



**H.E. Abdulaziz bin Hamad Al-Ageel**  
**Secretary General**  
**Gulf Organization for Industrial Consulting (GOIC)**

**Gulf Affairs:** What is GOIC's mandate and how does it support its member states? Any notable success stories from the past few years?

**Abdulaziz Al-Ageel:** GOIC was founded in 1976 to encourage industrial cooperation between its member states. For more than four decades now, the organization has collected sector-related data and produced industry studies, in addition to disseminating recommendations to both the private and public sector on industrial projects and policy.

To date, GOIC has published more than 485 industrial reports, 85 feasibility studies and 20 multi-client studies. It has offered consulting services to more than 37 clients in Gulf Cooperation Council (GCC) countries and organized dozens of forums and seminars. Through its Industrial Market Intelligence (IMI) portal, GOIC has also become a reliable source of information for thousands of investors and businessmen in the industrial sector.

In more recent years, GOIC has organized training sessions to help build up the capacities of businessmen and small to medium enterprises (SMEs) to successfully compete on an international level. It supported

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building and developing the capacities of more than 1,000 individuals throughout the Gulf region through trainings, seminars, publications and awareness campaigns. In June 2012, GOIC launched the GCC industrial road map and began carrying out annual assessments of the readiness of GCC countries to transition toward knowledge-based economies.

For more than four decades, GOIC has been playing a major role in identifying and introducing new industries and shaping general industrial policies in the Gulf. The organization also presents recommendations on the unified industrial strategy between GCC countries.

Recently, GOIC started playing an even bigger role at the private sector level within the economies of GCC countries. Moreover, the organization has played a role in the economic and social integration of the public and private sectors in the region.

### **Gulf Affairs: What are Gulf states currently doing to increase the rate of nationals in the private labor market?**

**Al-Ageel:** It is obvious that GCC governments fully understand the private sector's importance and role in economic growth. In terms of nationalization schemes, some governments have been working on support plans targeted to private sector entities that excel in training workers and providing robust insurance and benefits packages. Other efforts to attract nationals into the private sector have included offering generous salaries, retirement plans and support for promising sectors—particularly in knowledge-based industries.

### **Gulf Affairs: Although women are outperforming men in educational attainment in the Gulf region, they face many employment barriers. How do you explain this?**

**Al-Ageel:** Women in the Gulf states face several challenges, including the limited presence of women in decision-making roles to support other women seeking entry into the workforce. Women also face roadblocks securing funds for their projects because of the difficulty of providing collateral to financial institutions. Banks see loans to women as riskier due to social restrictions that may control women's movement and ability to work. There is also a low level of community support for women's leadership in economic projects—particularly large-scale ones.

Nevertheless, women in the GCC are keen to establish their own projects. They are participating in different areas of the labor market and even becoming entrepreneurs themselves. Today, they play a vital and growing role in the national economies of the various Gulf states.

### **Gulf Affairs: In which sectors do you see the greatest potential for start-ups to succeed in? What are Gulf policymakers doing to further incentivize entrepreneurship?**

**Al-Ageel:** Although SMEs are typically associated with the service sector, they play a crucial role in driving the Gulf states' manufacturing capacity. Even so, the industrial sector still has a lot of opportunities that can be tapped into. Targeted growth areas include railroads, construction materials, plastics, pharmaceuticals and metals (such as aluminum).

Beyond manufacturing, the tech industry presents a lot of opportunities for SMEs. Retail, fashion and fast

food start-ups with a “cultural dimension” are also exciting growth areas. As are the healthcare, sports and fitness, education, event management and general services areas.

As for boosting entrepreneurship, let me first note what Gulf states have already done. The UAE has established a dedicated council that determines new incentives for SMEs; Bahrain has set up Tamkeen; Kuwait established a national fund for SME development; Qatar has the Qatar Development Bank; Saudi Arabia has the Public Authority for Small and Medium Enterprises (PASME) and Oman has Sharakah.

However, GCC start-ups still face many challenges relating to investment, cash flow, the law and logistics. On the personnel front, a lack of strategic planning, decision-making, communication and financial skills often prevents small businesses from reaching their full potential.

That being said, GCC governments have encouraged multi-stakeholder firms to develop a culture of entrepreneurship and offered assistance to venture capitalists. Support for export-oriented industries is also seen as a strong incentive for SME development. In recent years, the emergence of angel investment networks and crowdfunding platforms have also contributed to the growth of SMEs across the region.

### **Gulf Affairs: With the current low oil price environment, what projections do you have for industrial growth in the short-term?**

**Al-Ageel:** Low oil prices and poor economic conditions led the GCC states to undertake several reforms aimed at diversifying their economies and strengthening the non-oil industrial sector. The region’s governments all agree on the need to liberalize petroleum products, electricity and water markets, in addition to scraping subsidies gradually. Liberalization of these commodities will lead to the correction of market distortions. The practical result will be curbing oil consumption, encouraging energy savings, reducing pollution and easing fiscal expenditures. Actually, the low oil price environment even offers a unique opportunity to pursue fundamental reform of the region’s basic economic structure.

It is worth mentioning that all the Gulf states have declared visions to restructure their economies. These visions share the following features: strengthening the role of knowledge-based economies, activating the role of the private sector, encouraging foreign investment and creating job opportunities for their citizens.

Finally, the recent drop in oil prices was an opportunity for comprehensive structural reforms to the economies of GCC countries. These countries have had to cope with this by adopting a mixture of policies to correct the path of their economies and diversify their sources of income in the long-term, including an increase in the share of the industrial sector.

### **Gulf Affairs: What is the status of public-private partnerships (PPPs) and do they play a key role in economic diversification in the Gulf states?**

**Al-Ageel:** PPP projects in the Gulf states have been mainly implemented in the water and energy sectors. I think that PPPs have the potential to play a larger role than they currently are playing in the region, if enough resources are allocated to them. Past PPP success stories include the development of the Al-Manah Independent Power Project in Oman in 1994, as well as the more recent power and water project by the Qatar General Electricity and Water Corporation (Kahramaa) in Qatar.

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**Gulf Affairs: Do you think that privatization has gone far enough in the Gulf states? What do you see as the future of privatization efforts in the region?**

**Al-Ageel:** No, privatization was not a priority for GCC governments until recently. Privatization has never been considered a favored option, as divestment from state-owned entities (SOE) are usually considered a last resort. However, changing economic realities and new fiscal challenges has put privatization on the agenda as a top priority for the region's governments.

Recent news of privatizing Saudi Aramco, Saudi's national hydrocarbons giant, has rekindled the privatization drive in the Gulf states. Privatization is seen by governments as a new source of revenue, and initial public offerings for SOEs as well as PPP projects will likely pick up over time as a result. This means that the private sector will play an even larger role in the region's economic growth in the coming years.