

Authentic KUWAIT



See this report at
worldfolio.co.uk



Unique attitudes create opportunity

Distinguished in the region by its relatively progressive nature, Kuwait's blend of heritage with modernity holds great appeal to those seeking something different

Kuwaitis are justifiably proud of their reputation as having the most advanced democracy in the Gulf region. The emirate is one of only two Gulf Cooperation Council (GCC) states, the other being Bahrain, with an elected parliament, which in 2009 welcomed its first four female MPs, heralding milestone elections for the politically and socially conservative societies of the Gulf. The event demonstrated the country's openness and willingness to embrace progressive change, which many say are typical of the traits that set Kuwait apart from its neighbours.

Kuwait has a close-knit society yet with an international outlook. Against a backdrop of ensuring global business standards and establishing a modern environment for 21st century enterprise and initiative to prosper, it strives to preserve its deeply rooted sense of family, culture and tradition. *Dewaniyas* for example have existed for centuries and the term refers to both a reception hall and the social, political and business gatherings held in it by Kuwaiti men, and remain an essential part of Kuwaiti life. "We run our operations to international standards, but we do business the Kuwaiti way, based on trust and treating your people in the right way, making them part of the family," comments Marzouk Al-Kharafi, Chairman of Kuwait's Americana Group.

By embracing modernity yet being true to its heritage, Kuwait hopes to maintain its authenticity and uniqueness. So, what exactly makes Kuwait 'authentic'? The common thread from political and business leaders' responses is the Kuwaitis themselves. "We are pioneers in terms of freedom, politics, elections, parliaments and many things," says Barrak Al-Sheetan, Chairman of the National Off-set Company.

Majed Eisa Al-Ajeel, Chairman of Burgan Bank, believes the diversity of Kuwaitis' backgrounds add to the emirate's individuality. "In addition, the political system and the openness of the country and the deep-rooted democracy. Someone once said that we have been having Arab springs in Kuwait for the past 50 years, since we had the constitution. It



Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah has reigned Kuwait since January 26, 2006

is an open society with open debate. We have had the parliament and free elections for over half a century. Everybody can voice his or her own opinions. I think this is what differentiates Kuwait from other places."

"Kuwait is definitely unique," agrees Abdulaziz Fakhroo, GM and CEO of telecom frontrunner Wataniya. "Authenticity is part of the uniqueness of Kuwait. For example, Kuwaiti people keep their traditions, but also open up their minds to what is happening outside. They do not

mind getting the latest fashions, but with a Kuwaiti spice. Secondly, there is a sense of liberty embedded in every individual."

Kuwaitis are renowned as shrewd negotiators. The nation's deep-rooted trading traditions earned its merchants a reputation for business astuteness and business acumen that are respected and in demand overseas. "Kuwaitis are adventurous and because of this you will see them almost everywhere," comments Abdulwahab Al-Wazzan, Second Vice-Chairman of the Kuwait Chamber of Commerce and



Industry (KCCI). "If you go to other countries in the region, they want to do business with Kuwaitis. That kind of confidence and trust has been built over the years. That makes Kuwaitis different."

Politically as well as commercially, the emirate's adeptness at diplomacy and negotiation has carried it on a relatively peaceful course in a volatile region of the world. "Kuwaitis have survived in a very hostile environment, in a very difficult neighbourhood. In spite of all that, we have maintained stability in a society where there could have been a great deal of clashes," says Abdulatif Al-Hamad, Chairman of the Arab Fund for Economic and Social Development (AFAES), a Kuwait-based finance institution that seeks to meet the development needs of member countries and pushes Arab cooperation and economic integration.

"Kuwaitis are used to travelling extensively and so they have been exposed to different cultures and nationalities. This means that our people are very open, and we can see that even with the previous generation – they are very progressive and welcoming," says Rana Al-Nibari, CEO of INJAZ, a non-governmental organisation that uses strategic partnerships between Kuwait's private sector and educators to devise training programmes that develop business and leadership skills. "Kuwaitis are very entrepreneurial, very smart. They can do a lot of things and they can compete in the best of markets," adds Gatehouse Bank's Chairman, Fahed Faisal Boodai.

Mrs Al-Nibari goes on to highlight the regionally atypical attitudes to women

PROJECT TEAM: Laura Hernandez, Jaime De Mora, Fatima Ruiz and Saturnino Izquierdo. **COVER PHOTO:** Ammar Alothman.

SPECIAL THANKS: World Report would like to thank Malik M. Marafie for his inventive and appropriate title for this special feature. "Authentic Kuwait" suggests the content of this report most accurately, highlighting the authenticity of the country.

FOR MORE INFORMATION CONTACT: World Report International Ltd, 35 Brompton Road, Knightsbridge, London SW3 1DE
Tel: +44 (0)20 7629 6213, worldreport@worldreport-ind.com, www.worldreport-ind.com



#kuwait



“Reform is a national project that involves everyone in its liabilities and assistance. It aims at activating the willingness to change [...] and lead to the translation and materialization of the anticipated view, and meet the desired hopes and aspirations”

“Through hundreds of years, our national unity has been the rock that shatters the ambitions of invaders and aggressors”

SHEIKH SABAH AL-AHMAD AL-JABER AL-SABAH,
Amir of the State of Kuwait

in the emirate. “Women in Kuwait do play a very crucial role,” she says. “This is very different to the rest of the Middle East. We are the pioneers in that regard. This is also because of our history – men used to go on their trips for long periods, and the women used to manage the country. Stories like this are what make Kuwait different.

“Kuwait has always been a leader in the region in terms of ideas and entrepreneurship. It was one of the first countries in the region to really drive education institutionalisation, and many of those best practices have been adopted by the rest of the Gulf Cooperation Council (GCC).”

Kuwait is the UK’s third largest trading partner in the GCC region, with the

long-established bilateral trading relationship growing stronger following a joint pledge by both countries in 2011 to double bilateral trade to £4 billion per year by 2015. In addition, UK companies, large and small, are well positioned to participate in the Kuwaiti Government’s ongoing drive to expand the emirate’s private sector, boost its infrastructure and

edge towards increased privatisation. In 2010 it devised a five-year development plan that includes some 1,100 projects – some of more ambitious of which are hailed ‘mega-projects’ – with an estimated KD37 billion (£81 billion) of spending focused on both oil and non-oil sectors.

Examples of some of the mega-projects include a new business hub, called Silk city, a major container harbour and 15-mile causeway, railway and metro systems, health and education upgrades, and around KD25 billion of oil-sector investments to raise production capacity and modernise current facilities.

“The National Development Plan was put in place not only to increase living standards, but also to diversify the Kuwait economy and increase the number of PPPs (public-private partnerships),” says Sheikh Mohammad Al-Abdullah Al-Mubarak Al-Sabah, Minister of Cabinet Affairs and Minister of Health. “We hope that by attracting foreign companies to come and work here, they will take on bright, young Kuwaitis. The Western work ethic will be implanted upon the national psyche.”

“We are seeking long-term partnerships, which ensure proper training of our young workforce and the transfer of know-how and technology. This requires the right environment and this is what we are working on creating,” adds Anas Khaled Al-Saleh, Minister of Commerce and Industry. “We are working hard to develop the right legal and commercial environment that will ensure that Kuwait is at the top of the list of countries people want to invest in.” ●

Economic diversification and regional ties to boost potential

Opportunities rarely come without challenges, but the readiness of Kuwaitis to tackle the Gulf State’s areas ready for improvement – along with its potential for private-sector participation – instils much-valued confidence in investors

Economic diversification is a major topic on the minds of Kuwait’s business leaders as they fully appreciate the need to maintain the momentum of increasing dynamism in the country’s private sector. “It is very dangerous to depend on just oil,” says Jassim Al-Kharafi, a previous Speaker of the Kuwait National Assembly for 13 years and former Minister of Finance. Today he serves as Chairman of the Kuwait-based MAK Group, one of the most ubiquitous and influential conglomerates in the Middle East and North Africa region. “What we have always been talking about and hoping our Government will take into consideration are the bio-products of oil. My hope and my concentration is on pushing our government towards working on this resource.”

As a public-sector servant, Mr Al-Kharafi’s former roles in the National As-

sembly and Finance Ministry have provided him with a first-hand viewpoint of Kuwait’s global political standing and as a private-sector pioneer in the MAK Group he appreciates the commercial importance of tighter regional bonds. “Small countries not linked properly together in the economical sense will be a burden in the future to its people,” he says. “I hope our Government will concentrate on the cooperation and coordination of more links, especially economic links, which I hope will lead to a Confederation between the Gulf States.”

He adds: “Kuwait cannot continue working with a small market like it is now, neither can Qatar, the Emirates or Oman. But once we open the market for all of us and then are united towards the world, we can also gain benefit from the coordination, which will indirectly benefit our people.”

During his tenure as Speaker of the Kuwait National Assembly, Mr Al-Kharafi held joint press conferences with visiting Prime Minister David Cameron in 2011, where both sides were united in encouraging collaborations. “The bilateral relations between Kuwait and the UK have been always special, but unfortunately they have decreased over time,” he notes.

Shortly after the visit, both countries pledged to double bilateral trade to £4 billion by 2015. “It cannot be achieved by paper; it has to be achieved by actions,” affirms Mr Al-Kharafi, highlighting that the expressed good intentions need to be backed up by companies pursuing partnership leads. “There should be more solid follow up. Also when a government or prime minister changes, we should start where they ended and not start from the beginning; this is what hinders progress.” ●



“Once we open the market for all of us and then are united towards the world, we can also gain benefit from the [Gulf States] coordination which will indirectly benefit our people”

JASSIM AL-KHARAFI,
Former Speaker of the Kuwait National Assembly (1999-2012) and Finance Minister, and current Chairman of the MAK Group

Long-term allies urge private sector to forge new alliances

Rock-solid

partners in good times and bad, the UK and Kuwait are opening the door to a new wave of ventures

The solid bilateral relations between Kuwait and the UK that go back more than 200 years have never been stronger. On all levels – royal, diplomatic, political, economic, social, cultural and emotional – the two nations share close links that both sides are determined to tighten even further. During a speech to the National Assembly in Kuwait in February 2011, Prime Minister David Cameron affirmed both Governments’ pledge to double bilateral trade by 2015 to £4 billion per year and stated: “Ours is a partnership based on a shared economic future, as we need our economies to grow and diversify in this challenging globalised world.”

“Right now, the ties are at an absolute zenith,” says Sheikh Mohammad Al-Abdullah Al-Mubarak Al-Sabah, Minister of Cabinet Affairs and Minister of Health. “This is because we in Kuwait value loyalty very much. The British came to our aid at three of the most important historical times in Kuwaiti history: in 1899 when the Persian and Ottoman Empires were at odds and wanted to lay claim; in 1961 with the attempted Iraqi invasion (very few people remember this – it was actually called Operation Vantage); and then in 1991 – we will never forget Margaret Thatcher’s pivotal role in Kuwait’s liberation from Saddam Hussein’s attack. As a result, Britain and everything British has always held a special place in Kuwaitis’ hearts.”

This year the Kuwait Investment Office in the City of London celebrates its 60th anniversary. The overseas headquarters of the Kuwait Investment Authority, the emirate’s sovereign wealth fund, it has invested some £150 billion over the decades, the majority of which has been in the UK. On an official visit to Kuwait in February, the Lord Mayor of London Roger Gifford noted: “Much has been achieved to foster the mutually beneficial ties between Kuwait and the UK, but much more can still be done.”

Reflecting the magnitude of the alliance, Kuwaiti Ambassador to the UK Khaled Al-Duwaisan notes: “The largest Kuwaiti embassy in the world is in London – our embassy here is bigger than in Washington, Paris or Moscow.”

