25th in the 2015-2016 years; 23rd in 2017 and 24th in the 2018-2019 years. This year, the UAE maintained this stronghold in inputs by ranking 22nd in 2020.

This position was achieved through better performance in the "Human Capital & Research" pillar with an increase from 18th to 17th, the "Infrastructure" pillar with an increase from 21st to 17th, the "Market Sophistication" pillar with an increase from the 34th to 30th, and the "Business Sophistication" pillar with an increase from 30th to the 22nd. On the output sub-index side, continuous increases were achieved in the "Creative Outputs" pillar. In fact, the UAE moved up 36 ranks, from 70th in 2016 to 34th in 2020, in this particular pillar.



 Increase in UAE performance across different pillars

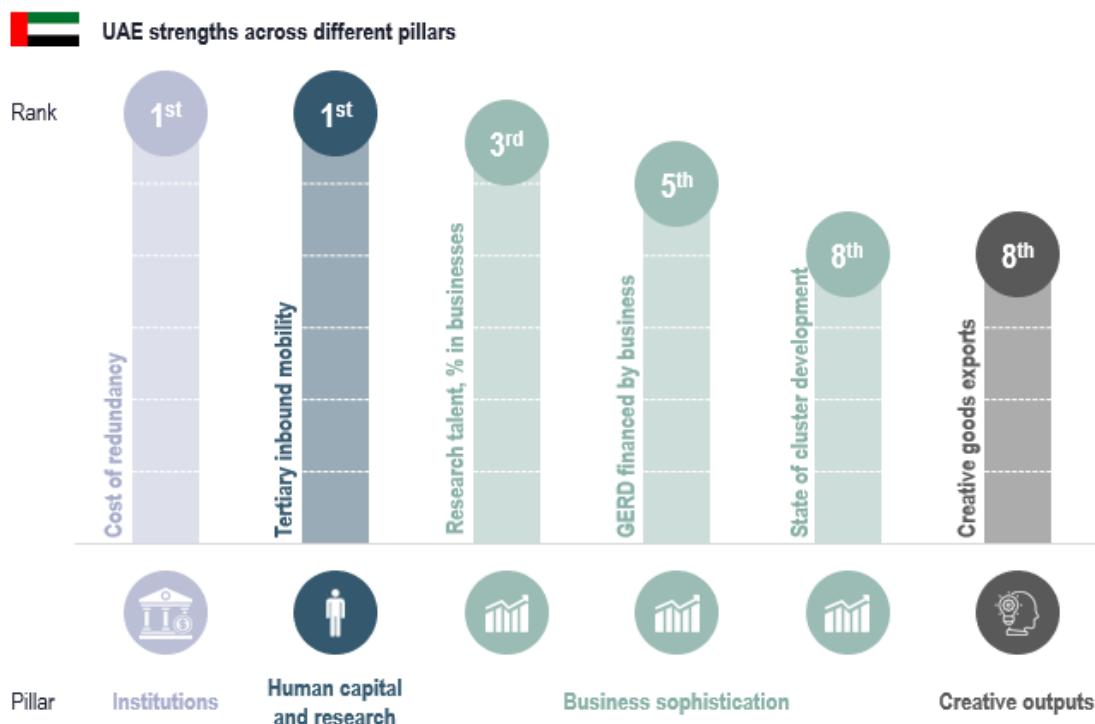


Pillars the UAE has improved on for the Global Innovation Index 2020			
Pillar	2020 Rank	2019 Rank	Change in Rank (2019-20)
Human Capital & Research	17	18	+1
Infrastructure	17	21	+4
Market Sophistication	30	34	+4
Business Sophistication	22	30	+8
Creative outputs	34	50	+16

UAE leading among top 10 countries in sub-indicators



Furthermore, the UAE has achieved global leadership by ranking among the top 10 countries in a number of indicators included in the Global Innovation Index 2020 report. It has ranked 1st globally on the indicators “cost of redundancy” and “tertiary education inbound mobility,” ranked 3rd globally on “research talent, % in business enterprises” indicator, ranked 5th globally on the “GERD financed by business” indicator, and ranked 8th globally on the indicators “State of cluster development” and “Creative goods export.”



Indicators the UAE has ranked top 10 on for the Global Innovation Index 2020		
Pillar	Indicator	2020 Rank
Institutions	Cost of redundancy	1
Human capital & research	Tertiary inbound mobility	1
Business sophistication	Research talent, % in business enterprise	3
Business sophistication	GERD financed by business	5
Business sophistication	State of cluster development	8
Creative outputs	Creative goods exports	8



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