Also in London is the new UK-Kuwait Business Council that launched in May. The Council is chaired by the UK Prime Minister’s Trade Envoy Lord Jonathan Marland



Prime Minister David Cameron greets Kuwait’s Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah outside Number 10 on November 28, 2012, during his three-day visit to the UK

and comprises eight British and eight Kuwaiti chief executives meeting twice a year to work on expanding trade and collaborations in both countries.

“Kuwait has rightly identified that the development of SMEs is a critical way forward,” comments Lord Marland. “That will be very much in tune with the British thought process. We have a huge amount of SMEs in the UK and they are the beating heart of our nation’s endeavour. It is the way that you diversify – the more businesses you have, the bigger the range of business activities.”

Kuwait’s ongoing drive to diversify its economic base away from petrodollars means investors would do well to look into expanding the emirate’s mass transportation, logistics and social infrastructure, as well as upgrading the education system and enhancing its healthcare offer, according to Paul McKay, Chairman of the British Business Forum (BBF) in Kuwait. “There are signs that that Kuwait’s business environment is improving as the Government moves from operator to regulator roles,” he says, citing the country’s new companies law announced this year as an example of a more level playing

field emerging for investors. He also stresses that the value of advice on doing business in the emirate and personal relationships cannot be underestimated, adding: “It is imperative for any British investor understands and considers local culture and expectations, especially when seeking business.” The BBF offers individuals and companies investment advice on entering Kuwait and provides a springboard to market access. “Too often cautiousness about entering the Kuwaiti market or the wrong advice prevents opportunities from being met,” says Mr McKay.

UK Ambassador to Kuwait Frank Baker believes UK investors should look at infrastructure in particular, with new airports, metro systems and even cities planned. “There will be great opportunities for British firms to either be the main contractors or the sub-contractors on what are going to be some absolutely critical developments,” he says. “Although the private sector is small, it is hugely dynamic. You have some outstanding people working in it. It needs to be expanded, but you have got the educated population, and the ability and the hunger of Kuwait is to go and work in the private sector.” ●



“The largest Kuwaiti embassy in the world is in London – our embassy here is bigger than in Washington, Paris or Moscow”

KHALED AL-DUWAISAN,
Kuwait Ambassador to the UK



“Although the private sector is small, it is hugely dynamic. You have some outstanding people working in it”

FRANK BAKER,
UK Ambassador to Kuwait



“Kuwait has rightly identified that the development of SMEs is a critical way forward [which is] in tune with the British thought process”

LORD JONATHAN MARLAND,
UK Prime Minister’s Trade Envoy and
Chair of the UK-Kuwait Business Council

Easier, mutually beneficial routes to boost FDI

Both public and private entities are streamlining ways for foreign firms to set up businesses and get involved in Kuwaiti partnerships

Earlier this year, the Kuwaiti parliament approved a new law regarding the promotion of foreign direct investment (FDI) that will make it easier for foreign investors to set up companies in the emirate by reducing cumbersome red tape and bureaucracy. Changes include more e-processes to cut voluminous paperwork and the launch of a dedicated one-stop shop for investors. "We need to modernise our infrastructure, diversify our economy and expand the private sector," comments Minister of Commerce and Industry Anas Khaled Al-Saleh. "There will be notable changes occurring in improving the business environment in Kuwait through serious efforts carried out various government entities."

The executive regulations of the new companies law has already been approved. It has sparked the evolution of the former Kuwait Foreign Investment Bureau (KFIB) into the Kuwait Direct Investment Promotion Authority (KDIPA). Tasked with creating an attractive environment for FDI, the KDIPA grants investors incentives such as tax holidays, customs duty exemption, preferred land allocation, among other benefits, and provides guarantees against expropriation, transfer of capital and profits. It is led by Director General Dr Meshaal Al-Jaber Al-Ahmad Al-Sabah, who points out that the country is not necessarily seeking investments of a solely finance nature: "Kuwait does not need capital per se through FDI, but rather know-how, technology and innovation, as well as help with the ongoing Government efforts to create job opportunities and training for Kuwaitis, and adding value to the domestic economy."

Such targets are at the heart of Kuwait's offset program. Overseen by the state-owned National Offset Company (NOC), foreign firms that win government contracts above certain thresholds must invest 35 per cent of a contract's value, directly or indirectly, in approved offset business ventures that will contribute to achieving those goals and add value to the economy. NOC is on hand to help foreign contractors by reviewing and approving their offset proposals and ensuring their offset obligations are fulfilled.

"NOC has developed a five-year strategy intended to achieve the program's objectives," says Barrak Al-Sheetan, Chairman



Barrak Al-Sheetan, Chairman of NOC

of NOC. "We implemented this strategy in 2012 and are already reaping benefits through the successful initiation of a number of partnership projects between offset obligors and investors from Kuwait private sector."

NOC's current priority areas include offset projects in the education, health, power and defence sectors. It also highlights opportunities in pharmaceuticals manufacturing, ICT, media, environmental protection and financial services.

"As a result of direct cooperation between foreign offset obligors and Kuwaiti entrepreneurs from the private sector, which NOC encourages and nurtures, the benefits will not only be for the Kuwaiti private sector, but also for the foreign offset obligors, who as a result of their long-term partnerships with the private sector they would gain knowledge and access to the Kuwait market, as well as the GCC," says Mr Al-Sheetan.

To effectively maximise the wide variety of business opportunities Kuwait presents to foreign companies, it is essential to have a basic grasp of the Kuwaiti business community and legal system. Abdullah Kh. Al-Ayoub & Associates offers expertise in all major areas of commercial law, corporate law and international business transactions. An association of lawyers from various international backgrounds specialising in Middle Eastern laws and led by Managing Partner Abdullah Kh. Al-Ayoub, it is ideally placed to understand the needs of foreign companies and individuals as they do business in the Middle East. One of the largest law firms in Kuwait, it is one of the few with an established reputation in the international field and features membership of various prestigious global organisations, including Lex Mundi. Its success is also evident from its top-ranking client list and the firm is a prime example of the private sector working alongside the Government in easing the way for international investors to enter Kuwait. ●

Our people are our best asset

Americana Group, moving Kuwait forward through innovation, commitment and a risk-taking vision, since

One of the most successful franchise operators in the whole world, the Americana Group network encompasses eight of the world's most recognised brands as well as six of our own, homegrown brands.

Since the group's inception, we've taken risks and relied on Kuwaiti instinct, insight and vision to grow the group into what it is today: one of the Middle East's most innovative and passionate pioneers in restaurant chain operation and food product manufacturing.

www.americana-group.net



Wealth flows with oil and gas

Although its 70-year-old economic mainstay is a boon, Kuwait is looking to diversify

The history of oil in Kuwait dates back to 1938, when the first reserves were discovered in an area south of Kuwait City, known today as Al-Ahmadi in honour of the late Emir of Kuwait. The find spurred the building of a town (also called Al-Ahmadi), and the development of this enormous new industry over the decades has attracted hundreds of thousands to the district, which now counts 800,000 inhabitants.

Indeed, Al-Ahmadi remains today the most prolific oil producing area in Kuwait, and thus by extension, one of the most prolific in the world. "This area is mostly synonymous with oil," says Governor Sheikh Dr Ibrahim Al-Duaij Al-Sabah.

Despite its fame in the oil world, perhaps the governorate's biggest claim to widespread fame was, sadly, the oil field fires that raged during and after the Iraqi invasion of Kuwait in the early 1990s.

"The burning of oil, the fires – they were here," says Dr Al-Duaij. "All the world saw them. Seven hundred oil wells were burnt,

but after seven months they were under control and put out. People all around the world had their TVs tuned in to Al-Ahmadi then."

In spite of the burning, Kuwait still stands among the global oil giants, with 10 per cent of the world's reserves, or 104 billion barrels. Needless to say, the entire economy is based on this resource and thanks to it, Kuwaitis have enjoyed a high quality of life.

The country's oil industry, though first developed by the Americans and British, was nationalised in the late 1970s in a movement to retain all resource wealth at home. Fortunately for the state, the Kuwait Oil Company (KOC), formerly owned by BP and Gulf Oil and now in state hands, was technologically advanced enough to drill and extract without foreign help. The country's oil wells – most of which are onshore – were shallow and easy to operate.

In 1980, the government created the Kuwait Petroleum Corporation to oversee numerous subsidiary companies, each dedicated to a separate function from the upstream to downstream, both at home and overseas.



The emirate holds 104 billion barrels of oil, or 10 per cent of the world's known reserves

Nowadays, KPC is opening up to more foreign assistance as it takes on more technically complicated projects.

"We have so many projects that are on their way but not progressing nicely and it is mainly because it requires special skills to pursue them," explains former CEO of KPC, Farouk Al-Zanki.

Ahmed Al-Arbeed, General Manager of Seven Sisters (a private oil and gas and services company), says foreign companies "could play a role in technology and management. Because Kuwait's private

sector was taken away for a long time, they lack technology and management. So foreign companies should come here to bring technology, management and know-how."

Aside from more international participation, Kuwait is also seeking to diversify its economy. For Mr Al-Arbeed, that could mean putting oil to non-energy uses, such as producing plastics for new, sturdy and affordable building materials.

For Dr Al-Duaij, it would mean developing the services sector. "We were at a time, before oil, a services hub. We provided services as sailors, as traders and as shipbuilders; we were connecting Eastern Africa and Eastern India with this area and then to the Mediterranean. Today we could focus on education, medicine and business," he asserts.

Nizar M Al-Adsani, current CEO of KPC, underscores how the Kuwaiti spirit of entrepreneurship can help.

"The creative thinking of yesteryear needs to continue to complement oil revenues," he says. "The challenge for Kuwait is to diversify its economy from oil to a more non-oil, finance and service-oriented economy. We have the innovation and the drive to do it, as well as the young people to support it, the investment and the brains to do it. But we need to manage things correctly." ●

Success of Kuwait begins with the empowerment of the youth

wataniya.com
wataniyablog.com

facebook.com/wataniya
wataniyatelecom

[@wataniyatelecom](https://twitter.com/wataniyatelecom)
wataniyatelecom



As a group, KPC is actively involved in every aspect of the oil and gas industry

KPC powers Kuwait's economy forward

Vertically integrated Kuwait Petroleum Corporation is one of the biggest contributors to both economic and social development

Kuwait's energy sector has seen quite a lot of changes in the seven decades since large oil reserves were first discovered by the formerly US-British owned Kuwait Oil Company (KOC).

Largely in foreign hands until 1976, the oil industry blossomed thanks to foreign partnerships and continues to bear fruit thanks to the continual technical and know-how transfer to the local workforce.

Independence from Great Britain came in 1961, yet it wasn't until 1972 that Kuwait was prepared to take on a large stake in the hydrocarbon industry. That year, the government acquired a 25 per cent in KOC, followed two years later by a 60 per cent share through a "participation agreement".

Another two-year gap elapsed before Kuwait's government opted to acquire 100 per cent of KOC and in 1980 it established the Kuwait Petroleum Corporation (KPC) as an umbrella company for KOC and all other nationalised and newly created subsidiaries.

KPC is, therefore, an enormous vertically-integrated conglomerate responsible for the nation's hydrocarbon interests both locally and throughout the world, and its importance in the global energy sector cannot be understated.

Indeed, entrusted with one-tenth of the world's oil reserves and pumping nearly 2.8 million barrels per day (bpd), KPC was the 10th largest oil producer in 2012 and is capable of restoring balance to global production levels given setbacks or problems in other oil-producing companies.

The company aims to raise production to

4 billion bpd – including a larger share of low-sulphur products – in a bid to raise its profile even more and ensure confidence in the country's capacities.

"In the future we would like to see low sulphur products and now we're investing in our existing facilities and upgrading them to produce high quality products," says Farouk Al-Zanki, former CEO of KPC.

Under the Clean Fuels Project, an undertaking of KPC subsidiary Kuwait National Petroleum Company (KNPC), the Mina Abdulla and Mina Al-Ahmadi refineries will be upgraded yet again with the most sophisticated equipment to not only raise daily output, but also to be able to process more environmentally friendly diesel oil.

Both refineries underwent modernisation in the 1980s, bringing capacities up to 460,000 bpd at Mina Al-Amadi and 270,000 bpd at Mina Abdullah.

KNPC, originally set up in 1960, is KPC's oil refining, gas liquefaction and petroleum products distributing arm. It owns and operates the above-mentioned refineries as well as the Shuaiba Refinery, the first one built by a national company in the region. With an operating capacity of 200,000 bpd, Shuaiba also lays claim to being the world's first all hydrogen refinery.

A fourth refinery, at Al-Zour, is in the planning and development stage. Once the Clean Fuels Project and the New Refinery Project are complete, KNPC's refining capacity will jump to 1.4 million bpd.

Whereas oil makes up half of Kuwait's GDP and represents more than 95 per cent of its

export revenues, KPC is well aware of an overdependence on a single resource. For Nizar M Al-Adsani, current CEO of KPC, oil is capable of opening up new doors.

"The oil sector will take the lead. The sector is always innovative when applying new ideas. The idea of bringing in the private sector and partnering with them – procurers, vendors, contractors, etc. – and training with them is relevant. Local content is also relevant, either by employing Kuwaitis or by buying local products to help advance the private sector.

"The partnership is ongoing and there is a burden on the oil sector to innovate. The sector has also tried to privatise some of the

non-core functions. Some of the gas stations and petrochemicals have been privatised and now we're looking at bringing in some private companies – both local and foreign – to work on other new projects."

"Once you develop a sector, others will follow," adds Mr Al-Adsani. "So you have transport, marketing, distribution and logistics. They will all contribute to the value chain of the sector itself."

Within the KPC family, already there are subsidies dedicated to these segments. Kuwait Oil Tanker Company (KOTC) owns and manages tankers for transporting crude oil, LPG and refined petroleum products; Kuwait Petroleum International (KPI), better known as Q8 markets Kuwait's oil products abroad through more than 4,000 service stations; Petrochemical Industries Company (PIC) produces ammonia, urea, nitrogen fertilisers and polypropylene; and Oil Sector Services Company (OSSC) provides supportive services in the oil sector.

With such a large presence, both locally and globally, it is imperative that KPC upholds excellent corporate social responsibility standards. Although CSR is now a top priority, it wasn't always this way, explains Mr Al-Zanki.

"For many years we focused on oil and gas production, not even looking at our human resources. But now with the new strategy we are putting a lot of emphasis on other activities not related to oil and gas because we want to improve the image of the sector," he says.

On one hand, KPC increases its budget every year for training and HR development. The oil giant established the Supreme Council for Training and Education to ensure oil-sector employees receive proper education, and more recently, KPC expanded the Petroleum Training Centre. Also, employees are given great opportunities for career enhancement thanks to a company policy that aims to identify and develop potential executive leadership talents.

In terms of responsible environmental stewardship, KPC is allocating more capital towards mitigating CO2 emissions through its Greenhouse Gas strategy.

Mr Al-Adsani points to the Clean Development Mechanism project that Kuwait Foreign Petroleum Exploration Company (KUFPEC) is carrying out in Yemen. This KPC subsidiary – dedicated to upstream exploration interests in Africa, Asia, the Middle East, Norway, Australia and the UK – is working to "prevent waste gas from entering the atmosphere and instead use it to generate power for the local communities."

This successful programme is also being carried out by Kuwait Gulf Oil Company (KGOC) in Wafra, where it has joint operations with Saudi Arabia, and Mr Al-Adsani says KUFPEC is trying it out in Australia now, as well. ●



NIZAR AL-ADSANI, CEO of KPC

The oil & gas investment puzzle

Kuwait faces a major conundrum: to welcome more assistance from international oil companies (IOC) at the risk of losing full sovereignty in the sector, or continue working with minimum foreign partnerships at the risk of missing huge opportunities?

In 1997, the Supreme Petroleum Council formulated 'Project Kuwait', a 25-year plan to raise oil production with help of IOC's. Historical favourites, like Shell, BP and Chevron, remain active in Kuwait and enjoy a healthy and profitable relationship with the Gulf country. Yet entry to new players has been made difficult by red tape, wariness and ever-shifting legislation.

In Kuwait, Shell was the first to produce oil after liberation from Iraq and was the first to supply LNG cargo. Interestingly, Shell is also helping Kuwait develop its nascent natural gas industry through a five-year enhanced technical consultancy service agreement.

Since natural gas was only discovered recently in Kuwait, there is very limited local know-how in the area – unlike the petrochemical industry, which kicked off 50 years

Kuwait needs greater foreign assistance to reach its target of 4 million bpd by 2020 and to exploit its natural gas reserves

ago, ahead of all other Gulf countries.

EQUATE Petrochemical Co is a private joint venture petrochemical complex in Kuwait (owned in equal parts by PIC, Michigan-based Dow Chemical Company, and in smaller shares by Boubyan Petrochemical Co and Al-Qurain Petrochemical Industry Co.), that marvellously represents how an international partnership brings the best of both worlds.

"We get most of the natural resources and gas from Kuwait, we get the technology and the know-how, we get the local content and even the capital investment from our partners, at the same time it is a total reflection of how a partnership can succeed. Our partners' success was reflected right from the very intention to estab-

lish EQUATE," says Mohammad Husain, President and CEO.

The names of PIC and Dow Chemical recently made negative headlines over a cancelled joint venture nearly five years prior, yet in May the former paid the latter a \$2.19 billion cash settlement as compensation (leaving no hard feelings on either side and proving to potential partners their investments are secure in Kuwait). While the news of the cancellation shook up the investment world, causing some investors to think twice about entering Kuwait, foreigners already established there are quick to encourage others to not lose faith.

Ahmad Attalah, Chairman and Managing Director of Shell Kuwait, claims that where Kuwait is today is "just scratching



Shell, BP and Chevron are the major IOCs still active in Kuwait's oil sector

the surface" and that investors should ask themselves if they want to "wait till the train is moving before they hop on or if they want to be part of it from the beginning so that when things get moving, they're in it and it's much easier." ●

Developing from the ground up



Bander Al-Otabi, founder and Chairman of El Eman Construction

The private sector is taking on a greater role in shaping the nation's future

Despite what pundits may say about Kuwait's slow-going US\$31 billion National Development Plan, this roadmap has firmly laid the groundwork for transforming Kuwait from a public sector led economy to a financial and trade centre, firmly saddled on a stronger and more participative private sector.

"There is no question that our first development plan has had some delay in putting projects together," admits Dr Rola Dashti, Minister of Planning and Devel-

opment and Minister of National Assembly Affairs. "But it was the first step, as they say you brush away all the dust and energise all the government entities into moving forward."

Projects underway include two new electricity generation plants, hospitals and healthcare centres and a wastewater treatment plant. The government has invited the private sector to also manage, operate and develop the country's ports, for example.

Mega-project Silk City is providing countless, huge opportunities in terms of industries, services and infrastructure, highlights Dr Dashti. She adds: "We see that there are massive opportunities for the British private sector to participate in areas like build-operate-transfer (BOT), know-how transfer, designing and engineering, advisory and financial services, and even building the technology for airports, ports, utilities, etc."

It is mainly Kuwait's private sector companies who have built the country thus far, and it is they who look forward to continue participating in infrastructure development.

El Eman Construction is a 25-year old firm that puts quality, performance and timeliness at the heart of everything it does.

Specialising in small and medium-scale government construction projects, its portfolio includes Kefan Mall and the Kuwait Medical Institute and its list of clients comprises the Ministry of Defence, KOC, the

Ministry of Education, the Housing Authority and the Ministry of Public Works, among others. The latter has recently contracted El Eman's services for yet another project, soon to be announced, according to Bander Al-Otabi, founder and Chairman.

Though the majority of El Eman's portfolio is made up of projects in the range of KD1 to 6 million (£2.2-13.3 million), Mr Al-Otabi would like to take on larger ones over the next few years, as his company is capable and prepared for them. Its strengths lie in prefabricated space frame systems, tensile fabric structures, skylights and synthetic turf.

Other Kuwaiti companies that are helping define Kuwait's skyline are Al-Hani Construction, the name behind the Kuwait State Mosque, Ajial Real Estate & Entertainment, who masterminded the Al-Hamra Tower, and Kharafi National, a leading infrastructure project developer. ●



Kuwait City's Al-Hamra Tower, designed by Turner, is the world's 10th tallest tower



A future built on **solid ground**

El-Eman Construction Est is dedicated to reshaping Kuwaiti skylines today with integrity, honesty and world-class standards of quality that will ensure its committed vision remains a source of pride tomorrow.

www.eleman-cons.com

Focal interest ... Global reach



Over the years, Kuwait Petroleum Corporation has been a leading giant in the petroleum and hydrocarbon industry. Through a clear vision and sharp focus, KPC has become one of the world's most respected, trusted and reliable suppliers of energy to the world.

Our commitment continues.

Discover more today at : www.kpc.com.kw



مؤسسة البترول الكويتية
Kuwait Petroleum Corporation

Finance sector shows solidity and growth

Kuwait's financial industry is at the centre of the Government's economic diversification programme and receives its full official support in fostering long-term growth in the sector. The Central Bank of Kuwait (CBK) has pledged to reinforce the industry by continuing to promote financial and monetary stability in Kuwait with prudential micro and macroeconomic policies and tools designed to strengthen the Kuwaiti banking sector, reduce systematic risks and improve its resilience to shocks that could affect the system's proven ability to continue providing key financial services in times of global economic adversity.

In the years leading up to the 2008 financial crisis, Kuwait's banking sector experienced a period of high growth, with unsustainable double-digit asset expansion fuelled by the boom in the stock market and real estate. Return-to-equity figures for many of the banks were also in the double-digit range. Then after the crisis hit, banks' assets fell flat in 2010 and 2011, in line

The banking sector is well capitalised, highly liquid and ready to withstand shocks such as drops in real estate or stock prices

with trends around the world, subsequently picking up to register growth of 7.5 per cent in 2012. Furthermore, customer deposits rose by 16.7 per cent last year and shareholder's equity grew by 5.6 per cent.

"The banking sector is very well capitalised and highly liquid, and our stress tests show that the sector is well placed to withstand scenarios such as sharp decreases in real estate or stock prices," says Governor of the CBK Dr Mohammad Y. Al-Hashel. "Regarding personal loans, these are one of the best performing loans with the lowest NPL [nonperforming loan] ratio among all lending done by Kuwaiti banks. Moreover, the personal lending sector does not make up the bulk of banks' lending since Kuwaiti banks primarily focus on a diversified portfolio of corporate lending."

Growth prospects for 2013-2014

Kuwaiti banks continue to be healthy as they are well capitalised and highly liquid, with a capital adequacy ratio (CAR) of 18.2 per cent and liquid assets to total assets of around 27 per cent by end-2012. Furthermore, the NPL ratio for the banking system has dropped from 7.06 per cent in 2011 to 4.95 per cent by the end of last year. The CBK also reports that the banking system provision coverage ratios have also improved, up from 71.8 per cent at the end of 2011 to 94.8 per cent as of the end of 2012. Coverage including provisions and collateral was 174.8 per cent in 2012, up from 128.6 per cent in 2011.

Levels of public debt are low and Kuwait is expected to continue to report healthy fiscal and current account surpluses. "Prospects for 2013-14, are favourable with banks benefiting from better growth prospects amid a number of infrastructure projects, greater purchasing power of consumers due to growing salaries as well as strong macroeconomic fundamentals of the country," adds Dr Al-Hashel.

Regulatory changes ahead

In the near future, the nation's banking industry will face two main challenges: higher requirements to hold liquidity and capital as per Basel III rules and a stronger emphasis on corporate governance. Fortunately, Kuwaiti banks already have high liquidity and capital standards.

Regarding corporate governance, the CBK has taken strenuous efforts in improving the corporate governance of the emi-

rate's banks and has issued a comprehensive set of new rules on corporate governance, in line with best global practices. "These new regulations, effective July 2013, are in addition to the earlier rules on the subject matter. CBK views these measures of significance in improving the accountability and control and to protect the interests of various stakeholders," says Dr Al-Hashel.

Islamic banking

The Islamic banking sector was created by Kuwaitis working in Dubai. It is an impor-

tant component of Kuwait's financial services industry, having approximately 38 per cent market share of total assets in the Kuwaiti banking sector as of the end of 2012. "As a matter of fact, Kuwait has played a pioneering role in promoting Islamic finance, as our first Islamic bank (Kuwait Finance House, KFH) was established as early as in 1977," says Dr Al-Hashel.

KFH today is one of the foremost Islamic financial institutions in the world, providing a wide range of Shariah-compliant products and services covering banking, real estate, trade finance, investment portfolios and corporate, commercial and retail financial markets.

Estimates by Zawya, a Thomson Reuters company, suggest that Sukuk issuance reached an all-time high of around \$140 billion during 2012. Demand for Islamic finance is expected to remain strong amid expanding populations in Muslim countries. Plus many countries are choosing to finance national development initiatives through Shariah-compliant products.

With many investors and clients expressing preferences for Shariah-compliant banking, Islamic banks have witnessed significant growth over the years, increasing the number of Islamic banks to five in Kuwait, including Boubayan Bank, which has spearheaded numerous social responsibility initiatives that benefit the nation's health, education and environmental sustainability.

"We focus on integrity as an Islamic value, so we do not compromise," says its Vice-Chairman and CEO Adel Al-Majed. "We do not overcharge or go beyond the appropriate limits. We place paramount importance on our customers and staff, and we aspire to get ahead of competitors through creativity and innovation. We have recently offered many brand-new products and initiatives that are unprecedented all over Kuwait. Teamwork is also substantial."

Similarly, other Kuwaiti banks, such as Burgan Bank, have displayed genuine dedication to a host of social responsibility programmes to positive effect. "We created the virtual dealing room at Kuwait University, where business students have the opportunity to experience live dealing or treasury

transactions," comments Majed Eisa Al-Ajeel, Chairman of Burgan Bank. "Education and youth empowerment is the cornerstone of our entire CSR strategy. Our main aim is to build the leaders of tomorrow."

Diversity brings opportunity

With the current push for greater economic diversification, foreign involvement and public-private partnerships (PPPs), attractive investment opportunities are highly evident in the areas of infrastructure (including ports and airports), transport, healthcare and education, to name but a few examples of promising sectors.

Local banks, such as Burgan Bank, are on hand to guide investors into mu-



"Prospects for 2013-14 are favourable, with banks benefiting from better growth prospects amid a number of infrastructure projects and greater purchasing power"

DR MOHAMMAD Y. AL-HASHEL,
Governor of the Central Bank of Kuwait

We can give you an edge in the Middle East. Some of the world's best business houses rely on Abdullah Kh. Al-Ayoub & Associates for superior legal services in Kuwait and the Middle East. We pride ourselves on upholding traditional values whilst garnering modern experience in high-profile and highly complex transactions, litigation and arbitration. As Kuwait's sole member of Lex Mundi.



Abdullah Kh. Al-Ayoub & Associates
www.al-ayoub.org



The Kuwait Stock Exchange's market capitalisation has consistently been one of the largest of Arab markets

tually beneficial partnerships. "Many projects are taking place in the private sector. We have to encourage the private sector to play an active role in the economy; promoting sound PPPs is vital to succeed," says its chairman. Present in seven countries across the MENA region, Burgan Bank is one of the youngest

commercial banks in Kuwait, and one of its largest. "Although we are active in building scale, capabilities and footprint through strategic acquisition and to diversify into high growth markets, we are highly focused on being effective at driving growth in our core market – Kuwait," says Mr Al-Ajeel.

"I would like to stress that the State of Kuwait is a broad window for strategic investment prospects," adds the Central Bank's Governor. "Prospective foreign investors, particularly from the UK, are encouraged to consider such opportunities given their long-standing track record of innovation and experience of working in the region." ●



Burgan Bank is a premier sponsor of this financial overview by World Report

Gatehouse Bank: bridging the gap between East and West through Islamic banking

Transparency, innovation and a pioneering spirit have created a unique, tailor-made Islamic banking one-stop shop at the London-based Gatehouse Bank

A leading Shariah-compliant investment bank based in the City of London and regulated by the Financial Services Authority has successfully established itself as a one-stop shop for a full range of Islamic banking services that stand out from the competition. Located close to the Bank of England and backed by Kuwaiti shareholders, Gatehouse Bank is the only UK Islamic banking institution with an in-house Shariah supervisory board. It structures simple and transparent real estate-backed investment options tailor-made to each individual client.

"There are five Islamic banks in the UK," says Fahed Faisal Boodai, Chairman of Gatehouse Bank. "We pride ourselves in having a solutions-based ethos – not only do we provide fundamental banking, we also offer real-estate investments options and solutions, structured finance, wealth management and Shariah advisory services. Our in-house Shariah team offers something no others have and is a great USP [unique selling point] which enhances our credibility in the market. Our other in-house teams include credit, treasury, structured finance, asset management and real estate services, and they offer in-depth expertise."

In 2007, Gatehouse Bank set up in London firstly to leverage on the City's reputation as a global financial centre, and secondly to be a gateway between the Kuwait/GCC and South Asian markets and London. "We

understand the importance of diversification and investing our clients' interest as our own," says Mr Boodai. "To date, Gatehouse Bank has acquired \$1.25 billion for a number of Kuwaiti and GCC and Malaysian clients."

The bank's income for 2012 was up 153 per cent to \$20.3 million and it reported an operating profit of \$7.5 million. Income has been boosted by the bank's active real estate strategy, with assets under its management now around \$1.5 billion.

"We seek investments in which we can find real value and grow that value over time," says Mr Boodai. "A

good example of this is our recent sale of 181 Fremont Street, in the heart of San Francisco's South Financial District in California. The investment successfully obtained entitlements from the

FAHED FAISAL BOODAI,
Chairman of Gatehouse Bank

City of San Francisco in December 2012 to allow for the construction of a 54-story, mixed-use residential and office tower. The total amount of the sale reached \$71 million, which yielded a profit on equity of 100 per cent post costs and taxes."

Earlier this year, the bank also announced the launch of a number of specialist and innovative new products designed specifically to add value for the benefit of its international client base. Its new online access portal Gatehouse Bank Access Direct enables clients to securely check their financial positions and holdings.

Gatehouse Bank has several key corporate social responsibility initiatives. It actively supports Mosaic, a charity founded by the Prince of Wales, providing volunteer mentors who work with secondary school pupils on understanding the key components of business, such as finance, sales and marketing. Also, the bank's Women's Initiative has hosted a number of workshops in Kuwait and Saudi Arabia to help women improve their understanding of real estate investments, focusing particularly on the UK and US markets. ●

Gatehouse Bank



The Kuwaiti Government is investing heavily in its youth, giving them the resources to grow and transform the nation

Empowering the leaders of tomorrow

The recent establishment of the Ministry of State for Youth Affairs puts the government's affirmed support of Kuwaiti youth into action

Kuwait is putting a lot of stock in its youth, who comprise over 60 per cent of the population. With nearly 20 per cent of public expenditure allocated to education, the Government is preparing the younger generation for a brighter, and more engaged, future in which Kuwaitis – especially through the private sector – will play a more influential role in national development.

Rana Al-Nibari, CEO of INJAZ Kuwait (a not-for-profit NGO that focuses on youth engagement), laments the fact that Kuwait has become a sort of welfare state where the Government provides easy, well-paid jobs.

"Today, the private sector is looking to attract people [in the public sector], however it is just not happening. I think there is a missing link and this is educating our young people," she says. "In order to be able to diversify Kuwait's economy, we are trying to encourage our young people to be entrepreneurial and be attracted by the private sector."

Improving the education sector is only one part of the Government's plan. As Dr Yousef Hamad Al-Ibrahim, Amiri Diwan Advisor, explains, Kuwait needs to "cultivate young people in the right way, by providing them with an extraordinary education system as well as extraordinary facilities to spend their leisure time and get them involved in social work and volunteering. They need to feel as if they are part and parcel of society."

Acting on an idea put forth by HH Amir, the National Youth Project (NYP) was set up last year to actively encourage

young people to get involved with the way their country is run, allowing them to participate in an advisory body tasked with helping to set official government policies.

By creating channels of communication with the current political leadership, the project has been helping develop new methods for youth contribution to national social issues, and in turn, nurturing the country's leaders of the future.

More than just involvement, the NYP was an initiative run completely by young people, for young people. After the creation of a 'Youth Council' in 2012 – comprised of representatives aged between 18 and 25 from each of the country's NGOs, professional associations and societies – the NYP embarked on reaching out to Kuwaiti youth.

Under the motto of "Kuwait Listens", online advertising on social media as well as TV adverts encouraged young Kuwaitis all over the country to pitch in with suggestions for their priority areas of action, including education, health reforms, the environment, national unity and sport, to name but a few.

"They determined ten priorities," says Dr Al-Ibrahim. "Then the council started doing their R&D and meeting members of parliament and cabinet members, as well as the private sector, to come up with how they wished to change the priorities."

Labelled as a "success on all fronts", the NYP came to end in June, yet it certainly left a lasting legacy in the form of the Ministry of Youth Affairs, which was created in April thanks to popular, young demand.



Sheikh Salman Sabah Salem Al-Hmoud Al-Sabah, Minister of Information and Minister of Youth Affairs

With a budget of KD20 million (£44.3 million), the ministry has, according to the Ministry's undersecretary Sheikha Al-Zain Al-Sabah, "a vision for a value-driven young population, and a fruitful and creative partner in the formative and sustainable development of the nation."

In essence, the newly formed ministry is a vital liaison between the youth, other governmental institutions, civil society and private entities, that defends the interests of Kuwaiti youth.

"Youth empowerment is a constitutional principle in Kuwait. Above all, young people need to be heard and trusted. They also need to be the state partners in plan-

ning their future through Kuwait's future," explains Sheikh Salman Sabah Salem Al-Hmoud Al-Sabah, who heads both the Ministry of Information and the Ministry of Youth Affairs. "The Ministry has the privilege of orchestrating all the youth initiatives in the public and private sectors. This role will allow us to define the real problems the youth face at all levels."

So, despite a cushy public sector, Kuwait's well-known spirit of pioneering, risk-taking and creativity remains alive in the youth of today.

In addition to the aforementioned initiatives and entities, INJAZ, present in Kuwait since 2005, is also actively motivating Kuwaiti youth to fulfil their potential by providing guidance and hands-on entrepreneurial programmes.

"We exist in order to empower young people to have their own economic

success. In doing so, we engage with the private sector to take an active role in driving the leaders of tomorrow, to develop themselves based on three pillars: entrepreneurship, work readiness and financial literacy," says Ms Al-Nibari.

Furthermore, such was the success of the NYP and the Youth Council that the Government recently announced the creation of a permanent National Youth Council. The NYC will be democratically elected every year to come up with new ideas and different priority areas aimed at benefiting and fostering today's youth, providing themselves, and their country, with greater opportunities for the future. ●

SMEs underpin Kuwait's future economy

Young entrepreneurs creating innovative enterprises will drive the emirate's new economy



Kuwait has been blessed with oil, which has been the driver of the economy since its discovery in the 1930s. But well aware of the fact that this depleting resource will not be around forever, the Government and other stakeholders are committed to diversifying the economy. To do so, the Government is banking on another rich resource that the country has in abundance: its dynamic and enterprising young people.

"Young people are the country's real wealth. Human capital is the nurturer of innovation and entrepreneurship and this is what Kuwait aspires to," says Dr Me-shaal Al-Jaber Al-Ahmad Al-Sabah, Chief of the Kuwait Foreign Investment Bureau.

It is hoped that Kuwait's economy of tomorrow will be driven by small and medium-sized enterprises (SMEs) established by the talented youth of today and that these SMEs will form the backbone of an economy currently dominated by oil.

"Kuwait has always been a leader in the region in terms of ideas and entrepre-

neurship. We have a very vibrant small private sector, headed up by these clever entrepreneurs, with great education backgrounds," says Rana Al-Nibari, CEO of INJAZ, a non-profit organisation that focuses its activities on forming strategic partnerships between Kuwait's business and education sectors and offers educational programmes on entrepreneurial and leadership skills aimed at inspiring and educating future generations.

"Kuwaiti youth are full of potential and with a bit of guidance from the Government, the whole ecosystem driving entrepreneurship could be the best thing that happens in Kuwait," she adds.

The introduction of the Kuwait National Fund for SMEs in February has been described as a big step forward towards diversifying the economy. The fund will invest KD2 billion (£4.4 billion) in promising Kuwaiti start-ups and solidifies the Government's commitment to Kuwait's young people and to creating a thriving SME sector. "[This] will play an important role in expanding Kuwaiti

mainly through bank lending, will also be pertinent. Director of the National Fund for SMEs, Abdulaziz B. Al-Loughani, points out that only 2.3 per cent of total corporate loans have been allocated to SMEs, yet of the 27,000-plus licenses granted to new businesses, 50 per cent have been given to small-to-medium-sized firms. "It is not proportionate to be honest. When it comes to lending, I think going forward there will be a lot of emphasis on SMEs."

In order to form a strong SME sector, Kuwait is looking to Britain for guidance and direct investment. "I always remind people of the number of small businesses in Britain, where the Crown Prince is the godfather of SMEs," says the Vice Chairman of the Kuwait Chamber of Commerce, Abdulwahab Al-Wazzan.

"We need the Crown Prince or the Prime Minister to be the godfather of small-scale industries, because they generate no less than 80 per cent of Britain's GDP. These are things that British companies could look at.

"That would help Kuwait a lot, and Britain has a lot of experience in that. They have special agents and offices that help young people look into new small businesses and direct them. We need that here. I think we should look into these things and take the experience from the British in these fields." ●

youth's contribution to the national economy and help create new cadres and future business leaders to develop the state economy," Director General of the Kuwait Small Project Development Company, Hassan Mohammad Al-Qanaie, told the media in February.

Indeed this significant Government capital allocation is an enormous boost for the country's young entrepreneurs, but for a thriving SME sector to truly develop, more investment by the private sector,



Kuwait: Investing today in the leaders of tomorrow

- Committed to youth development
- Investing in the ideas of young entrepreneurs
- Nurturing our future leaders
- Fostering the talent of Kuwait's dynamic and tech-savvy young people
- Enlightening through the power of the media and information technology

Bader Al-Kharafi, the face of the new, dynamic wave of Kuwaiti enterprise

Innovation and enterprise blending traditional Kuwaiti values with international levels of quality and mutually beneficial partnerships hallmark Kuwait's new young leaders, business chiefs and entrepreneurs

A fresh generation of young leaders, business people and entrepreneurs full of drive, vision and commitment are combining traditional values with international standards to propel a new era in doing business in the State of Kuwait.

So how would one of the country's – and indeed the region's – leading businessmen describe his home nation and its burgeoning private sector? "To be honest it is not at all about the oil; it is about the people," says Bader Nasser Al-Kharafi, Director of the Group Executive Committee of the Mohammed Abdulmohsin Al-Kharafi & Sons Company (MAK Group). "Kuwait has a unique set of characteristics that sets it apart and well ahead of its neighbours, with its high level of education, rich diversification, and the strong relationships it has with the majority of other countries in the world. This really makes us proud to be Kuwaiti."

In addition to adding dynamism and diversity to Kuwait's economic base, by encouraging the private sector to act on its initiative and instincts the country's employment opportunities are also expanding. Last year the civilian job sector in Kuwait expanded for the third year in a row following the global economic slowdown, recording a solid increase of 4.4 per cent, with almost 3,000 more Kuwaitis obtaining employment in the private sector by the end of the year, according to the National Bank of Kuwait (NBK). Another notable trend evident over the past two decades has been the rising participation of women in the workforce. The proportion of 30-34 year-old women in employment rose to 84 per cent by the end of 2012, compared to just 59 per cent in 2002.

"Kuwait prides itself in its broad and all-encompassing level of involvement, be it from a financial perspective or in terms of education, health, volunteerism and charity," says Mr Al-Kharafi. "Kuwait is involved in many things but since it is situated in the



Gulf, a lot of people have the misconception that it is merely an oil exporter."

People-centric family values

Mr Al-Kharafi's entrepreneurial spirit of constant improvement and innovation is representative of the 'can-do' attitude that pervades the nation's private sector. Resolutely patriotic yet global in his outlook, his strong family values and pride in his Kuwaiti traditions keep him grounded in reality and open to the broader picture when it comes to international business opportunities. He attributes such well-rounded characteristics to being inherent to the legacy left by his greatly respected father, Nasser Al-Kharafi, who passed away in Egypt two years ago and was regarded as a shrewd but fair businessman and philanthropist in international business and leadership circles.

"There are many valuable lessons I have learned from my father," says Mr Al-Kharafi. "The model that he proved time and time again to be vital to success is: people, honesty, and making sure you deliver. We are known for our credibility, so we will never put our name on something unless we know we can do it at the level of quality associated with us. This, in turn, creates loyalty,

and loyalty comes from the people again. If you look at the majority of our team, you might find some people whose length of employment exceeds my life since birth; they remain loyal employees to this very day. That shows you the strong-rooted loyalty of the team."

International reach

The Al-Kharafi name stretches far and wide, carrying considerable weight and prestige. Established as a contracting company in 1956 by Bader Al-Kharafi's grandfather, Mohammed Abdulmohsin Al-Kharafi, the business aggressively expanded its activities to become one of the largest conglomerates of its kind in the world. Subsidiaries of the MAK Group now include leading entities in engineering, construction, manufacturing, investment, hospitality, petroleum, water, chemicals, and energy. It has more than 120,000 employees and is present in 25 countries in Africa, Asia, Europe, Central America and the Middle East, particularly in Egypt.

"As a group investing in Egypt, we were never really tied up with a particular party or any certain regime. We really believed in Egypt as a country with a large population

"Kuwait is involved in many things but since it is situated in the Gulf, a lot of people have the misconception that it is merely an oil exporter"

"The model my father proved time and time again to be vital to success is: people, honesty, and making sure you deliver"

"I like to make sure that I make the first step to become a pioneer, early adopter, and be the first to push new technologies and capture the right opportunities"

BADER NASSER AL-KHARAFI,
Director of the Group Executive
Committee of the Mohammed
Abdulmohsin Al-Kharafi & Sons
Company (MAK Group)

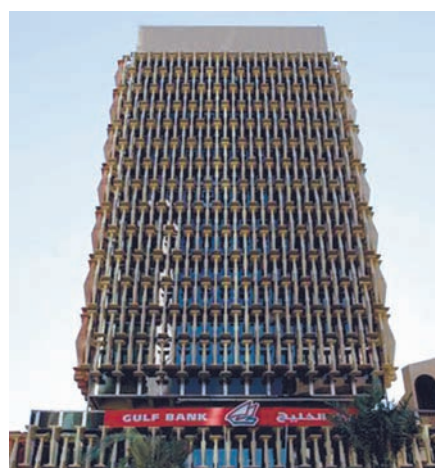
consisting of many educated and highly skilled people," says Mr Al-Kharafi. "We are probably one of the few companies that have 100 per cent ownership in our entities in Egypt. The country transformed drastically, but we are still there. There is a real opportunity for work there, regardless of the regime."

"As a group, we are very well established in the entire region, not just in Kuwait. I think the big names and companies in the UK want this exposure through people who have the required know-how, expertise, and professional establishment within the region."

Appreciating what the MAK Group can bring to the table for mutually beneficial international joint ventures, Vodafone joined forces with the conglomerate's Zain Group, a leading telecom company in the Middle East and North Africa (MENA). Present in eight countries and with more than 44 million active customers, this year the Zain Group is celebrating its 30th anniversary as the first mobile telecom operator in the MENA region. For the first six months of 2013, it generated consolidated revenues of KD612 million (£1.38 billion), and the company's consolidated EBITDA for the same period reached



MAK Group's Gulf Cable & Electrical Industries Co, left, produces top quality goods to rival-beating standards and its Gulf Bank and Zain Group enterprises, right, open up financial and telecom opportunities across the MENA region



KD265 million, representing a healthy EBITDA margin of 43.3 per cent.

The Zain Group invests heavily in technological advances to stay ahead of the curve and pioneer new services in the market. "We introduced some new technologies and services before Europe and some other countries, including the United States," comments Mr Al-Kharafi. The multi-country partnership substantially expands Vodafone's presence in the Middle East and provides Zain with greater access to the UK-based company's global footprint, thereby increasing the consumer reach of both companies. "We are considered by many to be the go-to telecom company in most of the regions and countries we operate in," he says, adding that they now have acquisitions and investing in ISPs in their sights, and always with the right people.

Multitasking

In addition to being Director of the Group Executive Committee of the MAK Group, Board Member at Zain and Board Member at Gulf Bank, Mr Al-Kharafi currently holds office as Chairman, Vice-President and Board Member of several enterprises that are part of the family business, including Chairman and Managing Director of Gulf Cable and Electrical Industries Company.

Established in 1975 with the objective of meeting growing demand for quality wires and cables, Gulf Cable always aims to produce the best products available, stating: "While most of the cable manufacturers in the Gulf and Middle East region settle for ISO 9002, we stand out with ISO 9001 which recognises our ability for design and development as well."

Gulf Cable was badly hit by the 1990 Iraqi invasion, but the Al-Kharafi family were determined to see it bounce back and true to form focused on technology and innovation to do so. As such, they procured the most modern and sophisticated machinery and test equipment to restore its full product range by mid 1992 and go on to expand across the MENA region.

Outside the Kharafi Group, Mr Al-Kharafi's duties include his role as General Manager of Al-Khair National for Stocks and Real Estate Co; Board Member of the Refreshment Trading Company (Coca-Cola); and Vice-Chairman of UNEXPO, Kuwait. He is also Board Member of INJAZ Kuwait, a non-profit, non-governmental organisation driven by Kuwait's private sector. Through strategic partnerships with Kuwait's business

and education sectors, the organisation delivers educational programs on entrepreneurial and leadership skills aimed at inspiring and educating future generations. Since 2005 INJAZ Kuwait has reached over 25,000 students, and with the help of 800+ qualified and dedicated volunteers at more than 25 schools and universities.

"I am always up for challenges and risks, mainly because I was introduced to the business at a young age. Throughout my extensive experience I have witnessed a lot of resistance and faced tough competition, which makes subsequent success much more satisfying," says Mr Al-Kharafi. "I like to make sure that I make the first step to become a pioneer, early adopter, and be the first to push new technologies and capture the right opportunities." ●

We Complete the Bond
for Success and

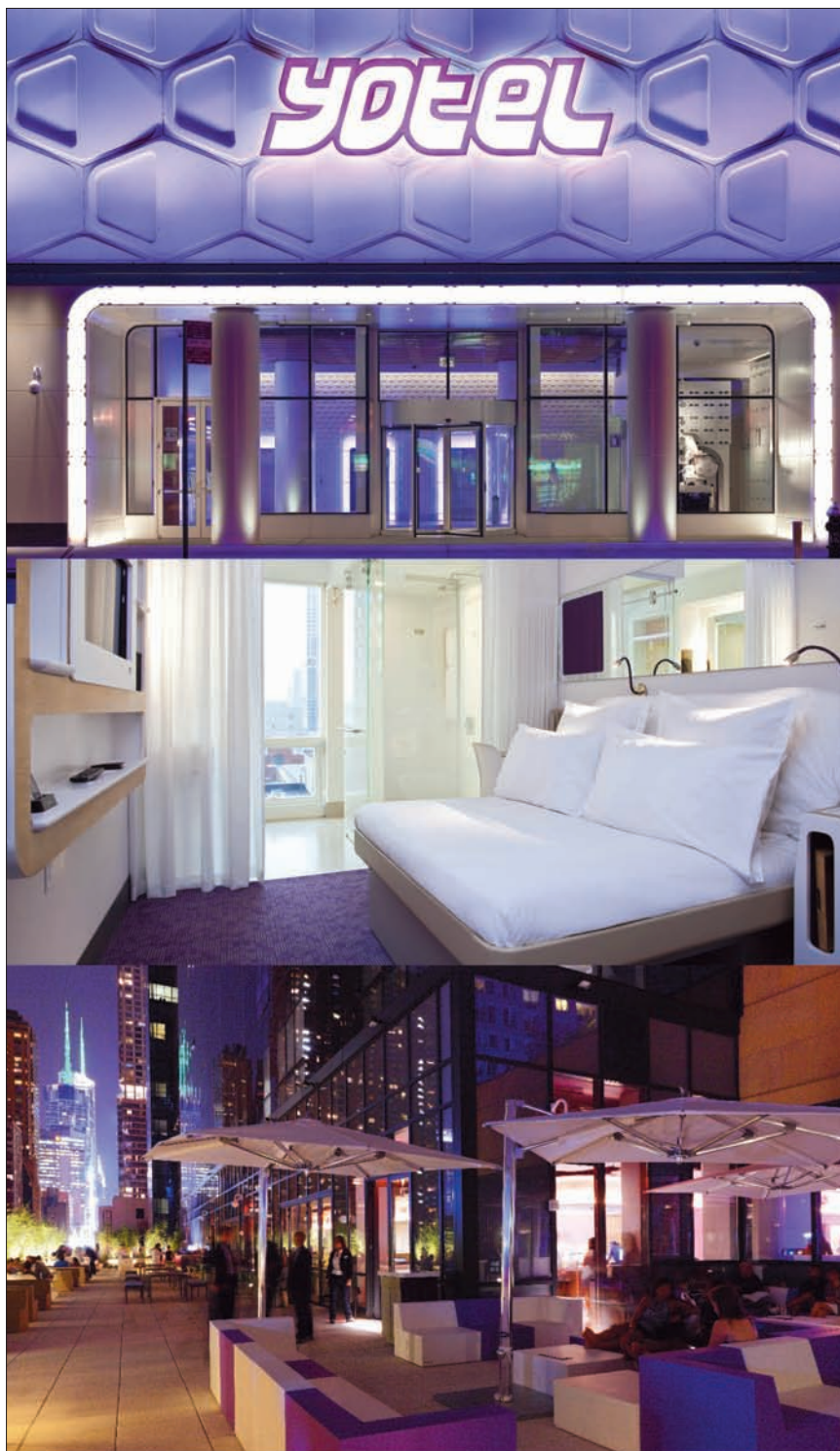
Beyond الناجحة

نبنی جسراً
من الشراكات

The National Offset Company is primarily responsible for managing the Offset Program of Kuwait on behalf of Kuwait government. It aims to create successful partnership projects, between offset obligors and Kuwaiti private sector investors. Through these partnerships NOC seeks to achieve the primary economic objectives of Kuwait Offset Program, namely, the transfer of advanced technologies and know-how, and the creation of job and training opportunities for Kuwaitis. The achievement of such objectives inevitably contributes towards achieving economic diversification in Kuwait, and the general economic development objectives.

NATIONAL OFFSET COMPANY
4th & 5th Floor, Al-Salam Tower, Fahad Al-Salem Street, Al-Salhiya, Kuwait City
Tel: +965 2221 9200 / Fax: +965 2249 2904
Email: info@kuwaitnoc.com / Web: www.noc.com.kw

الشركة الوطنية للأوفست (الكويت)
National Offset Company (KUWAIT)



YOTEL has been revolutionising the face of hospitality since 2007, when it launched its first award winning cabin-style in-terminal hotels at London Gatwick, London Heathrow, followed by Amsterdam Schiphol in 2008. Travellers can stay the night before an early flight, during a long transit or a quick refresh on arrival, checking in and out anytime they like. Cabins come with moving beds, monsoon showers and free WiFi.

YOTEL's city centre flagship location has taken the concept of a beautifully designed flexible smart space to New York without sacrificing the brand's trademark first class experience at an affordable price. The brand has confirmed its expansion to Singapore as a springboard for development in Asia and there are plans to open further hotels in the U.S. and Europe in both city and airport locations.

YOTEL is bringing global travellers unrivalled convenience and comfort.



www.ifahotelsresorts.com



Small private sector with big footprint

Only 20 per cent of the labour force works in the private sector, yet its impact is huge

Before the second half of the 20th century, Kuwaitis thrived as traders and seamen, seeking opportunity near and far. The 1950s saw more businessmen and even families begin to formally establish companies that played an ever-growing role in the economy. However, the exponential growth of the lucrative oil industry in state hands after the 1980s was one of the biggest deterrents to greater private sector growth in recent decades.

Despite recent feeble governmental efforts to encourage entrepreneurship and SMEs, the fast-moving private sector is mainly dominated by several highly successful and diversified companies, who are largely responsible for providing Kuwaiti youth with the more exciting and challenging employment opportunities. Given Kuwait's small size, many of these firms have also made their mark outside Kuwait. Large companies like Kuwait Project Company (KIPCO, one of the largest holdings in the entire region), National Aviation Services (NAS, owned by

Kuwait's Agility, which in turn is the Middle East's largest logistics provider), Sallia Real Estate (the name behind Birmingham's Beorma Quarter project), Kout Food Group (who recently acquired the Little Chef chain), the highly diversified Kharafi Group (with an annual turnover upwards of \$5 billion), Al Shaya Group (synonymous with trading and commerce in the region), and the National Bank of Kuwait (the region's first shareholding company and national bank) all started out in the tiny Gulf state and cast their nets wide, becoming regional leaders in their respective sectors and industries.

Many of Kuwait's biggest companies started off as small family enterprises, and this is evident in their integrity and respect for traditional values. Yet the Kuwaiti blood seems to run thick with innovation and vision, and Kuwaitis are not afraid to take risks. The result is a dynamic private sector that represents "the perfect blend of local flavour and international standards," as Hassan El-Houry, CEO of NAS, puts it. ●

Al-Deera Holding's expertise

With its diversified base, Al-Deera Holding invests in recession-proof areas

Al-Deera Holding Company is ranked among the top holding companies in Kuwait with significant investments in leading companies covering a variety of sectors, including financial services, oil and gas, real estate, retail and technology.

Under the guidance of investment expert Abdulwahab Al-Nakib, it has the ability to spot unique investments, both locally and globally.

One of its core initiatives is to invest in companies based outside the region and actively assist them in expanding and developing their activities in the Middle East. This includes companies in Britain.

"When we look at a particular business, be it in London or the US, we definitely like businesses that give you continuous cash flow. We like to invest in businesses in the UK and open up relationships



Abdulwahab Al-Nakib, Chairman and Managing Director of Al-Deera Holding

for them in the region," says the Chairman and MD.

Mr Al-Nakib believes what distinguishes Al-Deera Holding from other holding companies in Kuwait is its "knowledge, networks, synergies, connections and more importantly, its financial strength. You really have a one-stop shop that can complete the entire cycle of any transition or opportunity. I know that we have the expertise or breadth to take on any project, and help it to grow. That is the name of the game." ●

Unique investments bring strong growth

IFA H&R is headed by a young visionary always seeking to invest in the next big thing

Kuwaiti companies, known the world over for being dynamic, forward-thinking and innovative, are seeing how their impeccable reputations continue to grow. IFA Hotel and Resorts (IFA H&R) is a perfect example of this dynamism that originates from the mouth of the Gulf.

A subsidiary of International Finance Advisors, a Kuwaiti consortium created in 1995, IFA H&R is a global leader in its field, with a presence in countries spread over three continents, including the UK. It is headed up by Talal Al-Bahar, a man that possesses a unique vision, a passion to make a difference, a commitment to form strategic global alliances and partnerships, and an insatiable drive to invest in innovation.

Steve Jobs said innovation is the difference between a leader and a follower, and IFA H&R always looks to invest in leaders. Its YOTEL brand of hotels has been hailed as the iPod of the hotel industry. The groundbreaking concept, inspired by Japanese capsule hotels, is the brainchild of two British innovators: Gerard Greene and Simon Woodroffe OBE, founders of YO! Sushi.

Talal Al-Bahar saw how this innovative idea could change the face of the luxury and budget hotel industry simultaneously.

"The founders presented us with their idea, and we looked into it. It is a game-changer; it is not like any other hotel, so we invested in it. We kept investing and it worked. It is about changing the concept of a typical hotel, and having an affordable luxury concept," says Mr Al-Bahar.

YOTEL began with two hotel airports at Gatwick and Heathrow, before expanding to Schiphol Airport in Amsterdam. Two years ago, it opened its first city centre hotel in Times Square with 669 rooms at a cost of \$350 million.

"It opened during the financial crisis and has performed amazingly well. We are building on that," adds the young boss of IFA H&R.

Recently, CEO Gerard Greene spoke about YOTEL's latest expansion plans, which include possible developments in Boston, Chicago, San Francisco, Atlanta in the US, and Hong Kong, Seoul, Japan, Taiwan, Manila and Bangkok in Asia. A 600-room hotel in Singapore will open 2016.



"YOTEL opened during the financial crisis and it has performed amazingly well. We are building on that"

TALAL AL-BAHAR, Chairman and Group CEO of IFA Hotels and Resorts

Apart from its YOTEL chain, IFA H&R also is investing in timeshare companies, freeholds and other luxury and affordable hotels. It is launching two new projects in Dubai and has another in the pipeline in Lebanon. It continues to evaluate emerg-

ing markets for strategic acquisitions and partnerships that diversify and expand its existing portfolio in the Middle East, Europe, Africa, the Indian Ocean, Asia and North America.

"We are pushing very hard to expand our hotel brand global and also establishing a new dedicated company in the time-share field, with a vacation ownership program, which could be expanded. We are continuing to develop our platforms. These are our priorities for the next couple of years," says Mr Al-Bahar.

It was his late father who established the company. He set the vision and gave his son responsibility from a very early age. Learning from his father and taking responsibility from such a young age has made him prolific businessman and investment expert that he is today. Not long after taking over the company in 2006, IFA H&R went through a "rough patch" as a result of the financial crisis.

However, he successfully managed to steer the company out of trouble towards a return to growth. This, he says, is one of his proudest achievements. Yet this insatiable businessman believes he has so much more to achieve.

"I am proud of how we stuck together as a team, and passed the tough financial crisis. We have got a lot of work ahead of us – it is just the start. We are still not satisfied." ●

Risk-taking, innovation: it's in the blood

Private sector leaders Americana and Kharafi National are embracing risks and turning them into success

Americana – one of the region's largest and most successful corporations and the company that has brought American fast food franchises such as Hardee's, KFC and TGI Fridays to the Middle East and North Africa (MENA) – and Kharafi National – an international, multi-disciplined construction and infrastructure project development firm with diversified operations – are two companies at opposite ends of the business spectrum. But there are three things they share in common: they both belong to the prolific Kharafi Group; both are at the forefront of innovation; and both companies regard their people as their most valuable asset.

Fast food lovers may find it hard to believe that the ubiquitous KFC sandwich originated in Kuwait – a creation of Americana. "KFC used to be all about bones and chicken, but we were the first to develop the sandwich line. We rolled it out and it was a huge success. And then the mother company took the line," recalls Chairman and Managing Director of Americana and Board Member of Kharafi National, Marzouk Al-Kharafi.

Americana is part of the Kharafi Group, a family-run business established as a construction company by his grandfather, Mohammed, in 1956. Marzouk's father, Nasser Al-Kharafi, was a billionaire mogul who ran the group until his death in 2011 (the same year that he ranked 77th in the *Forbes* list of the world's richest).

Since then, it has become one of the largest construction companies in the MENA region and has been instrumental in the building and rebuilding (following the Iraq occupation) of Kuwait. Marzouk Al-Kharafi says the company has always been innovative in bringing solutions for Kuwait's infrastructure development.

"[Kharafi National] did the first BOT (build-operate-transfer) project, which was the Sulaiybiya Waste Water Treatment Plant, using reverse osmosis technology. That was high-technology that was not available in the region. We have always been there for the Government, helping them find ways to solve the issues regarding infrastructure.

"After the liberation of Kuwait, the first companies that worked in Kuwait were those



"Our people are our best assets; they are pioneers, innovators, calculated risk takers and people of their word"

MARZOUK NASSER AL-KHARAFI, Chairman and Managing Director of Americana and Board Member of Kharafi National

in the Kharafi Group. The first restaurant to open was KFC. The first construction company to operate was Kharafi. We worked with engineers to build Kuwait. We built the parliament in record time."

Innovation has always been in the Al-

Kharafi genes, and so too has risk-taking. The group entered Egypt during the Arab Spring when the country was in turmoil and miraculously managed to construct three power plants in Egypt, totalling 1500MW, and open 28 restaurants. "We worked hard. We were working 24 hours a day during the revolution," recalls Marzouk Al-Kharafi.

So how did the company manage to finish this work in such a short space of time? The Americana MD says it was because of its people, who have always been made to feel part of the family. "Our main asset in Kharafi Group and Americana is our people. We depend on them. We trust them, and make them feel as if this is their company," he asserts.

Valuing its people as its most prized asset is something that Marzouk's father and grandfather did before him. His father died tragically in 2011 from a heart attack at the age of 67. Nasser Al-Kharafi was a renowned mogul, known for being a fair businessman and a philanthropist. His well-publicized death was mourned not only in Kuwait, but around the whole of the Middle East.

Marzouk Al-Kharafi says most important things his father taught him were: "integrity, Integrity, sticking to your word and taking care of your people is the most important lesson. They are your main assets. You are as good as they are. If they trust you and work with you as a family and as a team, you will always be in good hands." ●



Bukhamseen is Kuwait's third largest group and has a \$14.2 billion portfolio

Kuwaiti business with pride: a legacy of values at Bukhamseen Holding

A deep-rooted dedication to family values and Kuwaiti traditions, patriotic initiative and a determination to overcome external setbacks form the bedrock of one of the region's most successful business groups

Bukhamseen Holding was founded in 1957 by Jawad Ahmed Bukhamseen, who, along with his family, has followed his vision and turned a small family outfit into a major multifaceted conglomerate. It was initially involved in trade, real estate and construction, however over the past five decades its activities have diversified to now include banking, finance, insurance, engineering, industry, hospitality, travel, media, services and education.

Bukhamseen Holding, who began working in the family business at the age of 17 while balancing work with his studies. "I studied in the morning and then worked six to seven hours a day."

Bankruptcy threatened the company when a major financial crisis hit Kuwait in 1982. "This made most of the big families completely bankrupt," says the CEO. "At that time we had almost 450 million (£1bn) KD and only 60 million KD of debts."

However in 1986 the group found itself more in debt. "I took over with my father and moved very quickly with everyone we had. It was so difficult, because everything had collapsed." The company resisted calls for family businesses to convert into shareholdings and list on stock exchanges, determined to keep it in the family. The Government bought debts from all local banks to resell through interest-free loans and Bukhamseen began making settlements."

Iraq's invasion of Kuwait in 1990 again stunted the company's growth, but the Bukhamseen family were determined to help their country survive. "My father stayed until the end of the invasion. He was one of the five leaders running Kuwait," says Mr Bukhamseen, who was just 19 years old at the time. "I took out a loan in Dubai and I brought things that Kuwaitis needed in the market on the first day of liberation, like tyres, generators, lights. We brought task forces from Dubai, Bahrain, Qatar and the Emirates, and started repairing our entire infrastructure and buildings."

As such, the Bukhamseen family have made their name an integral part of Kuwait's growth, its recovery from invasion and its ongoing development as a well-respected heavyweight in the Middle East. ●

"I brought things that Kuwaitis needed in the market on the first day of liberation, like tyres, generators, lights. We brought task forces from Dubai, Bahrain, Qatar and the Emirates"

EMAD BUKHAMSEEN,
CEO of Bukhamseen Holding

Bukhamseen's portfolio is currently worth \$14.2 billion (£9 billion) and it is the third largest group in Kuwait. Its geographic boundaries have also expanded to now have operations in countries such as the UAE, Egypt, Syria and Lebanon, amongst others.

The founder and chairman's legacy of a resilient business ethos based on commitment, perseverance and family values is proudly carried on by his four sons and daughter. "My father started the business when he was young. He took it by expertise and not by education; most of the generations were like this," says Emad Bukhamseen, CEO of





COMMITTED TO KUWAIT

AT BUKHAMSEEN GROUP, the enduring story of our success is one that is reflected in Kuwait's overall story of prosperity. Over the last fifty years, the Bukhamseen family has been devoted to ensuring that the growth and diversification of our own company is one that is being rightfully shared in the simultaneous development of our mother country. Collectively, our vision is to create a lasting legacy for the nation, making Kuwait a better place to be.



BUKHAMSEEN HOLDING

www.bukhamseen.com

Continued growth, healthy competition

The telecoms sector enjoys high profits and a thirst for innovation

Kuwait's telecommunications industry presents a mixed scenario: on one hand, mobile services were liberalised in 1999 with the privatisation of MTC (now called Zain), leading to the entry of new service providers and, by extension, healthy competition. On the other hand, fixed telephony services are still solely in the hands of the Ministry of Communications (MoC), who also serves as the industry's quasi-regulator.

In June the National Assembly passed a draft law to establish an independent telecoms authority but one is yet to be created. Kuwait is the only Gulf country without such a body.

Interestingly, the lack of a fully-fledged telecommunications regulatory commission coupled with Kuwait's high standard of living and wages make the Gulf state one of the world's highest value markets in terms of average revenue per user (ARPU).

With the arrival of Wataniya Telecom 14 years ago, the quality of mobile services grew sharply as the two battled for

market share. When third player VIVA Telecom entered in 2008, it too had to elbow its way in, by offering newly tailored value added services and special packages, including Kuwait's first LTE service.

The result so far, then, is a highly competitive mobile telecom sector with penetration rates brushing 176 per cent, and that is seeing prices (and ARPU) gradually fall as quality goes up. Moreover, the introduction of Mobile Number Portability a few months ago now allows users greater liberty to choose their service provider without having to change their number (a previous hindrance to this had been the fact that all phone numbers opened with Zain started with a 9 and those from Wataniya started with a 6).

As for internet service providers (ISP), Kuwaitis have six to choose from, ranging from KEMS, the very first one licensed by the MoC in 1992, to WIMD, the newest one in the market. Internet services, though reliable, are limited to maximum speeds of 8Mb/s owing to the Government-owned fixed line copper network.



The 372-metre Kuwait Liberation Tower is home to the national telecom offices

One of the largest ISPs, FASTtelco (part of Al-Deera Holding) hit the ground running in 2001, offering internet solutions for residential and business customers. With five other ISPs currently operating in Kuwait, Abdulwahab Al-Nakib, Chairman and Managing Director of Al-Deera Holding, says that FASTtelco main-

tains its leadership position by "staying positive, thinking outside the box and being ambitious."

A techie blogger living in Kuwait says of the company: "FASTtelco has improved vastly over the last few years and what I like is that they keep trying to improve their customer service and improving themselves technically."

This young man forms part of Kuwait's critical young mass, whom the telecom companies are targeting due to their passion for technology, entertainment and social media, and the Government is focusing on as part of its ongoing development plan.

The Government is also keeping up with the digital age. With the establishment of the Central Agency for Information Technology in 2006, the state has been building up its e-government strategy. Other modern advances include the Government's public smartphone apps, such as the Kuwait Government Online official portal.

To continue developing relevant and interesting apps and websites, of course, the Government relies on a specialised workforce. The 2011 establishment of the College of Computer Science and Engineering at Kuwait University will help keep the country nourished with highly skilled technical workers. ●

شركة الخليج للكابلات والصناعات المتعددة - الأردن
Gulf Cables & Multi Industries Co. Jordan



شركة الخليج للكابلات والصناعات الكهربائية - الكويت
Gulf Cable & Electrical Industries Co. K.S.C

We build cables for life

Since 1975, our vision has been to be the best and we've worked hard to get to where we are: the top. Now, we're working even harder to remain on top. Gulf Cable is the sole Kuwaiti manufacturer of power, control and telecommunication cables and overhead conductors, and the first of its kind in the entire GCC. We're known far and wide for our high standards, world-class quality and continuous commitment to innovation and customer satisfaction.

www.gulfcable.com



Wataniya crafts a great customer journey

The first privately owned telecom operator to open in Kuwait, Wataniya is profoundly committed to innovation and community

Commercially launched in 1999, Wataniya is the first privately owned telecoms operator in Kuwait. Offering the latest in telecoms products such as 4G, it has been a clear driving force in increasing mobile market penetration in the country, with a strong focus on providing the best communication services to make people's lives easier while enhancing their mobile and online interactions. Abdulaziz Fakhroo, former GSM Arab World Chairman and recently appointed GM and CEO of Wataniya Telecom, discusses how the customer-driven company excels at maintaining customer loyalty and youth empowerment.

How are telecoms, and Wataniya in particular, changing lives in Kuwait?

Telecommunication has provided people an advanced and convenient means to stay connected. When mobiles came in, they changed people's behaviour. They created a new lifestyle. The GCC countries in particular were the early adopters of mobiles and broadband. After Europe, it was mainly the Middle East and the GCC countries that em-

braced innovation and contributed towards enhancing international connectivity.

Wataniya, as the first privately owned telecoms company in Kuwait, contributed to the creation of a market with healthy competition. Furthermore, Wataniya is definitely contributing to the development of this country and all the services that make people's lives much easier. Our focus will always be on providing the people living in Kuwait with the latest technology and experiences that enhance their mobile and online interactions.

How does the company differentiate itself and create and maintain customer loyalty with such fierce competition?

Our primary focus is to enhance customer experience. We are constantly developing strategies that strive to improve customer journey across all our touch points. We perceive innovation as another opportunity; it encourages us to introduce new technologies and services in the market and is part of healthy competition. It keeps us on our toes and pushes us to perform better.



“Wataniya is definitely contributing to the development of this country and all the services that make people's lives easier”

ABDULAZIZ FAKHROO,
GM and CEO of Wataniya Telecom

As for loyalty, you simply have to listen to what the customer wants. It is our job to read between the lines, by carefully listening and understanding the needs and aspirations of ordinary customers like you and me. Simultaneously, we try to help society through our Social Responsibility Programmes. In the end, it's simple – listen, teach and then achieve.

Wataniya is very involved in youth empowerment. Could you share with us the vision of the Wataniya GiveKuwait Programme?

Kuwaiti youth are entrepreneurs. They like to do things on their own, lead and own businesses. It is in their DNA. The idea of GiveKuwait was to help young people achieve their goals and encourage them to be entrepreneurs in any industry – not just telecoms. GiveKuwait was an immense success; it was named 'CSR programme for the youth in the Middle East'.

GiveKuwait focused on enabling the youth. Almost 65 per cent of the population is young and they are the future. We want to entertain and empower them by not only offering them services but also by giving them a platform to realise their full potential.

Kuwait has been blessed with the enthusiasm of youth and the experience of mature people. I believe that this mix will make a difference and will take Kuwait to the next stage of prosperity and growth. ●

VIVA is now growing, without the pains

In only five years, things have turned around for the newest telecom operator in Kuwait, now a leading national brand

The newest telecom operator on the Kuwaiti scene, VIVA Telecom began operations in 2008. Last year the company leaped out of the red and posted a profit of more than KD2.9 million (£6.4 million), while increasing its customer base by 60 per cent to 1.6 million – making it the fastest-growing telecoms provider in Kuwait. CEO Salman Bin Abdul Aziz Al-Badran, native of Saudi Arabia, shares his view on VIVA's turnaround as well as the company's strong CSR programmes.

What is your secret to the success achieved in 2012?

I think the key driver of VIVA's success was the change in the company's overall strategy to focus on differentiating VIVA from its competitors. This is achieved by offering a differentiated customer experience, products and services, and by continuously developing our communications and level of innovation. From that point on, we have become the telecom operator we aspire to be. VIVA is now one of the leading brands in Kuwait,

based on one of the latest brand equity studies.

I would also have to say our customer-centric approach has allowed us to shine. We were the first operator in Kuwait to wave the landline fees, to launch the iPhone and the new 4G LTE network. We were the first to partner with Manchester United, and took it forward by launching the Manchester United Soccer School in Kuwait – a first in the country, giving young talents the opportunity to pursue their soccer dreams.

Youth, technology, health, environment and sports are main areas in which our support is continuous.

How is VIVA supporting Kuwait's youth?

VIVA has pledged to support and empower youth through different initiatives, and not only from a CSR perspective but also from a business perspective. Some of these initiatives include VIVA's Small to Big trip, where it sponsored 12 young Kuwaiti entrepreneurs on a trip to King's College – London to attend specified man-



Salman Bin Abdul Aziz Al-Badran, CEO of VIVA Telecom

agement courses as a means to help the brightest business minds take the next step in becoming business owners.

Also, we have the Walk-In Interviews which VIVA organises on an annual basis, where it welcomes young Kuwaiti professionals to be interviewed by its HR team to identify those with thriving potential, and provide them with the opportunity to pursue a career in the telecom sector, and more importantly, in the private sector,

supporting both Kuwait's youth, and the government's employment policy.

We have many more on-going activities and initiatives all targeting Kuwaiti society, and we aim to continue these in years to come.

What are your priorities for 2014?

Our priority is to maintain the positive energy and thrust that has helped VIVA reach the position it enjoys today, and with no doubt, bring new and exceptional products and services to the table.

Our priorities for 2014 will remain to be those that have ranked the top on our list; our customers, the community and bringing to

them all that is new in the world of technology, and facilitating that process by growing closer to our customers by expanding our presence across the country.

Also, with plans of expansion, to invest in our networks and our people, with mobile number portability (MNP) and with the opportunities we are given every year, I foresee 2014 to be a whole new experience for VIVA. We have a lot of plans in the pipeline. ●



Nurturing the future, preserving the past

Vast oil wealth is changing the emirate not only physically with new infrastructure, but socially, with investments in its health, education, women and youth

Kuwait's oil wealth has naturally led to rapid change brought about by modernisation and economic growth. The country has embraced the changes while successfully managing to hold on to its traditions, its culture, its heritage and what it means to be Kuwaiti. While the Government has used oil wealth to invest in modern infrastructure, it is also investing in contemporary education and healthcare systems. The modernisation drive has also led to changing attitudes, particularly towards the role of women and of youth in society.

As the country aims to create an innovative and knowledge-based economy, the Government has put much focus on youth empowerment and education. It is nurtur-

ing the talents of Kuwait's young people, fostering their entrepreneurial spirit and investing in ideas. "Students have the support of the Government and it has spent a lot on education," says Yaqoub Al-Habib, Chairman of the Kuwait American School. "This year it committed KD1 billion (£2.2 billion) to help these young people to open private businesses." If the government likes a business idea, they will provide the funds to give a young person a chance to get their business off the ground.

Of course investing in the future starts with education. Private schools in particular have taken a modern approach; they are not just focused on exam results. Institutions such as the Kuwait American School are teaching life skills, instilling values and building character. "The aim was to open a school that not only taught kids maths and science. We are the first school to adopt living values education. We are really trying to get them to be globally minded people," says Mr Al-Habib.

At the New English School, Kuwait's first private co-educational day school to offer a British-style curriculum, they tell students not just what to learn, but how to learn. "Education used to be thought of as learning your numbers and historical facts and dates, but education is changing into not just about what you are learning, but how you are learning, so that if you are in a situation, what information you need to gather to arrive at a solution," says the school's Director, Ziad Rajab. "We have helped to create a lot of modern young Kuwaitis."



The first four women to become Kuwaiti MPs celebrating

Women's empowerment is as important as youth empowerment in modern Kuwait and the Government is investing in the entrepreneurship and dynamism of women of all ages as much as it is in youth. "We are investing in female entrepreneurship in Kuwait and we are encouraging more women to go into the business community. We are pleased that we see an increasing trend [of women] going into entrepreneurship; more women are taking more risks and becoming more entrepreneurial, moving to the private sector," says Dr Rola Dashti, Minister of State for Planning & Development Affairs.

The English School Fahaheel 45 years of excellence in education



The oldest school providing English curriculum education in Kuwait is The English School Fahaheel (ESF), established in 1968 by a group of expatriate parents under the guidance of the incumbent British Consul. Over the years, ESF has maintained its position as one of the country's top schools, thanks to its emphasis on high academic standards which has in turn led to consistently excellent exam results.

Indeed, Owner and Chairman Ibrahim Shuhaiber has been saluted by the British Business Forum in Kuwait with an Award of Merit for his efforts in upholding excellence in British education.

"I am extremely proud to have supported the cause of British education in Kuwait for 45 years," he says. "I always feel so very proud when school alumni return to tell us of their experiences since leaving the school and the success of their careers."

Educating pupils from the age of 3 and a half to 18 and a half (Kindergarten to Year 13), ESF fosters independence and a well-rounded education for mind and body. It is a recognised examination centre for Cambridge University and a member of the Council and International School (CIS), with state-of-the-art facil-



Since 2005, ESF has occupied a tailor-designed campus in Al-Manqaf

ities that include a modern theatre, a large heated indoor swimming pool, computer centres, WiFi throughout the campus, four music centres, four science labs and two libraries, among others.

Mr Shuhaiber attributes ESF's continued success to the high standard of teachers it has been able to recruit from the UK and to the school's overall understanding of Kuwaiti culture and traditions. Excellent academic results and strong links with the community also contribute to sustaining ESF's popularity.

Connecting Kuwait with the rest of the world

State-of-the-art infrastructure, premier customer service and innovative communication solutions for both consumer and corporate markets have made FASTtelco the leading ISP company in Kuwait.

Connect to FASTtelco

FASTtelco Share. www.fasttelconet



“Education used to be thought of as learning your numbers and historical facts and dates, but education is changing into not just about what you are learning, but how”

“You will see a rise of women in various decision making processes, in the business community, in the political community; women are moving much more to the public sphere alongside their role in the private sphere”

“We have the best and the most up-to-date [healthcare] equipment available in the world, and all the treatments are given free of charge”



their victory in 2009. From left: Massouma Al-Mubarak, Aseel Al-Awadi, Rola Dashti and Salwa Al-Jassar

Women in Kuwait are considered to be among the most liberated women in the Middle East region. In 2011, Kuwait was ranked highest of all Middle East countries in gender equality in the Human Development Report's Gender Inequality Index. In 2012, nearly 50 per cent of Kuwaiti women were in the workforce in a large range of occupations. Women are now in government, a right they have enjoyed since 2005, when Dr Massouma Al-Mubarak became the first female government minister. In January of this year, legislation was introduced that will allow women to become judges for the first time.

“You will see a rise of women in vari-

ous decision making processes, a rise of women in the business community, a rise of women in the political community; women are moving much more to the public sphere alongside their role in the private sphere,” explains Dr Dashti.

As well as the establishment of a modern education system, the development of a world-class healthcare system has been of prime importance to the Government, and like in education, both public and private institutions are encouraged to thrive.

“The Ministry of Health in Kuwait is placing a strong emphasis on public health in Kuwait. [The healthcare system] is a little similar to the NHS. It is free for

Kuwaiti citizens and expats. We have the best and the most up-to-date equipment available in the world, and all the treatments are given free of charge,” says Dr Hilal Al-Sayer, former Minister of Health.

Of course with all this modernisation, there will always be a conflict with the preservation of traditions, culture and heritage. With the rapid changes brought about by modernisation, changes in lifestyle and the influence of foreign languages, many aspects of Kuwaiti heritage have naturally faded away. Modern Kuwaiti women enjoy freedoms their mothers could only have dreamed of, yet there is still this

conflicting idea that they adhere to traditional customs.

The conservation of antiquities and heritage is enshrined in the Amiri Decree of 1960. Organisations such as the National Council for Culture, Arts and Letters (NCCAL) continue their efforts to conserve Kuwait's rich cultural heritage. At same time as the Government seeks to modernise Kuwait, it and its organisations such as the NCCAL work to preserve its rich history and culture that many visitors have come to experience and enjoy. In Kuwait, modernisation is walking hand in hand with tradition towards a bold and bright future – a bright future for all Kuwaiti citizens. ●



THANK YOU FOR GIVING US
THE LAST WORD ON KUWAIT.

*it's where we had
our first one too.*

It was over 30 years ago that we took our first steps. Today, as a leading telecom provider, we have made huge strides in the region, committed to the economic and social development of all the countries we serve across the Middle East and Africa. Our wonderful world is growing with each day, and it wouldn't have been possible without a wonderful home. That's where we had our first word, and unlike most examples, it wasn't "mama," or "dada." It was "hello."